



County of Los Angeles, California Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2019
Arlene Barrera • Auditor-Controller

**County of Los Angeles, California
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2019**

**Prepared by the Office of Auditor-Controller
Arlene Barrera • Auditor-Controller**

COUNTY OF LOS ANGELES, CALIFORNIA
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**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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ARLENE BARRERA
AUDITOR-CONTROLLER

December 13, 2019

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:

In accordance with Section 25253 of the Government Code of California, I hereby submit the Comprehensive Annual Financial Report (CAFR) of the County of Los Angeles (County) for the year ended June 30, 2019. The report contains financial statements that have been prepared in accordance with generally accepted accounting principles (GAAP) prescribed for governmental entities, and provides a comprehensive overview of the County's financial operations and financial position. The accuracy, completeness, and fairness of the presentation of all information in this report are the responsibility of the County.

The Independent Auditor's Report is presented at the front of the financial section of this report. Management's Discussion and Analysis (MD&A), immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The report includes financial data for all County funds. Additionally, the following entities are considered part of the County for purposes of meeting the reporting entity requirements prescribed by the Governmental Accounting Standards Board:

Fire Protection District	Waterworks Districts
Flood Control District	Los Angeles County Capital Asset Leasing Corporation
Garbage Disposal Districts	Various Joint Powers Authorities
Improvement Districts	Los Angeles County Securitization Corporation
Regional Park and Open Space District	Los Angeles County Employees Retirement Association
Sewer Maintenance Districts	Los Angeles County Facilities, Inc.
Street Lighting Districts	Los Angeles County Development Authority
	First 5 LA

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These entities are component units of the County and are included in the County's basic financial statements because the County Board of Supervisors is financially accountable for them. All component units are blended into the basic financial statements, except for the Los Angeles County Employees Retirement Association, which is reported as a fiduciary component unit, the Los Angeles County Development Authority (formerly the Community Development Commission of the County of Los Angeles) and First 5 LA, which are discretely presented. Note 1 to the basic financial statements contains additional information regarding the relationship between the County and these entities.

Other local governmental entities provide public or specialized services to the residents of the County, including over 80 cities, 100 school districts, and numerous special districts. The operations of these entities are not included in the County's reporting entity since each entity is responsible for conducting its own day-to-day operations and is compelled to answer to its own separately elected governing board. Significant entities that do not meet the criteria for inclusion in this report include the Los Angeles County Office of Education, Los Angeles Unified School District, and Los Angeles County Sanitation Districts. Also, the Los Angeles County Superior Court is not included due to legislation (AB 233) which transferred oversight responsibilities for Court operations to the State in 1997-98. However, AB 233 requires the County to continue to fund certain Court-related expenditures, and the County continues to receive certain Court collections. Accordingly, the County's financial statements include various Court-related financial transactions.

LOS ANGELES COUNTY AND ITS SERVICES

Los Angeles County was established by an act of the State Legislature on February 18, 1850 as one of California's original 27 counties. Located in the southern portion of the State, the County covers 4,083 square miles. With a population of over ten million, its population is the largest of any county in the nation.

Los Angeles County was a general law county until 1913 when it became a charter county, as a result of local election. The County is governed by a five-member Board of Supervisors (Board) who are elected by district to serve alternating four-year terms. The Assessor, District Attorney, and Sheriff are also elected officials while all other departments are headed by appointed officials. On March 5, 2002, County voters approved two charter amendments providing for term limits for members of the Board. As a result, each Supervisor is now limited to serving a maximum of 12 years.

On July 7, 2015, the Board approved recommendations to amend the County Code by repealing the 2007 Interim Governance Structure Ordinance and to establish a new governance structure. Under the new governance structure, all non-elected department heads report directly to the Board. County departments continue to report to the Chief Executive Officer (CEO) for day-to-day operations, as well as for administrative and budget matters. The CEO acts as the Board's agent to manage Countywide policy objectives and departmental performance management. The new governance structure was designed to streamline the County bureaucracy by improving communications with County departments,

facilitating effective decision making, and enhancing responsiveness to the Board's policy objectives.

There are over one million residents in the unincorporated areas of the County. These residents receive all municipal services from the County, including law enforcement, fire protection, land use and zoning, building and business permits, local road building and maintenance, animal care and control, and public libraries. In addition, the County provides a wide range of services to all County residents.

The County also provides municipal services to many incorporated cities within its boundaries under the Contract Services Plan (Plan). Established in 1954, the Plan allows cities to provide municipal services without incurring the cost of creating numerous city departments and facilities by having the County provide, at cost, any or all municipal services within a city at the same level as provided in unincorporated areas, or at any higher level the city may choose. Although the Plan was developed to assist new cities, the great majority of the cities in the County now contract for one or more services.

The County's principal functions include seven major areas as required under the County's charter, County ordinances, or by State or federal mandate: general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and cultural services. The State and federal governments mandate certain minimum levels of services in the public assistance and health areas.

ECONOMIC OVERVIEW

With a Gross Domestic Product of \$807 billion in 2018, Los Angeles County's economy is larger than that of 45 states and all but 17 countries. The County serves as the central trade district for the western United States and the gateway to the Asian economies, as it has evolved into a leader in international commerce and investments. The County's economy experienced moderate growth in 2018, with estimated increases of 3.8% in personal income and 2.7% in total taxable sales. The economic recovery is expected to continue, with several sectors of the local economy experiencing growth.

The County's unemployment rate fell to 4.6% in 2018, which reflects the ongoing improvement in the job market and the lowest rate of the post-recession period. The positive developments in the job market are expected to continue in 2019 and 2020, with a projected decline in the average unemployment rate to 4.4% and 4.3%, respectively.

During Fiscal Year (FY) 2016-17, voters approved various State and local ballot measures that could generate approximately \$151 billion in funding for capital infrastructure and public services in the County. Among the voter-approved items was County Measure H, which authorized a one-quarter percent (0.25%) County sales tax for ten years to fund homeless services and prevention. Measure H, which became effective on October 1, 2017, is projected to generate approximately \$355 million of sales tax revenue per year for the County. In addition, on November 6, 2018, voters approved Measure W, which authorizes the Flood Control District to levy a special tax to assist in the capture of stormwater and related pollution

clean-up. Measure W does not have a sunset clause and is expected to generate approximately \$300 million annually. 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 terminal expansions underway at the two primary seaports (Port of Los Angeles and Port of Long Beach), the expansion of Los Angeles International Airport (LAX) and the expansion of Metro Light Rail System have continued to support an improving job market in the County. Two major construction projects expected to open in 2021 include the \$2 billion SoFi Stadium in Inglewood that will be home to the Los Angeles Rams and Chargers National Football League teams, and the \$1.5 billion Lucas Museum of Narrative Art that will be located near the University of Southern California.

The County enjoys a diverse industrial base, as private sector employment is well-represented in wholesale and retail trade, health care, manufacturing, and leisure and hospitality. The two major seaports in the County, located in the cities of Los Angeles and Long Beach, encompass the largest port complex in the nation as measured by cargo tonnage and the number of containers handled, and on a combined basis rank ninth largest among the world's port facilities. The County's technology sector, known as "Silicon Beach," has become a large and growing source of highly compensated jobs and this sector employed an estimated 187,600 workers in 2018.

INTERNAL AND BUDGETARY CONTROLS

The County has developed a system of internal accounting controls designed to provide reasonable, but not absolute, assurance to safeguard assets against loss from unauthorized use. It also provides reliable records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the costs of a system of internal accounting controls should not outweigh related benefits. Also, the evaluation of costs and benefits requires estimates and judgments by management. All internal accounting control evaluations occur within the above framework. We believe that the County's system of internal accounting controls adequately safeguards assets and also provides reasonable assurance of proper recording of financial transactions.

In accordance with the provisions of Section 29000-29144 of the Government Code, commonly known as the County Budget Act, the County prepares and adopts a budget on or before October 2 of each fiscal year. Except for capital assets, expenditures are controlled at the following object levels for all budget units: salaries and employee benefits, services and supplies, other charges, and other financing uses. Amounts are budgeted and controlled for capital assets at the following sub-object levels: land, buildings and improvements, infrastructure, and equipment.

The County uses encumbrance accounting to ensure effective budgetary control and accountability. Unencumbered appropriations lapse at year-end and encumbrances outstanding at the time are reported as restricted, committed, or assigned fund balance for subsequent year expenditures.

After the original budget is adopted, the Board of Supervisors must approve all transfers of appropriations between budget units and transfers exceeding \$250,000 within budget units. The Board must also approve necessary supplemental appropriations, normally financed by unanticipated revenues earned during the year.

In addition to these procedural controls, the Auditor-Controller's (A-C) Audit Division performs periodic internal control, operational, and management audits of various County departments. On an annual basis, an audit plan is recommended by the A-C and approved by the County's Audit Committee, an oversight group appointed by the Board of Supervisors. These audits help to ensure that prescribed procedures are followed and that operations are conducted in an efficient manner. The A-C's Countywide Contract Monitoring Division reviews various social service contract providers to enhance accountability and performance effectiveness. A fraud hotline provides County employees and citizens with a way to anonymously report perceived fraudulent activities by County employees, vendors, contractors, inspectors, etc. Allegations reported to the hotline are evaluated and investigated, as appropriate, by the Office of County Investigations within the A-C.

BUDGET OUTLOOK AND MAJOR INITIATIVES

The FY 2019-20 Budget reflects the County's value and vision, along with its ambitious commitment to improving life for all County residents, especially the vulnerable and underserved. The projects and programs recommended for funding advance key priorities of the Board of Supervisors (Board), bringing to life a progressive agenda of fighting homelessness, promoting health and well-being, improving our justice system, championing the rights and needs of immigrants, creating better lives for children and families and enriching communities through the arts, recreation, and sustainability projects.

Economic factors are stable, with continued growth in the labor market, steadily advancing housing values, and consumer spending remaining a strength of the local economy.

NEWLY FUNDED PROGRAM INITIATIVES

Outlined below are examples of significant program initiatives that were funded or augmented by the FY 2019-20 Budget process:

- County Measure H provides a dedicated funding source from sales tax revenues to provide homeless services and housing assistance throughout the County. The FY 2019-20 budget of \$538 million represents an increase in annual funding of \$88 million to fund strategic initiatives, which include rapid re-housing, permanent supportive housing, services to address youth homelessness, Eviction Defense Services, and enhanced services for people experiencing unsheltered homelessness.
- Increased funding of \$35 million for the Affordable Housing Programs Budget Unit. In October 2015, the Board approved a motion to establish the Affordable Housing Programs Budget Unit and reach an annual allocation of \$100 million per year for

affordable housing by FY 2020-21. The FY 2019-20 budget expands funding to \$80 million for the development and preservation of affordable housing.

- County Measure A, approved by voters in 2016, provides for \$74.7 million to maintain, construct, and refurbish parks and cultural facilities.

CAPITAL ASSET AND DEFERRED MAINTENANCE INITIATIVES

The County continues to plan for, and fund, high priority capital asset projects that address health, public safety, recreation, and infrastructure needs. Many capital asset initiatives are multi-year in nature and the FY 2018-19 Budget provides ongoing funding of \$1 billion for initiatives in progress as well as new projects. During FY 2018-19, there were 20 projects completed including new outpatient facilities at the Rancho Los Amigos National Rehabilitation Center.

The County continues to refurbish and construct new facilities to promote the effective delivery of services to the public. On April 9, 2019, the Board of Supervisors authorized the issuance of \$117.5 million in short term lease revenue bonds as the balance of the County's total contribution of \$125 million to the Los Angeles County Museum of Art (LACMA) Building. The LACMA Building for the Permanent Collection will replace four County-owned buildings with a single 347,500 square-foot building consisting of a single horizontal elevated gallery and seven art towers that support the elevated gallery.

The County continues to invest resources to eliminate its backlog of deferred maintenance to meet performance requirements and expectations for its facilities. The FY 2019-20 Budget dedicates \$200 million for high-priority repairs, maintenance, and accessibility modification needs at County facilities.

STRATEGIC PLANNING INITIATIVES

On November 15, 2016, the Board of Supervisors approved the County of Los Angeles FY 2016-2021 Strategic Plan, *Creating Connections: People, Communities, and Government*. The approved plan includes an updated vision, mission, and values, with three new goals, ten strategies and objectives with a focus on Board priorities and initiatives.

The strategic plan's underlying goals are summarized as follows:

Make Investments that Transform Lives by increasing our focus on prevention initiatives; enhancing our delivery of comprehensive interventions; and reforming service delivery within our justice systems.

Foster Vibrant and Resilient Communities by driving economic and workforce development in the County; supporting the wellness in our communities; and making environmental sustainability our daily reality.

Realize Tomorrow's Government Today by pursuing development of our workforce; embracing digital government for the benefit of our customers and communities; pursuing operational effectiveness, fiscal responsibility, and accountability; and engaging our customers, communities, and partners.

LONG-TERM FINANCIAL PLANNING

The Board has adopted policies, which guide the County's Chief Executive Officer in financial planning and recommending budget proposals. Key policy elements include:

- Ongoing costs should be funded with ongoing revenues. Aligning continuing expenditures with continuing revenues, on a level that can be reasonably sustained, will foster stability, predictability, and long-range planning, while avoiding volatility in service levels. Before expanding services, use new, ongoing revenues to meet current obligations and reduce reliance on one-time funding. New programs should not be proposed without identifying specific and continuous funding sources.
- Budget decisions should be considered within the context of revenues and expenditures projected beyond a single fiscal year. A long-range forecast should be developed and maintained to reflect continuing programs, anticipated new initiatives, revenue changes, cost increases, potential problem issues, and other factors that may impact strategies for maintaining a balanced budget over several years.

Board policy also established a "Reserve for Rainy Day" (Reserve) account within the County's General Fund. It is intended to protect essential County programs against unforeseen emergencies and economic downturns. The Reserve cap should be 10% of ongoing locally generated revenue. Transfers, at a minimum of 10% of excess fund balance, less Board approved carryover balances, shall be set aside in the Rainy Day Fund and/or the Other Postemployment Benefits (OPEB) Trust Fund each year until the 10% cap is met. When the reserve cap of 10% is exceeded, the excess balance should be deposited into the OPEB Trust Fund in order to fund retiree health obligations. The objective is to avoid ongoing commitments with funding that may not be sustainable in an economic downturn.

For the year ended June 30, 2011, the County implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54), "Fund Balance Reporting and Governmental Fund Type Definitions." The County's policies for use of the Reserve are not within the GASB 54 definition of a stabilization arrangement. Therefore, the Reserve is classified as General Fund unassigned fund balance in the GAAP financial statements. As of June 30, 2019, the Reserve balance was \$563 million, and it was not used as a financing source for purposes of balancing the FY 2019-20 County Budget. On October 1, 2019, the Board added \$39 million to the County's Reserve for Rainy Day, bringing the total balance to \$602 million.

OTHER INFORMATION

INDEPENDENT AUDIT

The basic financial statements have been audited by Macias Gini & O'Connell LLP (MGO). In accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), MGO is also in the process of completing an annual financial and compliance audit of federal funds received by the County in FY 2018-19. The County's single audit for FY 2017-18 has been completed.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Los Angeles for its CAFR for the past 37 fiscal years.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. The report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

I would like to express my appreciation to my Accounting Division, the various County departments who assisted in the preparation of this report, and also acknowledge the efforts of our independent auditor.

Sincerely,



Arlene Barrera
Auditor-Controller



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Los Angeles
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

COUNTY OF LOS ANGELES
BOARD OF SUPERVISORS AND PRINCIPAL COUNTY OFFICIALS
AS OF JUNE 30, 2019

BOARD OF SUPERVISORS

Janice Hahn, Chair
Fourth District

Hilda L. Solis
First District

Mark Ridley-Thomas
Second District

Sheila Kuehl
Third District

Kathryn Barger
Fifth District

Celia Zavala
Executive Officer
Board of Supervisors

PRINCIPAL COUNTY OFFICIALS

Jeffrey Prang
Assessor

Jackie Lacey
District Attorney

Alex Villanueva
Sheriff

Sachi A. Hamai
Chief Executive Officer

Joseph Kelly
Treasurer and Tax Collector

Arlene Barrera
Acting Auditor-Controller

Mary C. Wickham
County Counsel

COUNTY OF LOS ANGELES

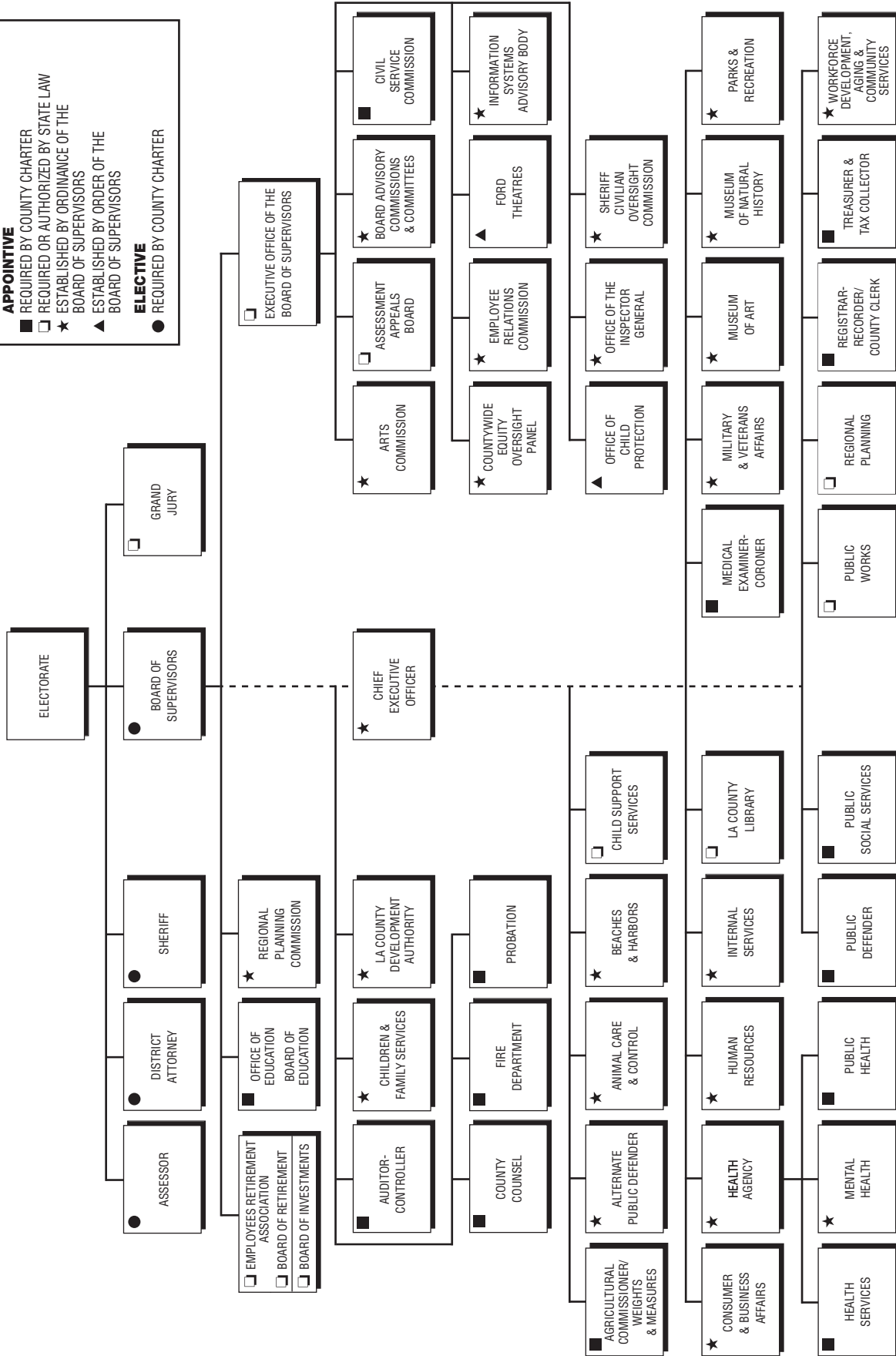
LEGEND

APPOINTIVE

- REQUIRED BY COUNTY CHARTER
- REQUIRED OR AUTHORIZED BY STATE LAW
- ★ ESTABLISHED BY ORDINANCE OF THE BOARD OF SUPERVISORS

ELECTIVE

- ▲ ESTABLISHED BY ORDER OF THE BOARD OF SUPERVISORS
- REQUIRED BY COUNTY CHARTER







Independent Auditor’s Report

The Honorable Board of Supervisors
County of Los Angeles, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Los Angeles, California (County), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

Opinion Unit	Assets	Net Position/ Fund Balances	Revenues/Additions
Aggregate discretely presented component units	100%	100%	100%
Aggregate remaining fund information	70%	73%	11%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for LACDA, First 5 LA, and LACERA is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Los Angeles, California, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Fire Protection District, Flood Control District, LA County Library, Regional Park and Open Space District, and Mental Health Services Act for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the County's proportionate share of the net pension liability and related ratios, the schedule of County's pension contributions, the schedule of the County's proportionate share of the net RHC OPEB liability, the schedule of County's RHC OPEB contributions and the schedule of changes in the total LTD OPEB liability and related ratios as listed on the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Macias Gini & O'Connell LLP

Los Angeles, California

December 13, 2019

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2019**

This section of the County's Comprehensive Annual Financial Report (CAFR) presents a narrative overview and analysis of financial activities for the year ended June 30, 2019. We recommend that this information be used in conjunction with additional information contained in the letter of transmittal.

Financial Highlights

At the end of the current year, the net position (total assets and deferred outflows of resources, reduced by total liabilities and deferred inflows of resources) of the County was negative \$13.492 billion. Net position is classified into three categories and the unrestricted component is negative \$34.718 billion.

During the current year, the County's net position increased by \$26 million. Net position related to governmental activities increased by \$261 million, while net position related to business-type activities decreased by \$235 million.

At the end of the current year, the County's General Fund reported a total fund balance of \$4.434 billion. The fund balance categories and amounts consisted of nonspendable fund balance of \$312 million, restricted fund balance of \$79 million, committed fund balance of \$780 million, assigned fund balance of \$621 million, and \$2.642 billion of unassigned fund balance.

The County's capital asset balances were \$19.743 billion at year-end and increased by \$225 million during the year.

During the current year, the County's total long-term debt increased by \$514 million. Newly issued and accreted long-term debt of \$942 million was more than the long-term debt maturities of \$428 million.

Overview of the Basic Financial Statements

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

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

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

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2019

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

- **Governmental Activities** - The majority of County services are reported under this category. Taxes and intergovernmental revenues are the major revenue sources that fund these activities, which include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, recreation and cultural services, and interest on long-term debt.
- **Business-type Activities** - County services that are intended to recover costs through user charges and fees are reported under this category. The County Hospitals, the Waterworks Districts, and the Aviation Funds represent the County's business activities.
- **Discretely Presented Component Units** - Component units are separate entities for which the County is financially accountable. The Los Angeles County Development Authority (formerly referred to as the "Community Development Commission") and First 5 LA are displayed as discretely presented in the financial statements.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2019**

FUND FINANCIAL STATEMENTS

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

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

- **Governmental Funds** - These funds are used to account for essentially the same services that were previously described as governmental activities above. However, the fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. Governmental funds include the General Fund, as well as Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and Permanent Funds.
- **Proprietary Funds** - These funds are used to account for functions that are classified as "business-type activities" in the government-wide financial statements. The County's Internal Service Funds are also reported within the proprietary fund section. The County's four Hospital Funds and Waterworks Funds are all considered major funds for presentation purposes. There is one nonmajor enterprise fund (Aviation Funds) and it is displayed with the other major enterprise funds.
- **Fiduciary Funds** - These funds are used to report assets held in a trustee or agency capacity for others and cannot be used to support the County's programs. The Pension and Other Postemployment Benefit Trust Funds, the Investment Trust Funds, and Agency Funds are reported in this fund category, using the accrual basis of accounting.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2019**

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the County's proportionate share of the net pension liability and related ratios, the County's contributions to pension benefits, the County's proportionate share of the net Retiree Healthcare OPEB Liability, the County's contributions to OPEB, and the schedule of changes in the total Long-Term Disability OPEB liability and related ratios.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$13.492 billion at the close of the most recent fiscal year.

Summary of Net Position
As of June 30, 2019 and 2018 (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 12,857,626	\$ 11,472,818	\$ 2,638,388	\$ 2,629,318	\$ 15,496,014	\$ 14,102,136
Capital assets	16,676,242	16,271,623	3,067,230	3,247,254	19,743,472	19,518,877
Total assets	<u>29,533,868</u>	<u>27,744,441</u>	<u>5,705,618</u>	<u>5,876,572</u>	<u>35,239,486</u>	<u>33,621,013</u>
Deferred outflows of resources	4,991,057	4,387,213	833,848	793,005	5,824,905	5,180,218
Current and other liabilities	3,414,482	3,139,671	643,334	553,750	4,057,816	3,693,421
Long-term liabilities	36,141,322	37,194,272	8,039,108	8,549,718	44,180,430	45,743,990
Total liabilities	<u>39,555,804</u>	<u>40,333,943</u>	<u>8,682,442</u>	<u>9,103,468</u>	<u>48,238,246</u>	<u>49,437,411</u>
Deferred inflows of resources	5,357,831	2,447,435	960,494	434,369	6,318,325	2,881,804
Net position:						
Net investment in capital assets	15,166,340	14,984,847	2,109,416	2,320,256	17,275,756	17,305,103
Restricted	3,811,405	3,524,215	138,686	134,647	3,950,091	3,658,862
Unrestricted (deficit)	<u>(29,366,455)</u>	<u>(29,158,786)</u>	<u>(5,351,572)</u>	<u>(5,323,163)</u>	<u>(34,718,027)</u>	<u>(34,481,949)</u>
Total net position	<u>\$ (10,388,710)</u>	<u>\$ (10,649,724)</u>	<u>\$ (3,103,470)</u>	<u>\$ (2,868,260)</u>	<u>\$ (13,492,180)</u>	<u>\$ (13,517,984)</u>

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2019

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

Current and Other Assets

Current and other assets increased by \$1.385 billion for governmental activities and by \$9 million for business-type activities. For governmental activities, there was an increase of \$276 million in Other investments, largely due to the unspent bonds proceeds held by the Public Buildings outside trustee, over the prior year. Other receivables increased by \$529 million, as the Other receivables for the County's General Fund were higher by \$496 million from the prior year. On July 1, 2018, the County restructured the ambulatory care services previously provided by the County hospitals and increased the receivables related to ambulatory care services by \$374 million. In addition, the public social services program receivables increased by \$112 million due to higher year-end revenue accruals. Changes from Internal balances of \$505 million had the effect of increasing assets for governmental activities and reducing assets for business-type activities by like amounts. This change was primarily associated with a \$507 million increase in cash flow advances from governmental activities (the County's General Fund) to the business-type activities (the County's Hospitals).

For business-type activities, current and other assets increased by \$9 million. The business-type activities accounts receivable and other receivables were higher by \$202 million and \$313 million, respectively, over the prior year. The increases were primarily attributable to higher receivables associated with the Quality Incentive Program (QIP) and Enhanced Payment Program (EPP) at the hospitals. This was offset by the change from the Internal balances of \$507 million, as mentioned above.

Deferred Outflows of Resources

In the current year, the County's deferred outflows of resources balances were \$5.825 billion. The deferred outflows of resources were \$4.991 billion and \$834 million for governmental and business-type activities, respectively. The total deferred outflows of resources amounts and net increases of \$645 million were mostly related to pension and OPEB. The total OPEB related deferred outflows increased by \$530 million and \$33 million for governmental and business-type activities, respectively, from the prior year. The total pension related deferred outflows increased by \$75 million and \$7 million for governmental and business-type activities, respectively, from the prior year. These amounts vary from year to year due to differences between projected and actual experience, assumption changes and changes in proportion, as required by GASB 68 and GASB 75.

Liabilities

Current and other liabilities increased by \$275 million for governmental activities. There was an increase of \$114 million in accounts payable for amounts owed for the year-end expenditure accruals. In addition, advances payable increased by \$81 million, largely due to higher advances for health, mental health, public protection and social services programs. Accrued payroll was higher by \$25 million due to increases in amounts owed for the year-end payroll accruals. For business-type activities, a net increase of \$90 million in current and other liabilities was largely associated with increases in accounts payable for the hospitals.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2019

Liabilities-Continued

Long-term liabilities decreased by \$1.053 billion for governmental activities and by \$511 million for business-type activities. Net OPEB liabilities significantly decreased by \$1.371 billion for governmental and \$312 million for business-type activities, respectively. The decrease in the Net OPEB liability was a result of an increase to the discount rate resulting from the prefunding of the OPEB liability. Net pension liabilities decreased in the current year by \$443 million and \$61 million for governmental and business-type activities, respectively, which was due to the investment earnings being higher than the actuarial assumptions. For governmental activities, liabilities for bonds payable, notes, loans, workers' compensation and compensated absences were higher by \$687 million. For business-type activities, amounts owed to third party payors by the County's hospitals were lower by \$184 million as discussed in Note 14. Specific disclosures related to pension liabilities, OPEB liabilities, and other changes in long-term liabilities are discussed and referenced in Notes 8, 9, and 11 to the basic financial statements, respectively.

Deferred Inflows of Resources

In the current year, the County's deferred inflows of resources were \$6.318 billion. Deferred inflows of resources increased by \$2.910 billion and \$526 million for governmental and business-type activities, respectively. The increase in deferred inflows of resources of \$3.436 billion was mostly related to OPEB. The OPEB and pension changes in deferred inflows of resources will vary from year to year due to differences between projected and actual experience, assumption changes and changes in proportion. The total OPEB related deferred inflows increased by \$2.593 billion and \$484 million for governmental and business-type activities, respectively, from the prior year. Pension related deferred inflows of resources increased by \$322 million and \$43 million for governmental and business-type activities, respectively. Pension and OPEB matters are discussed in more detail in Note 8 and 9, respectively, to the basic financial statements.

For service concession arrangements, there were also \$83 million of deferred inflows of resources recognized in the current year, which represents a decrease of \$4 million from the prior year. This amount represents the present value of installment payments associated with private operators of twenty County golf courses, as discussed in Note 7 to the basic financial statements.

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

Net Investment in Capital Assets

The largest portion of the County's net position, \$17.276 billion, represents its investment in capital assets (i.e., land, buildings and improvements, infrastructure, software and equipment, net of related depreciation), less any related debt and related deferred outflows of resources used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted Net Position

The County's restricted net position at year-end was \$3.950 billion. Asset restrictions are primarily due to external restrictions imposed by State legislation and bond covenants. Net position that pertains to the various separate legal entities included in the basic financial statements is also generally restricted because the entities' funding sources require that funds be used for specific purposes.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2019**

Unrestricted Net Position (Deficit)

The County's total unrestricted net position is negative \$34.718 billion. Both governmental and business-type activities reported deficits in this category of \$29.366 billion and \$5.352 billion, respectively. OPEB related liabilities of \$24.639 billion, along with pension liabilities totaling \$10.345 billion, continued to be the most significant factors associated with the reported deficits.

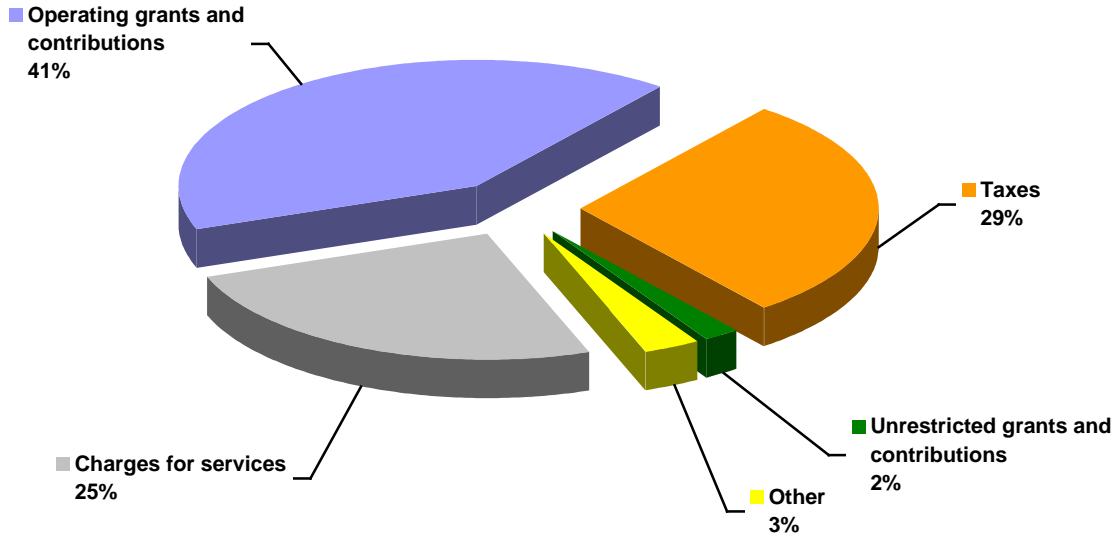
The following table details and identifies changes in net position for governmental and business-type activities:

Summary of Changes in Net Position
For the Years Ended June 30, 2019 and 2018
(in thousands)

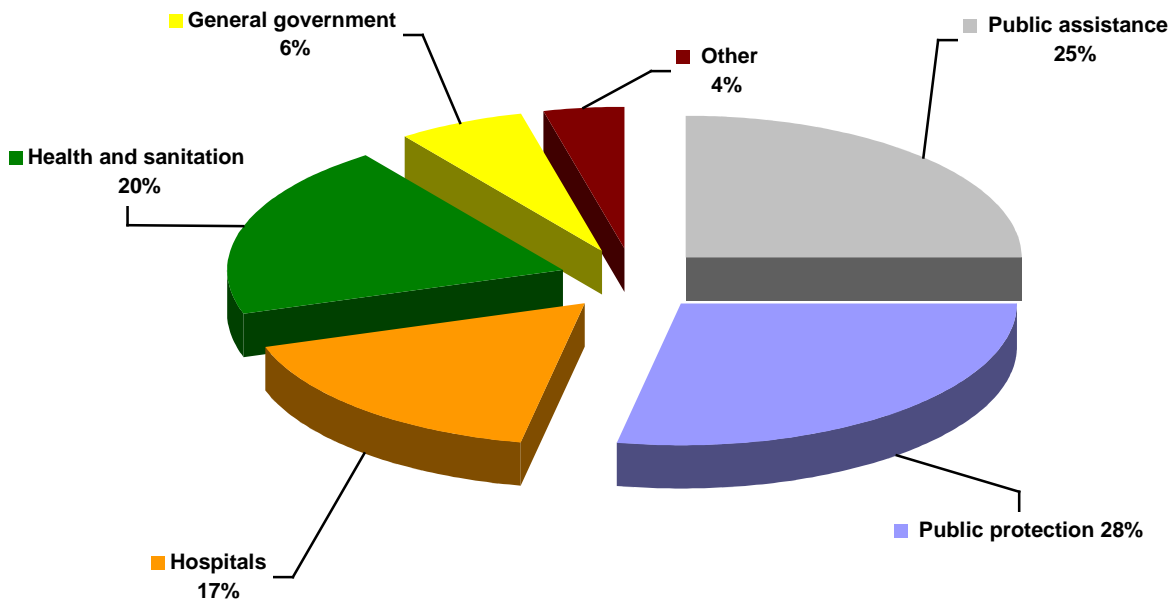
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 3,680,145	\$ 2,861,290	\$ 3,526,524	\$ 4,155,049	\$ 7,206,669	\$ 7,016,339
Operating grants and contributions	10,719,454	10,263,315	488,087	651,303	11,207,541	10,914,618
Capital grants and contributions	72,955	26,310	3,850	8,291	76,805	34,601
General revenues:						
Taxes	8,184,940	7,475,813	6,504	6,013	8,191,444	7,481,826
Unrestricted grants and contributions	473,800	433,799	32		473,832	433,799
Investment earnings	380,361	101,730	6,600	675	386,961	102,405
Miscellaneous	269,931	149,384	36	110	269,967	149,494
Total revenues	23,781,586	21,311,641	4,031,633	4,821,441	27,813,219	26,133,082
Expenses:						
General government	1,660,335	1,579,367			1,660,335	1,579,367
Public protection	7,772,364	7,841,468			7,772,364	7,841,468
Public ways and facilities	453,758	415,805			453,758	415,805
Health and sanitation	5,433,924	4,307,099			5,433,924	4,307,099
Public assistance	6,922,346	6,693,008			6,922,346	6,693,008
Education	161,012	160,097			161,012	160,097
Recreation and cultural services	320,838	487,173			320,838	487,173
Interest on long-term debt	124,549	106,425			124,549	106,425
Hospitals			4,827,429	5,370,965	4,827,429	5,370,965
Waterworks			104,906	95,301	104,906	95,301
Aviation			5,954	11,148	5,954	11,148
Total expenses	22,849,126	21,590,442	4,938,289	5,477,414	27,787,415	27,067,856
Excess (deficiency) before transfers	932,460	(278,801)	(906,656)	(655,973)	25,804	(934,774)
Transfers	(671,446)	(747,863)	671,446	747,863		
Change in net position	261,014	(1,026,664)	(235,210)	91,890	25,804	(934,774)
Net position - beginning	(10,649,724)	(9,623,060)	(2,868,260)	(2,960,150)	(13,517,984)	(12,583,210)
Net position - ending	\$ (10,388,710)	\$ (10,649,724)	\$ (3,103,470)	\$ (2,868,260)	\$ (13,492,180)	\$ (13,517,984)

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued**

**REVENUES BY SOURCE – ALL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**



**EXPENSES BY TYPE – ALL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**



COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2019

Governmental Activities

Revenues from governmental activities increased by \$2.470 billion (11.6%) when compared with the prior year. The most significant changes in specific revenue sources were experienced in the following areas:

- Program revenues recognized from charges for services increased by \$819 million. The increase was primarily attributable to charges for services for health and sanitation programs which grew by \$844 million. As previously discussed, the County restructured the ambulatory care services previously provided by the County hospitals and shifted the revenues from charges for services of \$605 million to the governmental activities. The ambulatory care services were restructured to provide better management oversight and operational efficiencies. Also, the Global Payment Program (GPP) revenue increased by \$119 million from the prior year for health services programs in the General Fund.
- Taxes, the County's largest general revenue source, were \$709 million higher than the prior year and were mostly attributable to an increase in property taxes and sales and use tax, which grew by \$481 million and \$151 million, respectively. The County's total taxable assessed property tax value is \$1.530 trillion, which grew by 6.6% in the current year. Property tax revenues were also recognized in conjunction with the dissolution of redevelopment agencies. "Pass through" payments from redevelopment dissolution were \$136 million and increased by \$27 million from the prior year. Redevelopment dissolution also provides residual property taxes to local governments, including the County. The County's share of such residual tax revenues in the current year was \$290 million, an increase of \$51 million compared to the prior year. Revenues also grew by \$142 million from the Homeless and Housing Measure H program sales and use taxes.
- Program revenues recognized from operating grants and contributions increased by \$456 million. Revenues for public assistance programs grew by \$188 million as there were higher levels of administrative and program costs which are primarily funded from federal and State reimbursement. For health and sanitation programs, there was net revenue growth of \$149 million. Health services program administration revenue of \$100 million was primarily associated with revenues from the Whole Person Care (WPC) program. State and federal funding for public health programs grew by \$54 million. Pursuant to Assembly Bill 85 (AB85), the County is subject to State withholding of revenues known as "1991 County Health Realignment Funds." The amounts withheld are based on an assumption that County healthcare costs for the indigent population will decrease. The funds will be reconciled and trued-up two years after the fiscal year in which the amounts were withheld. For the current year, there was a net decrease of \$71 million from the State Health Realignment revenues for health services from the true-ups. Revenues for public ways and facilities grew by \$70 million primarily related to road projects funded from an increase in the State Road Repair and Accountability Act of 2017 (SB 1).

Expenses related to governmental activities increased by \$1.259 billion (5.8%) during the current year. The most significant increase was in the area of health and sanitation expenses, where expenses increased by \$1.127 billion. As previously mentioned above, \$447 million of expenses from the ambulatory care services program were shifted to the governmental activities. Health services programs and mental health program expenses were higher by \$162 million and \$138 million, respectively, as operating and healthcare costs increased from the prior year. Public assistance expenses were higher by \$229 million primarily from increased costs of \$187 million for the Measure H homeless and housing assistance programs. Recreation expenses were lower by \$166 million. The decrease was associated with the capital assets adjustment that was made in the prior year. Depreciation expense was \$448 million in the current year, an increase of \$26 million from the prior year amount of \$422 million.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2019

Business-type Activities

Revenues from business-type activities for the current year were \$4.032 billion, a decrease of \$790 million (16.4%) from the previous year. The most significant decrease was in charges for services and operating grants and contributions for the County's hospitals, where revenue declined by \$627 million and \$162 million, respectively. As previously stated, the County restructured the ambulatory care services and it reduced the County hospitals charges for services by \$605 million and operating grants and contributions revenue by \$31 million and shifted the revenue to the governmental activities. As discussed in Note 14 to the basic financial statements, County hospital revenues are derived from a wide range of federal and State funding sources. GPP and PRIME are components of the Medi-Cal Demonstration Project 2020, which provides federal funding to the County for health-care programs that shift the focus from hospital-based and inpatient care to outpatient, primary, and preventative care. QIP represents a new pay structure based on performance achieved on a set of clinically-established quality measures for Medi-Cal managed care enrollees.

Expenses related to business-type activities decreased from the previous year by a net total of \$539 million (9.8%), and were associated primarily with the County's hospitals, where expenses declined by \$544 million. Specifically, as previously stated, the County restructured the ambulatory care services and reduced the hospital expenses by \$447 million and shifted the expenses to the governmental activities under health and sanitation. OPEB and Pension expenses were lower by \$88 million and \$46 million, respectively. For all hospital facilities, the average daily inpatient census during the current year was 1,110 patients, which was slightly lower than the 1,113 patients for the prior year.

Financial Analysis of the County's Funds

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

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the County's financing requirements. Types of governmental funds reported by the County include the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and the Permanent Funds.

As of the end of the current fiscal year, the County's governmental funds reported combined total fund balances of \$8.779 billion, an increase of \$916 million in comparison with the prior year. Of the total fund balances, \$328 million is nonspendable to indicate the extent that funds are not in spendable form or are required to remain intact. An additional \$4.054 billion is classified as restricted, \$908 million as committed, and \$847 million as assigned. The remaining balance of \$2.642 billion is classified as unassigned and is entirely associated with the General Fund.

Revenues from all governmental funds for the current year were \$23.511 billion, an increase of \$2.319 billion (10.9%) from the previous year. Expenditures for all governmental funds in the current year were \$22.326 billion, an increase of \$2.185 billion (10.8%) from the previous year. In addition, other financing uses were \$269 million, a decrease of \$378 million (58.4%) as compared to \$647 million in the prior year.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2019

Governmental Funds-Continued

The General Fund is the County's principal operating fund. During the current year, the fund balance in the General Fund increased by \$539 million (13.8%). At the end of the current fiscal year, the General Fund's total fund balance was \$4.434 billion. Of this amount, \$312 million is classified as nonspendable, \$79 million as restricted, \$780 million as committed, \$621 million as assigned and the remaining \$2.642 billion is classified as unassigned.

General Fund revenues during the current year were \$19.551 billion, an increase of \$1.825 billion (10.3%) from the previous year. General Fund expenditures during the current year were \$19.171 billion, an increase of \$1.639 billion (9.3%) from the previous year. Other financing sources/uses-net was positive \$159 million in the current year as compared to positive \$50 million in the prior year.

Following are significant changes in General Fund revenues and expenditures:

- Charges for services increased by a total of \$754 million. The significant increase of \$605 million was primarily associated with the restructure of the ambulatory care services previously included in the Hospital Enterprise funds. There was also an increase of \$119 million associated with the GPP administered by the health services administration program budget. The Registrar-Recorder provides election services and charges for services revenues increased by \$32 million due to the an increase of special elections during the current year. The remaining variance was a net decrease of \$2 million from a variety of other programs.
- Intergovernmental revenues increased by \$493 million overall, and were primarily associated with State and federal revenue increases of \$403 and \$73 million, respectively. The State and federal revenue growth was primarily attributable to higher levels of reimbursable program and administrative costs in the children and family services programs of \$122 million, health administration programs of \$100 million, public health programs of \$54 million, mental health programs of \$38 million, ambulatory care services of \$31 million, and sheriff programs of \$26 million. In addition, the AB85 amount owed was less than the prior year which resulted in a \$95 million increase in State realignment revenue.
- Revenues from taxes increased by \$380 million and property taxes comprised \$307 million of this increase which was primarily associated with growth in assessed property values. Residual property tax revenues, which are associated with redevelopment dissolution, were \$243 million in the current year, or \$41 million higher than the prior year. Property tax growth was also reflected in "pass through" property tax revenues, which were \$39 million higher in the current year.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2019**

Governmental Funds-Continued

- General fund expenditures increased by a total of \$1.639 billion, or 9.3%. Current expenditures increased by \$1.639 billion, and debt service and capital outlay expenditures remained the same. The most significant increase in current expenditures was reflected in the health and sanitation programs, where expenditures grew by \$1.069 billion. This was primarily due to an increase of \$447 million for ambulatory care services and for mental health services. In addition, an increase of \$162 million was from programs administered for health community programs and \$61 million for public health programs. Public protection program costs were higher by \$276 million, of which \$227 million, and \$19 million were associated with the departments of Sheriff and District Attorney, respectively, and \$30 million was for the Diversion and Reentry program. Public assistance expenditures were higher by \$241 million, of which \$153 million was for salary and benefit increases and \$81 million was for increased spending on public assistance payments, children and family assistance payments and the affordable housing program. General government spending increased by \$31 million and was associated with an increase of \$24 million for costs associated with capital improvements.

The Fire Protection District reported a year-end fund balance of \$147 million, which represented a decrease of \$29 million in fund balance compared to the previous year decrease of \$30 million, resulting in a net difference of \$1 million. The Fire Protection District responds to a number of major incidents and emergencies during the fiscal year. Revenues increased by \$32 million, of which \$49 million was related to property taxes and primarily associated with growth in assessed property values and was offset by a decline in a variety of other revenues. Expenditures were higher by \$31 million, of which \$53 million was related to an increase in salaries and employee benefit costs and was offset by decreases of \$13 million and \$8 million in services and supplies and capital asset equipment costs, respectively.

The Flood Control District reported a year-end fund balance of \$488 million, which represented a decrease of \$15 million in fund balance compared to the previous year increase of \$33 million, resulting in a net difference of \$48 million. The change in fund balance was primarily due to higher expenditures by \$93 million for infrastructure improvement projects to support flood protection and water conservation. This was offset by revenues that increased by \$51 million, primarily from property taxes and charges for services.

The LA County Library Fund reported a year-end fund balance of \$88 million, which represented an increase of \$10 million in fund balance compared to the previous year increase of \$3 million, resulting in a net difference of \$7 million. The increase in the change in fund balance was primarily attributable to higher property tax revenues of \$6 million from the prior year. Overall, revenue was higher by \$8 million and expenditures were higher by \$2 million.

The Regional Park and Open Space District reported a year-end fund balance of \$404 million, which represented an increase of \$84 million in fund balance compared to the previous year increase of \$42 million, resulting in a net difference of \$42 million. The increase in the change of fund balance was primarily attributable to higher property tax revenue of \$91 million from the the Safe, Clean Neighborhood Parks, Open Space, Beaches, Rivers Protection, and Water Conservation Measure A (Measure A). Measure A levied 1.5 cents annually per square foot of improved property. Overall, current year revenues were higher by \$17 million and expenditures were lower by \$25 million.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2019**

Governmental Funds-Continued

The Mental Health Services Act (MHSA) Special Revenue Fund reported a year-end fund balance of \$938 million, which represented a decrease of \$112 million in fund balance compared to no change in fund balance from the previous year. Current year revenues were higher by \$26 million, primarily from an increase in State revenues, while transfers out were higher by \$125 million from an increase in mental health expenditures in the General Fund. Expenditures increased by \$13 million primarily to fund affordable housing projects for mental health clients.

Proprietary Funds

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

The County is legally required to provide local matching funds to the health care system in order to remain eligible for federal and State assistance. Such funds were provided to the hospitals as operating subsidies from the County General Fund during the year as discussed in Note 15 to the basic financial statements. The amount of subsidy, per facility, ranged from \$8 million for Olive View-UCLA Medical Center to \$462 million for the LAC+USC Medical Center. The total subsidy amount was \$632 million and is reflected in the Statement of Revenues, Expenses and Changes in Fund Net Position as "transfers in." By comparison, the total General Fund subsidy in the prior year was \$530 million. During the current year, the County's hospital operations experienced higher levels of patient care revenues and operating expenses in comparison to the prior year as previously discussed.

An additional source of local funding for the Hospitals is the Health Services Measure B Special Revenue Fund (Measure B Fund). The Measure B Fund receives voter approved property taxes for trauma and emergency services. In the current year, the Measure B Fund provided transfers to the LAC+USC Medical Center (\$122 million), Harbor-UCLA Medical Center (\$50 million), and Olive-View UCLA Medical Center (\$45 million). The total current year amount of \$217 million in Measure B transfers was slightly higher by \$8 million from the prior year amount of \$209 million.

Waterworks Funds reported year-end net position of \$790 million, which was \$10 million lower than the previous year due to higher operating expenses. There were no significant operational changes during the current year. Current year operating revenues for charges for services were lower by \$1 million, operating expenses were higher by \$10 million, and nonoperating revenue/(expenses) were higher by \$2 million.

General Fund Budgetary Highlights

The accompanying basic financial statements include a Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis for the County's General Fund. The County's budgetary basis of accounting is discussed in Notes 1 and 16 to the basic financial statements. There are approximately 180 separate budget units within the General Fund, excluding capital improvement projects, which are individually budgeted. The data presented below represents the net budgetary changes for the General Fund in a highly summarized format. Accordingly, in certain instances, budgets have been increased for programs within a category even though actual amounts have not been realized for the category in its entirety. Under the budgetary basis, there was a net increase of \$161 million in the General Fund's available (unassigned) fund balance from the previous year.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2019**

Budgetary Summary - Revenues/Financing Sources

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

<u>Category</u>	Increase (Decrease) From Original Budget	Final Budget Amount	Actual Amount	Variance- Positive (Negative)
Taxes	\$ 72,204	\$ 5,978,608	\$ 6,042,289	\$ 63,681
Intergovernmental revenues	40,634	11,135,583	10,175,360	(960,223)
Charges for services	48,128	2,727,854	2,508,796	(219,058)
All other revenues	25,771	615,003	707,628	92,625
Other sources and transfers in	28,626	1,176,661	974,329	(202,332)
Total	\$ 215,363	\$ 21,633,709	\$ 20,408,402	\$ (1,225,307)

Changes from Amounts Originally Budgeted

During the year, net increases in budgeted revenues and other financing sources were approximately \$215 million. The most significant changes occurred in the following areas:

- The budget for tax revenues increased by \$72 million. Of this increase, \$60 million was associated with year-end budgetary changes that are designed to demonstrate compliance with legal provisions related to the appropriation of revenues from property taxes and certain other tax related revenues.
- The estimated revenue for "Charge for Services" increased by \$48 million. The increase is primarily from revenue associated with the new Voter Solutions for All People (VSAP) election system of \$22 million. Also, there was an increase of \$12 million in health care administration programs and \$7 million in the Sheriff contract cities revenue. There were other net budget increases in charges for services of \$7 million.
- Estimated intergovernmental revenues increased by \$41 million. The social service and child and family programs increased the estimated State and federal revenues by \$49 million. Net additions of \$31 million were made to augment federal funds budgeted for the GPP and WPC program pursuant to the Medi-Cal 2020 Federal Waiver program in the health department. Budgeted intergovernmental revenues for capital projects were increased by \$25 million to reflect additional grant funding. Also, an increase of \$15 million was made to budgeted intergovernmental revenues associated with redevelopment dissolution successor agencies. The decrease is primarily attributable to the reduction of State Health Realignment estimated revenues of \$85 million. There were other net increases to budgeted intergovernmental revenues of \$6 million.
- The budget for "other sources and transfers in" increased by \$29 million. Budgeted transfers in for capital projects were increased by \$20 million from the nonmajor special revenue funds. Mental Health programs funded by the Mental Health Services Act Special Revenue Fund were increased by \$4 million. There were net increases to budgeted "other sources and transfers in" of \$5 million.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2019**

Changes from Amounts Originally Budgeted-Continued

- The budgeted "all other revenues" increased by \$26 million. Budgeted revenues were increased by \$15 million for tobacco settlement revenues. The remaining increases of \$11 million were associated with a wide variety of revenues.

Actual Revenues/Financing Sources Compared with Final Budget Amounts

Actual revenues and other financing sources recognized by the General Fund were approximately \$20.408 billion. This amount was \$1.225 billion, or 5.7%, lower than budget. As discussed below, most of this variance was concentrated in the areas of intergovernmental revenues, charges for services, and "other sources and transfers in."

- Actual intergovernmental revenues were \$960 million lower than the amount budgeted. Approximately \$344 million was associated with social services and child and family programs, where reimbursable costs were lower than anticipated due to delays in hiring and promoting staff, reduced contractual spending for services and child care provider payments, and delays in implementing new systems. Mental health programs accounted for approximately \$244 million of this variance, which experienced lower than anticipated reimbursable costs and correspondingly lower than expected revenues. Budgeted intergovernmental revenues of \$230 million were not realized for various capital improvements, disaster recovery programs and emergency preparedness projects, as these initiatives were not completed prior to year-end. Public health related programs experienced budgeted revenue shortfalls of \$154 million, most of which was associated with federal and State grants and offset by a comparable amount of cost savings. The remaining difference of \$12 million was related to a variety of other programs.
- Actual charges for services were \$219 million lower than the amount budgeted. The decrease was primarily attributable to revenues associated with the GPP and services rendered to the County hospitals of \$89 million. Net reductions include costs associated with public health programs which experienced lower than anticipated reimbursable costs and correspondingly lower than expected revenues of \$83 million. Approximately \$34 million was associated with the Internal Services Department (ISD), which experienced lower than reimbursable expenditures. There were net decreases of \$13 million related to a variety of other programs.
- The actual amount of "other sources and transfers in" was \$202 million lower than the amount budgeted. Of this amount, mental health programs funded by the Mental Health Services Act Special Revenue Fund did not fully materialize at the budgeted level and "transfers in" were \$122 million lower than budgeted. In addition, "transfers in" totaling \$49 million were assumed in the budget for capital improvements and extraordinary building maintenance projects, which did not incur expected costs. Costs associated with Probation and Sheriff Department programs funded by the Other Public Protection Special Revenue Funds were \$13 million less than budgeted. The "transfers in" for the housing for health program, funded by the nonmajor special revenue funds, were \$10 million less than budgeted. There were various other sources and transfers that comprised the remaining variance of \$8 million.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2019**

Budgetary Summary - Expenditures/Other Financing Uses

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

<u>Category</u>	Increase (Decrease) From Original Budget	Final Budget Amount	Actual Amount	Variance- Positive
General government	\$ (187,342)	\$ 2,148,163	\$ 1,269,518	\$ 878,645
Public protection	163,841	6,117,033	5,922,770	194,263
Health and sanitation	(45,512)	5,808,067	5,093,306	714,761
Public assistance	73,794	7,204,254	6,559,773	644,481
All other expenditures	54,593	1,439,872	600,566	839,306
Transfers out	7,721	685,649	671,633	14,016
Contingencies	20,405	58,472		58,472
Fund balance changes-net	127,863	101,531	130,328	(28,797)
Total	\$ 215,363	\$ 23,563,041	\$ 20,247,894	\$ 3,315,147

Changes from Amounts Originally Budgeted

During the year, net increases in General Fund appropriations and fund balance component changes were approximately \$215 million. The most significant changes occurred in the following areas:

- Public protection appropriations were increased by \$164 million. An increase of \$198 million of salaries and employee benefits were appropriated and the majority of the increase was to comply with the Ninth Circuit Court of Appeals decision on overtime. In addition, law enforcement appropriations were decreased by \$50 million to provide funding for grant program and contract cities services. There were net increases of \$16 million for other public protection programs.
- Net fund balance budgetary changes of \$128 million had the effect of reducing the available (unassigned) fund balance component. At the end of the year, the restricted fund balance increased by \$40 million for utility users' taxes that were not expended and remained obligated for programs in unincorporated areas. Committed fund balance was increased by \$38 million for reserve for rainy day funds, \$30 million for Tobacco Settlement funds, and \$15 million for Board Budget Policies and Priorities. The remaining variance of \$5 million was attributable to various other fund balance accounts.
- Public assistance appropriation increased by \$74 million. An increase of \$54 million of salaries and employee benefits were appropriated and the majority of the increase was to comply with the Ninth Circuit Court of Appeals decision on overtime. In addition, there was an \$15 million increase in appropriation for social services programs. The remaining variance of \$5 million was related to other public assistance programs.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2019

Changes from Amounts Originally Budgeted-Continued

- General government appropriations decreased by \$187 million. The decrease was largely attributable to appropriations not associated with specific County departments. Nondepartmental special accounts appropriations decreased by \$134 million to fund increases in salaries and employee benefits to comply with a Ninth Circuit Court of Appeals decision on overtime. Provisional appropriations decreased by \$72 million and were transferred to other functional categories to fund capital projects, jail medical services, community programs, Sheriff's litigation settlements and unspent User Utility Tax funds to obligated fund balance. In addition, \$12 million shifted funds for extraordinary maintenance to capital projects. This was offset by an increase of appropriations of \$12 million to the Registrar-Recorder to fund the VSAP election system. There were net increases of \$19 million for other general governmental programs.

Actual Expenditures/Other Financing Uses Compared with Final Budget Amount

Actual expenditures/other financing uses for the current year were \$3.315 billion lower (14.1%) than the final total budget of \$23.563 billion. There were budgetary savings in all functional expenditure categories. Following are the functional areas that recognized the largest variations from the final budget:

- The general government function reported actual expenditures that were \$879 million less than the amount budgeted. Of this amount, \$572 million represented budgetary savings for items that are not associated with specific County departments, such as provisional appropriations and central non-departmental appropriations. Salaries and employee benefits savings of \$109 million were due to hiring delays and vacancies. The County's Board of Supervisors had budgetary savings of \$98 million to be spent in future years for various community projects. The County's real estate budget had budgetary savings of \$22 million due to lower than anticipated costs associated with various properties. The County's ISD budget had budgetary savings of \$18 million due to continued implementation of the Countywide energy efficiency programs. The remaining \$60 million was spread across County departments comprising general government and was mostly related to savings in the areas of services and supplies.
- The category referred to as "all other expenditures" reflected actual spending of \$839 million less than the budgeted amount. Of this variance, \$812 million was in the capital outlay category and was related to numerous capital improvements anticipated in the budget that remained in the planning and development stages and did not incur expenditures during the year. Most of the unused balance has been re-established in the following year's budget to ensure the continuity of the projects, many of which are multi-year in nature.
- Overall expenditures for the health and sanitation category were \$715 million less than the budgeted amount. Specifically, the budgetary savings of \$281 million was from mental health programs, \$138 million from public health programs, \$137 million from the County's managed care services for the health services, and \$48 million from the health services administration budget that provides support to the County's hospitals and housing for health programs. There were also \$107 million from salaries and employee benefits savings and lower than anticipated costs for contracted services. The remaining variance of \$4 million was due to lower than expected services and supplies and contracted costs related to other health and sanitation programs.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2019**

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

- Actual public assistance expenditures were \$644 million lower than the final budget. Vendor and assistance payments for social services and children and family programs were lower than budgeted by \$440 million. Administrative cost savings in these areas were due to lower than anticipated costs for professional, contracted, and information technology services and delays in hiring. There were also direct program savings associated with lower than anticipated caseloads. Salaries and employee benefits savings of \$140 million were due to hiring delays and vacancies. There were \$51 million of savings related to homeless and housing programs due to delays in carrying out multi-year projects. The remaining variance of \$13 million was related to other public assistance programs.

Capital Assets

The County's capital assets for its governmental and business-type activities as of June 30, 2019 were \$19.743 billion (net of depreciation). Capital assets include land, easements, buildings and improvements, equipment, software, and infrastructure. The major infrastructure network elements are roads, sewers, water, flood control, and aviation. Specific capital asset changes during the current year are presented in Note 6 to the basic financial statements.

The total increase in the County's capital assets (net of depreciation) for the current fiscal year was \$225 million as shown in the following table.

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

	Current Year	Prior Year	Increase (Decrease)
Land and easements	\$ 7,632,374	\$ 7,595,597	\$ 36,777
Buildings and improvements	5,629,127	5,531,749	97,378
Infrastructure	4,279,689	4,421,159	(141,470)
Equipment	661,062	645,853	15,209
Software	238,719	275,010	(36,291)
Capital assets, in progress	1,302,501	1,049,509	252,992
Total	<u>\$ 19,743,472</u>	<u>\$ 19,518,877</u>	<u>\$ 224,595</u>

The most significant increase was in Capital assets, in progress, which increased by \$253 million. The County's major capital asset initiatives during the current year continued to focus on new facilities and major improvements. For governmental activities, the major capital asset projects were for recreation and cultural services of \$153 million, health and sanitation of \$75 million, and public protection of \$42 million. The governmental activities major projects included the Los Angeles County Museum of Art Building for the Permanent Collection project and the Music Center Plaza renovation, Mental Health Treatment Center, and the Vermont Corridor County Administration Building project.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2019

For business-type activities, major construction in progress was \$27 million at the Rancho Los Amigos National Rehabilitation Center for various projects, including the Support Services Annex Building Renovation and Seismic Retrofit projects. There was also \$24 million of capitalized construction-in-progress costs at Harbor-UCLA Medical Center for various projects, including the new Outpatient/Support Building. In addition, there was capitalized software-in-progress costs of \$23 million for the Assessor's Modernization Project Phase 3 and \$19 million for the Registrar-Recorder/County Clerk's VSAP election system project.

Buildings and improvements increased by \$97 million. Various projects were completed during the fiscal year, including the Rancho Los Amigos National Rehabilitation Center's New Outpatient Facilities, with a net book value of \$101 million, the Martin Luther King, Jr. New Parking Structure, with a net book value of \$39 million, the 3965 S. Vermont Avenue Renovation for Probation, with a net book value of \$26 million, and the Sheila Kuehl Family Wellness Center, with a net book value of \$12 million. As of June 30, 2019, there were \$76 million of capital asset commitments outstanding.

Debt Administration

During the current year, the County's liabilities for long-term debt, including accreted interest, increased by \$514 million, as newly issued debt and accretions of \$942 million were more than the debt maturities of \$428 million. Specific changes related to governmental and business-type activities are presented in Note 11 to the basic financial statements.

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

- Lease Revenue Obligation Notes (LRON) of \$562 million were issued for governmental and business-type activities in the amounts of \$239 million and \$323 million, respectively. For governmental activities, debt was issued to finance a renovation for a probation facility, parking lot and a new museum of art building. For business-type activities, debt was issued to finance hospital improvements.
- New debt of \$347 million (including bond premium proceeds) was issued to finance the construction of the Vermont Corridor County Administration Building and parking structure.
- New debt of \$30 million was issued to finance the acquisition of equipment for governmental activities. Equipment debt totaling \$20 million was redeemed during the year in accordance with maturity schedules.

In addition to the above borrowing, the County continued to finance General Fund cash flow shortages occurring periodically during the fiscal year by selling \$700 million in tax and revenue anticipation notes.

The notes matured and were redeemed on June 28, 2019. The General Fund also relied upon periodic borrowing from available agency funds.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2019**

Bond Ratings

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

	<u>Moody's</u>	<u>Standard & Poor's</u>	<u>Fitch</u>
Certificates of Participation	Aa3	AA	AA
Equipment/Non-Essential Leases	Aa2	AA	AA
Operating/Non-Essential Leases	Aa2	AA	AA
Short-Term	MIG1	SP-1+	F1+
Regional Park and Open Space District Bonds	Aa1	AA	AAA

The County's bond ratings assigned by Fitch for General Obligation Bonds, Certificates of Participation (formerly referred as "Facilities"), Equipment Lease Revenue, and Operating Leases were upgraded from the previous year.

Economic Conditions and Outlook

The Board of Supervisors adopted the County's 2019-2020 Budget on June 24, 2019. The Budget was adopted based on estimated fund balances that would be available at the end of 2018-2019. The Board updated the Budget on October 1, 2019 to reflect final 2018-2019 fund balances and other pertinent financial information. For the County's General Fund, the 2019-2020 Budget utilized \$2.090 billion of fund balance, which exceeded the previously estimated fund balance of \$1.654 billion. Of the additional fund balance of \$436 million, \$203 million was used to carryover lapsed appropriations and ensure the continuity of funded program initiatives. The remaining \$233 million was primarily used to fund programs for fighting homeless and increasing affordable housing, investing in children, families, and seniors, innovation and growth in health care, fostering arts and culture, advancing information technology initiatives, enhancing public safety, increasing consumer protection, and investing in public assets.

The County's 2019-2020 Budget reflects the County's values and vision, along with its ambitious commitment to improving life for all County residents, especially the vulnerable and under-served. The projects and programs reflects the budget for funding to advance key priorities of fighting homelessness, promoting health and well-being, improving our justice system, championing the rights and needs of immigrants, creating better lives for children and families, and enriching communities through the arts, recreation, and sustainability. The County's budget continues to reflect the County's long-standing commitment to responsible and sustainable fiscal practices. The County has experienced slow and steady growth in the economy and has a positive outlook for the remainder of 2019 and into 2020 year. The County has taken steps to address long-term budget issues by approving a multi-year plan to prefund retiree healthcare benefits and increasing the County's "Rainy Day Reserve" to \$602 million. Looking forward, there are some long-term budgetary issues which will require significant investments and may require a multi-year funding approach related to the expiration of the Title IV-E Waiver, VSAP Election system, Information Technology Systems Replacements, the Facility Reinvestment program, Pensions, OPEB, and Stormwater and Urban Runoff. The County's budget also anticipates uncertainty with budget proposals from both the federal and State governments that could create significant short and long-term budget challenges for the County.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2019

The County's budget outlook, while favorable, continues to be influenced by the fiscal condition and outlook of the State of California. In this regard, the State Legislative Analyst's Office (LAO) reports the California's budget continues to be in a good position for FY 2020-2021. The State projects to have sufficient resources to pay for its existing commitments and estimates to have a surplus for FY 2020-2021. In addition, the State continues to add additional funds to the State's rainy day fund. For the longer term, the State should conservatively allocate its available surplus and focus on one-time, flexible commitments that can be changed mid-year if economic conditions change. The State's outlook is subject to either continuing economic growth or a recession. With a continuing growing economy, the operating surplus will increase, but will decline over time. In the recession scenario, the State has enough reserve to cover its deficit for the outlook period. Health and human services programs are subject to considerable challenges and uncertainty as the State depends on information from the federal government or State executive branch.

The County receives substantial federal revenues and operates many programs which are subject to federal rules and regulations. Federal assistance is especially critical to the County's ability to operate its four County hospitals and health care network. The County is carefully monitoring State and federal policy developments to determine the future impacts, if any, on its ability to administer federal programs and deliver County services that rely upon federal funding. In addition, no update has been received regarding the State audit that questioned California Medical Assistance Program payments. The findings of the audit included \$2.1 billion in overpayments related to Los Angeles County beneficiaries. The financial impact, if any, in future years to the County has yet to be quantified.

Obtaining Additional Information

This financial report is designed to provide a general overview of the County's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Los Angeles County Auditor-Controller, 500 West Temple Street, Room 525, Los Angeles, CA 90012-3873.

BASIC FINANCIAL STATEMENTS

COUNTY OF LOS ANGELES
STATEMENT OF NET POSITION
JUNE 30, 2019 (in thousands)

	PRIMARY GOVERNMENT			DISCRETELY PRESENTED COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
ASSETS				
Pooled cash and investments: (Notes 1 and 5)				
Operating	\$ 6,300,767	164,202	\$ 6,464,969	\$ 490,662
Other	2,382,605	30,563	2,413,168	
Total pooled cash and investments	<u>8,683,372</u>	<u>194,765</u>	<u>8,878,137</u>	<u>490,662</u>
Other investments (Notes 4 and 5)	329,100		329,100	420,934
Taxes receivable	263,366	727	264,093	
Accounts receivable - net (Note 14)		2,443,417	2,443,417	22,884
Interest receivable	34,815	592	35,407	608
Other receivables	2,795,886	521,662	3,317,548	33,899
Internal balances (Note 15)	661,023	(661,023)		
Inventories	82,165	25,114	107,279	13,976
Restricted assets (Note 5)	7,899	113,134	121,033	
Capital assets: (Notes 1, 6 and 10)				
Capital assets, not being depreciated	8,470,128	464,747	8,934,875	94,378
Capital assets, net of accumulated depreciation	<u>8,206,114</u>	<u>2,602,483</u>	<u>10,808,597</u>	<u>88,882</u>
Total capital assets	<u>16,676,242</u>	<u>3,067,230</u>	<u>19,743,472</u>	<u>183,260</u>
TOTAL ASSETS	<u>29,533,868</u>	<u>5,705,618</u>	<u>35,239,486</u>	<u>1,166,223</u>
DEFERRED OUTFLOWS OF RESOURCES (Note 20)	<u>4,991,057</u>	<u>833,848</u>	<u>5,824,905</u>	<u>12,277</u>
LIABILITIES				
Accounts payable	773,068	509,640	1,282,708	51,181
Accrued payroll	515,144	97,979	613,123	
Other payables	171,657	12,868	184,525	7,273
Accrued interest payable	20,079	18,444	38,523	
Advances payable	1,934,534	4,403	1,938,937	5,775
Long-term liabilities: (Note 11)				
Due within one year	1,126,293	426,382	1,552,675	4,705
Due in more than one year	<u>35,015,029</u>	<u>7,612,726</u>	<u>42,627,755</u>	<u>85,220</u>
TOTAL LIABILITIES	<u>39,555,804</u>	<u>8,682,442</u>	<u>48,238,246</u>	<u>154,154</u>
DEFERRED INFLOWS OF RESOURCES (Note 20)	<u>5,357,831</u>	<u>960,494</u>	<u>6,318,325</u>	<u>3,300</u>
NET POSITION				
Net investment in capital assets	15,166,340	2,109,416	17,275,756	141,576
Restricted for:				
Capital projects	43,950		43,950	
Debt service	269,731	16,998	286,729	363
Permanent funds - nonspendable	2,145		2,145	
Permanent funds - spendable	132		132	
General government	311,958		311,958	
Public protection	1,051,404		1,051,404	
Public ways and facilities	367,055	121,688	488,743	
Health and sanitation	1,203,900		1,203,900	
Recreation	407,713		407,713	
Community development				463,672
First 5 LA				364,339
Other	153,417		153,417	
Unrestricted (deficit)	<u>(29,366,455)</u>	<u>(5,351,572)</u>	<u>(34,718,027)</u>	<u>51,096</u>
TOTAL NET POSITION (DEFICIT) (Note 3)	<u>\$ (10,388,710)</u>	<u>(3,103,470)</u>	<u>\$ (13,492,180)</u>	<u>\$ 1,021,046</u>

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

COUNTY OF LOS ANGELES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

FUNCTIONS	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT:				
Governmental activities:				
General government	\$ 1,660,335	570,425	54,159	8,243
Public protection	7,772,364	1,281,280	1,682,689	62,952
Public ways and facilities	453,758	26,882	283,007	
Health and sanitation	5,433,924	1,606,315	3,016,694	
Public assistance	6,922,346	18,460	5,680,991	
Education	161,012	16,672	105	
Recreation and cultural services	320,838	160,111	1,809	1,760
Interest on long-term debt	124,549			
Total governmental activities	22,849,126	3,680,145	10,719,454	72,955
Business-type activities:				
Hospitals	4,827,429	3,437,056	486,589	
Waterworks	104,906	84,748	1,458	56
Aviation	5,954	4,720	40	3,794
Total business-type activities	4,938,289	3,526,524	488,087	3,850
Total primary government	\$ 27,787,415	7,206,669	11,207,541	76,805
DISCRETELY PRESENTED COMPONENT UNITS	\$ 648,734	28,096	695,644	5,912

GENERAL REVENUES:

Taxes:

Property taxes

Utility users taxes

Voter approved taxes

Documentary transfer taxes

Other taxes

Sales and use taxes, levied by the State

Grants and contributions not restricted to special programs

Investment income

Miscellaneous

TRANSFERS - NET

Total general revenues and transfers

CHANGE IN NET POSITION

NET POSITION (DEFICIT), JULY 1, 2018

NET POSITION (DEFICIT), JUNE 30, 2019

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

NET (EXPENSES) REVENUES AND
CHANGES IN NET POSITION

PRIMARY GOVERNMENT			DISCRETELY PRESENTED COMPONENT UNITS	
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL		FUNCTIONS
\$ (1,027,508)		\$ (1,027,508)		PRIMARY GOVERNMENT:
(4,745,443)		(4,745,443)		Governmental activities:
(143,869)		(143,869)		General government
(810,915)		(810,915)		Public protection
(1,222,895)		(1,222,895)		Public ways and facilities
(144,235)		(144,235)		Health and sanitation
(157,158)		(157,158)		Public assistance
(124,549)		(124,549)		Education
(8,376,572)		(8,376,572)		Recreation and cultural services
				Interest on long-term debt
				Total governmental activities
	(903,784)	(903,784)		Business-type activities:
	(18,644)	(18,644)		Hospitals
	2,600	2,600		Waterworks
	(919,828)	(919,828)		Aviation
(8,376,572)	(919,828)	(9,296,400)		Total business-type activities
				Total primary government
			\$ 80,918	DISCRETELY PRESENTED COMPONENT UNITS
7,008,569	6,504	7,015,073		GENERAL REVENUES:
44,604		44,604		Taxes:
463,450		463,450		Property taxes
87,899		87,899		Utility users taxes
39,160		39,160		Voter approved taxes
541,258		541,258		Documentary transfer taxes
				Other taxes
473,800	32	473,832		Sales and use taxes, levied by the State
380,361	6,600	386,961	21,286	Grants and contributions not restricted to special programs
269,931	36	269,967	1,684	Investment income
(671,446)	671,446			Miscellaneous
8,637,586	684,618	9,322,204	22,970	TRANSFERS - NET
261,014	(235,210)	25,804	103,888	Total general revenues and transfers
(10,649,724)	(2,868,260)	(13,517,984)	917,158	CHANGE IN NET POSITION
\$ (10,388,710)	(3,103,470)	\$ (13,492,180)	\$ 1,021,046	NET POSITION (DEFICIT), JULY 1, 2018
				NET POSITION (DEFICIT), JUNE 30, 2019

COUNTY OF LOS ANGELES
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	LA COUNTY LIBRARY	REGIONAL PARK AND OPEN SPACE DISTRICT
ASSETS					
Pooled cash and investments: (Notes 1 and 5)					
Operating	\$ 1,955,388	130,466	565,919	85,714	404,498
Other	2,278,710	17,711	18,004	1,900	2,055
Total pooled cash and investments	4,234,098	148,177	583,923	87,614	406,553
Other investments (Notes 4 and 5)	3,973			117	
Taxes receivable	190,819	41,404	12,316	6,301	2,048
Interest receivable	22,507	419	1,586	245	1,092
Other receivables	2,444,339	46,595	2,437	1,696	3,277
Due from other funds (Note 15)	757,525	5,553	17,253	7,909	128
Advances to other funds (Note 15)	634,848		6,339		
Inventories	58,050	13,229	1	664	
TOTAL ASSETS	8,346,159	255,377	623,855	104,546	413,098
DEFERRED OUTFLOWS OF RESOURCES (Note 20)					
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 8,346,159	255,377	623,855	104,546	413,098
LIABILITIES					
Accounts payable	\$ 636,560	4,928	14,346	2,943	616
Accrued payroll	445,506	43,449		4,802	
Other payables	165,114	2,970		604	
Due to other funds (Note 15)	212,300	18,832	47,188	4,090	5,321
Advances payable	1,812,610		66,173		
Third party payor (Notes 11 and 14)	56,297				
TOTAL LIABILITIES	3,328,387	70,179	127,707	12,439	5,937
DEFERRED INFLOWS OF RESOURCES (Note 20)	583,763	38,070	8,539	4,558	3,098
FUND BALANCES (Note 21)					
Nonspendable	311,958	13,229	1	664	
Restricted	79,210	133,899	487,509	21,495	404,063
Committed	780,517				
Assigned	620,773		99	65,390	
Unassigned	2,641,551				
TOTAL FUND BALANCES	4,434,009	147,128	487,609	87,549	404,063
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 8,346,159	255,377	623,855	104,546	413,098

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

MENTAL HEALTH SERVICES ACT	NONMAJOR GOVERNMENTAL FUNDS	ELIMINATIONS (NOTE 4)	TOTAL GOVERNMENTAL FUNDS	
				ASSETS
				Pooled cash and investments: (Notes 1 and 5)
\$ 1,195,634	1,923,540		\$ 6,261,159	Operating
1,999	53,014		2,373,393	Other
<u>1,197,633</u>	<u>1,976,554</u>		<u>8,634,552</u>	Total pooled cash and investments
	338,630	(13,620)	329,100	Other investments (Notes 4 and 5)
	10,478		263,366	Taxes receivable
3,277	5,372		34,498	Interest receivable
	189,535		2,687,879	Other receivables
17,281	43,438		849,087	Due from other funds (Note 15)
	11,232		652,419	Advances to other funds (Note 15)
	1		71,945	Inventories
<u>1,218,191</u>	<u>2,575,240</u>	<u>(13,620)</u>	<u>13,522,846</u>	TOTAL ASSETS
	217,518		217,518	DEFERRED OUTFLOWS OF RESOURCES (Note 20)
<u>\$ 1,218,191</u>	<u>2,792,758</u>	<u>(13,620)</u>	<u>\$ 13,740,364</u>	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES
				LIABILITIES
\$	103,549		\$ 762,942	Accounts payable
	87		493,844	Accrued payroll
			168,688	Other payables
279,696	328,060		895,487	Due to other funds (Note 15)
	55,448		1,934,231	Advances payable
	246		56,543	Third party payor (Notes 11 and 14)
<u>279,696</u>	<u>487,390</u>		<u>4,311,735</u>	TOTAL LIABILITIES
	11,758		649,786	DEFERRED INFLOWS OF RESOURCES (Note 20)
				FUND BALANCES (Note 21)
	2,146		327,998	Nonspendable
938,495	2,002,656	(13,620)	4,053,707	Restricted
	127,829		908,346	Committed
	160,979		847,241	Assigned
			2,641,551	Unassigned
<u>938,495</u>	<u>2,293,610</u>	<u>(13,620)</u>	<u>8,778,843</u>	TOTAL FUND BALANCES
<u>\$ 1,218,191</u>	<u>2,792,758</u>	<u>(13,620)</u>	<u>\$ 13,740,364</u>	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

COUNTY OF LOS ANGELES
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019 (in thousands)

Fund balances - total governmental funds (page 29)		\$ 8,778,843
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not reported in governmental funds:		
Land and easements	\$ 7,465,808	
Construction-in-progress	1,004,320	
Buildings and improvements - net	3,813,269	
Equipment - net	381,179	
Intangible software - net	222,564	
Infrastructure - net	<u>3,646,888</u>	16,534,028
Deferred outflows and inflows of resources reported in the statement of net position, but not recognized in the governmental funds:		
Deferred outflows from losses on refunding of debt	\$ 14,452	
Deferred outflows from OPEB	1,201,924	
Deferred outflows from pension	3,601,401	
Deferred inflows from service concession arrangements	(82,853)	
Deferred inflows from OPEB	(3,935,542)	
Deferred inflows from pension	<u>(1,135,407)</u>	(336,025)
Deferred outflows and inflows of resources reported in the balance sheet, but not recognized in the statement of net position:		
Deferred outflows from tobacco settlement revenues	\$ (217,518)	
Deferred inflows from tobacco settlement revenues	217,518	
Deferred inflows from property taxes	183,517	
Deferred inflows from long-term receivables	<u>248,751</u>	432,268
Other long-term asset transactions are not available for the current period and are not recognized in governmental funds:		
Payables and receivables related to capital assets	\$ 16,079	
Accrued interest on long-term receivables	<u>165</u>	16,244
Installment receivables from service concession arrangements.		82,853
Accrued interest payable is not recognized in governmental funds.		(19,302)
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds and notes	\$ (1,760,910)	
Unamortized premiums on bonds and notes	(124,277)	
Accreted interest on bonds and notes	(143,725)	
Capital lease obligations	(156,887)	
Accrued compensated absences	(1,598,645)	
Workers' compensation	(2,572,791)	
Litigation and self-insurance	(264,324)	
Pollution remediation obligations	(44,112)	
Net pension liability	(8,446,386)	
Net OPEB liability	(19,566,774)	
Third party payor liability	<u>(22,947)</u>	(34,701,778)
Assets and liabilities of certain internal service funds are included in governmental activities in the accompanying statement of net position.		<u>(1,175,841)</u>
Net position (deficit) of governmental activities (page 25)		<u><u>\$ (10,388,710)</u></u>

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



COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	LA COUNTY LIBRARY	REGIONAL PARK AND OPEN SPACE DISTRICT
REVENUES					
Taxes	\$ 6,034,742	901,130	159,233	97,670	90,599
Licenses, permits and franchises	63,538	16,848	1,168		
Fines, forfeitures and penalties	187,979	2,428	803	374	515
Revenue from use of money and property:					
Investment income (Note 5)	238,811	3,236	18,783	2,603	11,368
Rents and concessions (Note 10)	127,240	101	6,522	14	
Royalties	65		754		
Intergovernmental revenues:					
Federal	3,943,338	1,862	86	40	
State	6,228,635	17,068	5,286	465	
Other	52,374	1,294	646	267	
Charges for services	2,505,049	210,307	133,555	15,799	28,393
Miscellaneous	169,320	2,927	309	1,245	111
TOTAL REVENUES	19,551,091	1,157,201	327,145	118,477	130,986
EXPENDITURES					
Current:					
General government	1,284,824				
Public protection	5,893,865	1,216,700	334,319		
Public ways and facilities					
Health and sanitation	5,065,138				
Public assistance	6,501,712				
Education				152,112	
Recreation and cultural services	386,217				46,949
Debt service:					
Principal	8,108	115		34	
Interest and other charges	29,411	426		23	
Capital outlay	1,586				
TOTAL EXPENDITURES	19,170,861	1,217,241	334,319	152,169	46,949
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	380,230	(60,040)	(7,174)	(33,692)	84,037
OTHER FINANCING SOURCES (USES)					
Transfers in (Note 15)	977,789	39,272		47,751	
Transfers out (Note 15)	(822,556)	(7,874)	(7,918)	(3,936)	
Issuance of debt (Note 11)					
Bond premium proceeds (Note 11)					
Capital leases (Note 10)	1,586				
Sales of capital assets	1,769	115	309	13	
TOTAL OTHER FINANCING SOURCES (USES)	158,588	31,513	(7,609)	43,828	
NET CHANGE IN FUND BALANCES	538,818	(28,527)	(14,783)	10,136	84,037
FUND BALANCES, JULY 1, 2018	3,895,191	175,655	502,392	77,413	320,026
FUND BALANCES, JUNE 30, 2019	\$ 4,434,009	147,128	487,609	87,549	404,063

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

MENTAL HEALTH SERVICES ACT	NONMAJOR GOVERNMENTAL FUNDS	ELIMINATIONS (NOTE 4)	TOTAL GOVERNMENTAL FUNDS	
				REVENUES
\$	790,054		\$ 8,073,428	Taxes
	20,811		102,365	Licenses, permits and franchises
	44,512		236,611	Fines, forfeitures and penalties
				Revenue from use of money and property:
41,489	63,998	(1,039)	379,249	Investment income (Note 5)
	27,895		161,772	Rents and concessions (Note 10)
	5		824	Royalties
				Intergovernmental revenues:
	24,024		3,969,350	Federal
555,104	321,354		7,127,912	State
	15,297		69,878	Other
	144,526		3,037,629	Charges for services
	177,642		351,554	Miscellaneous
<u>596,593</u>	<u>1,630,118</u>	<u>(1,039)</u>	<u>23,510,572</u>	TOTAL REVENUES
				EXPENDITURES
				Current:
	14,581		1,299,405	General government
	69,534		7,514,418	Public protection
	406,019		406,019	Public ways and facilities
65,266	172,265		5,302,669	Health and sanitation
	206,805		6,708,517	Public assistance
			152,112	Education
	8,475		441,641	Recreation and cultural services
				Debt service:
	138,923	(12,955)	134,225	Principal
	100,777	(1,039)	129,598	Interest and other charges
	235,466		237,052	Capital outlay
<u>65,266</u>	<u>1,352,845</u>	<u>(13,994)</u>	<u>22,325,656</u>	TOTAL EXPENDITURES
<u>531,327</u>	<u>277,273</u>	<u>12,955</u>	<u>1,184,916</u>	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
				OTHER FINANCING SOURCES (USES)
	493,564		1,558,376	Transfers in (Note 15)
(643,721)	(932,187)		(2,418,192)	Transfers out (Note 15)
	541,555		541,555	Issuance of debt (Note 11)
	44,179		44,179	Bond premium proceeds (Note 11)
			1,586	Capital leases (Note 10)
	912		3,118	Sales of capital assets
<u>(643,721)</u>	<u>148,023</u>		<u>(269,378)</u>	TOTAL OTHER FINANCING SOURCES (USES)
(112,394)	425,296	12,955	915,538	NET CHANGE IN FUND BALANCES
1,050,889	1,868,314	(26,575)	7,863,305	FUND BALANCES, JULY 1, 2018
<u>\$ 938,495</u>	<u>2,293,610</u>	<u>(13,620)</u>	<u>\$ 8,778,843</u>	FUND BALANCES, JUNE 30, 2019

COUNTY OF LOS ANGELES
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

Net change in fund balances - total governmental funds (page 33)		\$ 915,538
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Expenditures for general capital assets, infrastructure and other related capital asset adjustments	\$ 569,861	
Less - current year depreciation expense	<u>(413,306)</u>	156,555
In the statement of activities, only the gain or loss on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale are reported as an increase in financial resources. Thus, the change in net position differs from the change in fund balance.		(2,729)
Contribution of capital assets is not recognized in the governmental funds.		64,712
Amortization of losses on refunding of debt are reported as changes to deferred outflows of resources in governmental activities, but not reported for governmental funds.		(1,476)
Changes in unavailable revenues are reported as changes in deferred inflows of resources for governmental funds, but were recognized when earned for governmental activities.		163,652
Timing differences result in more or less revenues and expenses in the statement of activities.		
Change in accrued interest on long-term receivables	\$ 22	
Change in unamortized premiums	<u>2,060</u>	2,082
Issuance of long-term debt provides resources in the governmental funds, but increases long-term liabilities in the statement of net position.		(587,320)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
Certificates of participation and bonds	\$ 37,524	
Notes, loans, and lease revenue obligation notes	75,489	
Assessment bonds	12,955	
Other long-term notes, loans and capital leases	<u>8,257</u>	134,225
Some expenses reported in the accompanying statement of activities do not require (or provide) the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in workers' compensation	\$ (119,459)	
Change in litigation and self-insurance	(56,601)	
Change in pollution remediation obligations	1,910	
Change in accrued compensated absences	(100,499)	
Change in net pension liability, net of related deferred outflows of resources and deferred inflows of resources	190,350	
Change in net OPEB liability, net of related deferred outflows of resources and deferred inflows of resources	(663,275)	
Change in third party payor liability	(8,577)	
Change in accrued interest payable	(1,073)	
Change in accretion of bonds and notes	11,918	
Change in accretion of tobacco settlement bonds	(3,603)	
Transfer of capital assets between governmental fund and enterprise fund	<u>172,601</u>	(576,308)
The portion of internal service funds that is reported with governmental activities.		<u>(7,917)</u>
Change in net position of governmental activities (page 27)		<u>\$ 261,014</u>

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 5,906,404	5,978,608	6,042,289	63,681
Licenses, permits and franchises	59,645	59,654	63,538	3,884
Fines, forfeitures and penalties	172,719	173,239	187,979	14,740
Revenue from use of money and property:				
Investment income	98,233	100,289	160,314	60,025
Rents and concessions	134,460	135,049	127,240	(7,809)
Royalties	100	100	65	(35)
Intergovernmental revenues:				
Federal	4,556,793	4,574,684	3,935,379	(639,305)
State	6,491,090	6,470,638	6,187,917	(282,721)
Other	47,066	90,261	52,064	(38,197)
Charges for services	2,679,726	2,727,854	2,508,796	(219,058)
Miscellaneous	124,075	146,672	168,492	21,820
TOTAL REVENUES	20,270,311	20,457,048	19,434,073	(1,022,975)
EXPENDITURES				
Current:				
General government	2,335,505	2,148,163	1,269,518	878,645
Public protection	5,953,192	6,117,033	5,922,770	194,263
Health and sanitation	5,853,579	5,808,067	5,093,306	714,761
Public assistance	7,130,460	7,204,254	6,559,773	644,481
Recreation and cultural services	404,485	421,895	394,770	27,125
Debt service-				
Interest	11,916	11,916	11,916	
Capital outlay	968,878	1,006,061	193,880	812,181
TOTAL EXPENDITURES	22,658,015	22,717,389	19,445,933	3,271,456
DEFICIENCY OF REVENUES OVER EXPENDITURES	(2,387,704)	(2,260,341)	(11,860)	2,248,481
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	468	468	1,769	1,301
Transfers in	1,147,567	1,176,193	972,560	(203,633)
Transfers out	(677,928)	(685,649)	(671,633)	14,016
Appropriations for contingencies	(38,067)	(58,472)		58,472
Changes in fund balance	26,332	(101,531)	(130,328)	(28,797)
TOTAL OTHER FINANCING SOURCES (USES)	458,372	331,009	172,368	(158,641)
NET CHANGE IN FUND BALANCE	(1,929,332)	(1,929,332)	160,508	2,089,840
FUND BALANCE, JULY 1, 2018 (Note 16)	1,929,332	1,929,332	1,929,332	
FUND BALANCE, JUNE 30, 2019 (Note 16)	\$		2,089,840	2,089,840

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
FIRE PROTECTION DISTRICT
FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	FIRE PROTECTION DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 906,091	906,091	902,212	(3,879)
Licenses, permits and franchises	14,325	15,168	16,848	1,680
Fines, forfeitures and penalties	2,180	2,351	2,428	77
Revenue from use of money and property:				
Investment income	938	1,302	1,543	241
Rents and concessions	81	81	101	20
Intergovernmental revenues:				
Federal	15,038	15,838	5,375	(10,463)
State	19,628	20,999	17,068	(3,931)
Other		267	1,294	1,027
Charges for services	212,324	217,555	211,710	(5,845)
Miscellaneous	2,634	2,646	2,927	281
TOTAL REVENUES	1,173,239	1,182,298	1,161,506	(20,792)
EXPENDITURES				
Current-Public protection:				
Salaries and employee benefits	1,021,895	1,077,746	1,063,262	14,484
Services and supplies	150,370	156,391	133,602	22,789
Other charges	7,313	8,278	6,163	2,115
Capital assets	3,480	4,389	2,524	1,865
TOTAL EXPENDITURES	1,183,058	1,246,804	1,205,551	41,253
DEFICIENCY OF REVENUES OVER EXPENDITURES	(9,819)	(64,506)	(44,045)	20,461
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	297	297	115	(182)
Transfers in	37,651	38,163	39,272	1,109
Transfers out	(4,450)	(5,756)	(5,756)	
Appropriation for contingencies	(24,093)	(21)		21
Changes in fund balance		31,409	30,163	(1,246)
TOTAL OTHER FINANCING SOURCES (USES)	9,405	64,092	63,794	(298)
NET CHANGE IN FUND BALANCE	(414)	(414)	19,749	20,163
FUND BALANCE, JULY 1, 2018 (Note 16)	414	414	414	
FUND BALANCE, JUNE 30, 2019 (Note 16)	\$		20,163	20,163

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
FLOOD CONTROL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	FLOOD CONTROL DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 151,817	160,417	159,478	(939)
Licenses, permits and franchises	1,181	1,181	1,168	(13)
Fines, forfeitures and penalties	947	947	803	(144)
Revenue from use of money and property:				
Investment income	6,837	6,837	11,641	4,804
Rents and concessions	6,445	6,445	6,522	77
Royalties	540	540	754	214
Intergovernmental revenues:				
Federal			86	86
State	1,314	1,314	5,286	3,972
Other	1,463	1,463	646	(817)
Charges for services	112,394	127,394	133,475	6,081
Miscellaneous	126	126	309	183
TOTAL REVENUES	283,064	306,664	320,168	13,504
EXPENDITURES				
Current-Public protection:				
Services and supplies	251,029	329,939	329,416	523
Other charges	18,877	26,200	21,792	4,408
Capital assets	1,562	1,562	1,471	91
Capital outlay	106,740	60,762	34,677	26,085
TOTAL EXPENDITURES	378,208	418,463	387,356	31,107
DEFICIENCY OF REVENUES OVER EXPENDITURES	(95,144)	(111,799)	(67,188)	44,611
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	45	45	309	264
Transfers out	(10,876)	(10,946)	(7,918)	3,028
Changes in fund balance	39,300	56,025	68,221	12,196
TOTAL OTHER FINANCING SOURCES (USES)	28,469	45,124	60,612	15,488
NET CHANGE IN FUND BALANCE	(66,675)	(66,675)	(6,576)	60,099
FUND BALANCE, JULY 1, 2018 (Note 16)	66,675	66,675	66,675	
FUND BALANCE, JUNE 30, 2019 (Note 16)	\$		60,099	60,099

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

COUNTY OF LOS ANGELES
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 LA COUNTY LIBRARY
 FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	LA COUNTY LIBRARY			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 95,549	96,439	97,730	1,291
Fines, forfeitures and penalties	556	556	374	(182)
Revenue from use of money and property:				
Investment income	437	437	1,783	1,346
Rents and concessions	15	15	14	(1)
Intergovernmental revenues:				
Federal			40	40
State	540	540	465	(75)
Other	130	130	267	137
Charges for services	15,972	15,972	15,799	(173)
Miscellaneous	584	584	1,245	661
TOTAL REVENUES	113,783	114,673	117,717	3,044
EXPENDITURES				
Current-Education:				
Salaries and employee benefits	113,020	113,020	103,429	9,591
Services and supplies	86,355	88,339	57,694	30,645
Other charges	945	945	809	136
Capital assets	2,233	3,083	2,377	706
TOTAL EXPENDITURES	202,553	205,387	164,309	41,078
DEFICIENCY OF REVENUES OVER EXPENDITURES	(88,770)	(90,714)	(46,592)	44,122
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	13	13	13	
Transfers in	50,452	54,021	47,751	(6,270)
Transfers out	(2,464)	(3,199)	(3,199)	
Appropriation for contingencies		(890)		890
Changes in fund balance	(3,881)	(3,881)	(1,276)	2,605
TOTAL OTHER FINANCING SOURCES (USES)	44,120	46,064	43,289	(2,775)
NET CHANGE IN FUND BALANCE	(44,650)	(44,650)	(3,303)	41,347
FUND BALANCE, JULY 1, 2018 (Note 16)	44,650	44,650	44,650	
FUND BALANCE, JUNE 30, 2019 (Note 16)	\$		41,347	41,347

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
REGIONAL PARK AND OPEN SPACE DISTRICT
FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	REGIONAL PARK AND OPEN SPACE DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$	91,214	90,599	(615)
Fines, forfeitures and penalties	389	389	515	126
Revenue from use of money and property- Investment income	1,948	1,548	7,255	5,707
Charges for services	123,073	28,750	28,670	(80)
Miscellaneous			111	111
TOTAL REVENUES	125,410	121,901	127,150	5,249
EXPENDITURES				
Current-Recreation and cultural services:				
Services and supplies	16,062	13,300	7,212	6,088
Other charges	173,044	188,799	29,766	159,033
TOTAL EXPENDITURES	189,106	202,099	36,978	165,121
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(63,696)	(80,198)	90,172	170,370
OTHER FINANCING SOURCES (USES)				
Transfers in	148,937	163,280	159,318	(3,962)
Transfers out	(163,059)	(163,349)	(159,580)	3,769
Appropriations for contingencies	(3,799)			
Changes in fund balance	(69,892)	(71,242)	(59,905)	11,337
TOTAL OTHER FINANCING SOURCES (USES)	(87,813)	(71,311)	(60,167)	11,144
NET CHANGE IN FUND BALANCE	(151,509)	(151,509)	30,005	181,514
FUND BALANCE, JULY 1, 2018 (Note 16)	151,753	151,753	151,753	
FUND BALANCE, JUNE 30, 2019 (Note 16)	\$ 244	244	181,758	181,514

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
MENTAL HEALTH SERVICES ACT
FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	MENTAL HEALTH SERVICES ACT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Revenue from use of money and property-				
Investment income	\$ 9,879	9,879	25,460	15,581
Intergovernmental revenues-				
State	557,281	557,281	555,104	(2,177)
TOTAL REVENUES	567,160	567,160	580,564	13,404
EXPENDITURES				
Current-Health and sanitation:				
Services and supplies	5,610	5,610	57	5,553
Other Charges		65,000	65,000	
TOTAL EXPENDITURES	5,610	70,610	65,057	5,553
EXCESS OF REVENUES OVER EXPENDITURES	561,550	496,550	515,507	18,957
OTHER FINANCING SOURCES (USES)				
Transfers out	(756,326)	(760,775)	(643,721)	117,054
Appropriations for contingencies	(77,618)	(77,618)		77,618
Changes in fund balance	45,571	115,020	115,019	(1)
TOTAL OTHER FINANCING SOURCES (USES)	(788,373)	(723,373)	(528,702)	194,671
NET CHANGE IN FUND BALANCE	(226,823)	(226,823)	(13,195)	213,628
FUND BALANCE, JULY 1, 2018 (Note 16)	226,823	226,823	226,823	
FUND BALANCE, JUNE 30, 2019 (Note 16)	\$		213,628	213,628

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



COUNTY OF LOS ANGELES
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019 (in thousands)

	BUSINESS-TYPE ACTIVITIES -			
	Harbor-UCLA Medical Center	Olive View- UCLA Medical Center	LAC+USC Medical Center	Rancho Los Amigos National Rehab Center
ASSETS				
Current assets:				
Pooled cash and investments: (Notes 1 and 5)				
Operating	\$ 1,525	873	1,983	32,157
Other	9,445	4,580	11,553	2,691
Total pooled cash and investments	<u>10,970</u>	<u>5,453</u>	<u>13,536</u>	<u>34,848</u>
Taxes receivable				
Accounts receivable - net (Note 14)	843,369	411,633	1,009,883	164,052
Interest receivable	113	48	15	64
Other receivables	21,487	14,661	27,357	5,283
Due from other funds (Note 15)	74,980	77,082	314,124	4,789
Advances to other funds (Note 15)				
Inventories	8,362	4,551	10,246	1,955
Total current assets	<u>959,281</u>	<u>513,428</u>	<u>1,375,161</u>	<u>210,991</u>
Noncurrent assets:				
Restricted assets (Note 5)	61,440	15,593		29,131
Other receivables (Note 14)	176,237	61,351	197,728	17,558
Capital assets: (Notes 1, 6 and 10)				
Land and easements	1,671	1,894	16,194	217
Buildings and improvements	928,530	222,706	1,050,748	306,112
Equipment	119,704	85,203	146,569	41,459
Intangible - software	16,921	14,359	20,704	5,616
Infrastructure				
Construction in progress	49,165			212,040
Less accumulated depreciation	(317,861)	(176,980)	(383,588)	(147,730)
Total capital assets - net	<u>798,130</u>	<u>147,182</u>	<u>850,627</u>	<u>417,714</u>
Total noncurrent assets	<u>1,035,807</u>	<u>224,126</u>	<u>1,048,355</u>	<u>464,403</u>
TOTAL ASSETS	<u>1,995,088</u>	<u>737,554</u>	<u>2,423,516</u>	<u>675,394</u>
DEFERRED OUTFLOWS OF RESOURCES (Note 20)	<u>258,425</u>	<u>173,014</u>	<u>336,082</u>	<u>66,327</u>
LIABILITIES				
Current liabilities:				
Accounts payable	187,924	89,614	182,598	43,950
Accrued payroll	30,849	16,744	42,170	8,216
Other payables	4,878	2,340	4,254	1,349
Accrued interest payable	13,789	4,627		
Due to other funds (Note 15)	218,922	94,612	112,694	69,053
Advances from other funds (Note 15)	235,317	58,732	336,473	1,265
Advances payable		17	437	18
Current portion of long-term liabilities (Note 11)	133,832	14,505	36,998	238,029
Total current liabilities	<u>825,511</u>	<u>281,191</u>	<u>715,624</u>	<u>361,880</u>
Noncurrent liabilities:				
Accrued compensated absences (Note 11)	67,118	36,267	87,408	17,109
Bonds and notes (Note 11)	493,398	190,836		
Premiums on bonds and notes payable (Note 11)	15,846	13,013		
Capital lease obligations (Notes 10 and 11)	18	74		
Workers' compensation (Notes 11 and 18)	100,124	40,271	149,566	29,620
Litigation and self-insurance (Notes 11 and 18)	8,578	8,947	38,167	100
Net pension liability (Notes 8 and 11)	478,407	310,986	644,171	133,205
Net OPEB liability (Notes 9 and 11)	1,216,180	809,347	1,807,930	360,859
Third party payor (Notes 11 and 14)	164,443	76,203	257,619	47,724
Total noncurrent liabilities	<u>2,544,112</u>	<u>1,485,944</u>	<u>2,984,861</u>	<u>588,617</u>
TOTAL LIABILITIES	<u>3,369,623</u>	<u>1,767,135</u>	<u>3,700,485</u>	<u>950,497</u>
DEFERRED INFLOWS OF RESOURCES (Note 20)	<u>271,329</u>	<u>181,641</u>	<u>403,952</u>	<u>103,572</u>
NET POSITION				
Net investment in capital assets	246,945	(46,460)	850,627	213,272
Restricted:				
Debt service	2,809	9,058		
Public ways and facilities				
Unrestricted (deficit)	(1,637,193)	(1,000,806)	(2,195,466)	(525,620)
TOTAL NET POSITION (DEFICIT) (Note 3)	<u>\$ (1,387,439)</u>	<u>(1,038,208)</u>	<u>(1,344,839)</u>	<u>(312,348)</u>

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Waterworks Funds	Nonmajor Aviation Funds	Total	Internal Service Funds	
\$ 116,285	11,379	\$ 164,202	\$ 39,608	
2,118	176	30,563	9,212	
<u>118,403</u>	<u>11,555</u>	<u>194,765</u>	<u>48,820</u>	
727		727		
13,270	1,210	2,443,417		
322	29	591	153	
		68,788	8,788	
2,242	39	473,256	120,838	
1,368		1,368		
		25,114	10,220	
<u>136,332</u>	<u>12,833</u>	<u>3,208,026</u>	<u>188,819</u>	
		106,164	14,869	
		452,874		
11,898	134,692	166,566		
119,091	42,227	2,669,414		
1,525	1,465	395,925	291,302	
1,322		58,922		
1,211,358	69,766	1,281,124		
35,857	1,119	298,181		
<u>(705,396)</u>	<u>(71,347)</u>	<u>(1,802,902)</u>	<u>(149,088)</u>	
<u>675,655</u>	<u>177,922</u>	<u>3,067,230</u>	<u>142,214</u>	
<u>675,655</u>	<u>177,922</u>	<u>3,626,268</u>	<u>157,083</u>	
<u>811,987</u>	<u>190,755</u>	<u>6,834,294</u>	<u>345,902</u>	
		<u>833,848</u>	<u>173,280</u>	
5,253	301	509,640	10,126	
		97,979	21,300	
	47	12,868	2,969	
	20	18,436	785	
7,532	1,047	503,860	43,834	
		631,787	22,000	
25		497	3,922	
<u>1,255</u>	<u>104</u>	<u>424,723</u>	<u>36,147</u>	
<u>14,065</u>	<u>1,519</u>	<u>2,199,790</u>	<u>141,083</u>	
		207,902	57,640	
6,736	1,510	692,480	30,615	
		28,859		
		92		
		319,581	50,536	
774		56,566		
		1,566,769	332,054	
		4,194,316	877,840	
		545,989		
<u>7,510</u>	<u>1,510</u>	<u>7,612,554</u>	<u>1,348,685</u>	
<u>21,575</u>	<u>3,029</u>	<u>9,812,344</u>	<u>1,489,768</u>	
		<u>960,494</u>	<u>204,029</u>	
668,724	176,308	2,109,416	107,138	
		11,867	5,131	
121,688		121,688		
	11,418	(5,347,667)	(1,286,884)	
<u>\$ 790,412</u>	<u>187,726</u>	<u>(3,104,696)</u>	<u>\$ (1,174,615)</u>	
		1,226		
		<u>\$ (3,103,470)</u>		

ASSETS

Current assets:

Pooled cash and investments: (Notes 1 and 5)

Operating

Other

Total pooled cash and investments

Taxes receivable

Accounts receivable - net (Note 14)

Interest receivable

Other receivables

Due from other funds (Note 15)

Advances to other funds (Note 15)

Inventories

Total current assets

Noncurrent assets:

Restricted assets (Note 5)

Other receivables (Note 14)

Capital assets: (Notes 1, 6 and 10)

Land and easements

Buildings and improvements

Equipment

Intangible - software

Infrastructure

Construction in progress

Less accumulated depreciation

Total capital assets - net

Total noncurrent assets

TOTAL ASSETS

DEFERRED OUTFLOWS OF RESOURCES (Note 20)

LIABILITIES

Current liabilities:

Accounts payable

Accrued payroll

Other payables

Accrued interest payable

Due to other funds (Note 15)

Advances from other funds (Note 15)

Advances payable

Current portion of long-term liabilities (Note 11)

Total current liabilities

Noncurrent liabilities:

Accrued compensated absences (Note 11)

Bonds and notes (Note 11)

Premiums on bonds and notes payable (Note 11)

Capital lease obligations (Notes 10 and 11)

Workers' compensation (Notes 11 and 18)

Litigation and self-insurance (Notes 11 and 18)

Net pension liability (Notes 8 and 11)

Net OPEB liability (Notes 9 and 11)

Third party payor (Notes 11 and 14)

Total noncurrent liabilities

TOTAL LIABILITIES

DEFERRED INFLOWS OF RESOURCES (Note 20)

NET POSITION

Net investment in capital assets

Restricted:

Debt service

Public ways and facilities

Unrestricted (deficit)

TOTAL NET POSITION (DEFICIT) (Note 3)

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

NET POSITION (DEFICIT) OF BUSINESS-TYPE ACTIVITIES (PAGE 25)

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	BUSINESS-TYPE ACTIVITIES -			
	Harbor-UCLA Medical Center	Olive View- UCLA Medical Center	LAC+USC Medical Center	Rancho Los Amigos National Rehab Center
OPERATING REVENUES:				
Net patient service revenues (Note 14)	\$ 1,150,236	527,859	1,483,845	275,116
Rentals				
Charges for services				
Other (Note 14)	199,248	64,351	189,543	34,928
TOTAL OPERATING REVENUES	1,349,484	592,210	1,673,388	310,044
OPERATING EXPENSES:				
Salaries and employee benefits	747,682	405,898	1,015,833	196,998
Services and supplies	199,347	69,894	254,974	39,973
Other professional services	222,979	129,939	382,949	56,262
Depreciation and amortization (Note 6)	27,077	21,326	27,253	7,486
Medical malpractice		8,269		294
Rent	3,437	1,315	2,806	
TOTAL OPERATING EXPENSES	1,200,522	636,641	1,683,815	301,013
OPERATING INCOME (LOSS)	148,962	(44,431)	(10,427)	9,031
NONOPERATING REVENUES (EXPENSES):				
Taxes				
Investment income	677	743	872	287
Gain (loss) on capital assets	(15,549)	(151,349)	(7,972)	2
Interest expense	(34,818)	(10,128)	(1,926)	(3,030)
Intergovernmental transfers expense (Note 14)	(325,122)	(117,520)	(369,607)	(148,156)
Intergovernmental revenues- State				
TOTAL NONOPERATING REVENUES (EXPENSES)	(374,812)	(278,254)	(378,633)	(150,897)
LOSS BEFORE CONTRIBUTIONS AND TRANSFERS	(225,850)	(322,685)	(389,060)	(141,866)
Capital contributions	765	5		16
Transfers in (Note 15)	130,992	53,617	593,533	89,637
Transfers out (Note 15)	(830)	(10,476)	(5,047)	(5,094)
CHANGE IN NET POSITION	(94,923)	(279,539)	199,426	(57,307)
NET POSITION (DEFICIT), JULY 1, 2018	(1,292,516)	(758,669)	(1,544,265)	(255,041)
NET POSITION (DEFICIT), JUNE 30, 2019	\$ (1,387,439)	(1,038,208)	(1,344,839)	(312,348)

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Waterworks Funds	Nonmajor Aviation Funds	Total	Internal Service Funds	
\$		\$ 3,437,056	\$	OPERATING REVENUES:
	4,240	4,240	27,288	Net patient service revenues (Note 14)
84,748	480	85,228	593,009	Rentals
24	12	488,106		Charges for services
				Other (Note 14)
84,772	4,732	4,014,630	620,297	TOTAL OPERATING REVENUES
				OPERATING EXPENSES:
		2,366,411	508,459	Salaries and employee benefits
78,436	3,239	645,863	50,577	Services and supplies
2,428	483	795,040	44,883	Other professional services
23,877	2,182	109,201	34,379	Depreciation and amortization (Note 6)
		8,563		Medical malpractice
		7,558		Rent
104,741	5,904	3,932,636	638,298	TOTAL OPERATING EXPENSES
(19,969)	(1,172)	81,994	(18,001)	OPERATING INCOME (LOSS)
				NONOPERATING REVENUES (EXPENSES):
6,504		6,504		Taxes
3,732	264	6,575	1,117	Investment income
		(174,868)		Gain (loss) on capital assets
(165)	(50)	(50,117)	(1,908)	Interest expense
		(960,405)		Intergovernmental transfers expense (Note 14)
				Intergovernmental revenues-
1,490	40	1,530		State
11,561	254	(1,170,781)	(791)	TOTAL NONOPERATING REVENUES (EXPENSES)
(8,408)	(918)	(1,088,787)	(18,792)	LOSS BEFORE CONTRIBUTIONS AND TRANSFERS
56	3,794	4,636		Capital contributions
		867,779	19,304	Transfers in (Note 15)
(1,696)	(143)	(23,286)	(3,981)	Transfers out (Note 15)
(10,048)	2,733	(239,658)	(3,469)	CHANGE IN NET POSITION
800,460	184,993		(1,171,146)	NET POSITION (DEFICIT), JULY 1, 2018
\$ 790,412	187,726		\$ (1,174,615)	NET POSITION (DEFICIT), JUNE 30, 2019
		4,448		Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
		\$ (235,210)		CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES (PAGE 27)

COUNTY OF LOS ANGELES
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	BUSINESS-TYPE ACTIVITIES -			
	Harbor-UCLA Medical Center	Olive View- UCLA Medical Center	LAC+USC Medical Center	Rancho Los Amigos National Rehab Center
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from patient services	\$ 853,930	469,811	895,906	325,338
Rentals received				
Rentals received from other funds				
Cash received from charges for services				
Other operating revenues	199,248	64,351	189,543	34,928
Cash received for services provided to other funds	19,779	33,080	30,712	320
Cash paid for salaries and employee benefits	(710,753)	(387,655)	(964,312)	(188,093)
Cash (paid) returned for services and supplies	(5,759)	30,127	(12,244)	(747)
Other operating expenses	(231,790)	(131,784)	(396,889)	(56,425)
Cash (paid) returned for services from other funds	53,242	27,485	(144,387)	22,804
Net cash provided by (required for) operating activities	177,897	105,415	(401,671)	138,125
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash advances received from other funds	1,009,055	393,890	1,531,967	228,553
Cash advances paid/returned to other funds	(866,544)	(337,754)	(1,202,490)	(249,515)
Interest paid on advances	(2,383)	(547)	(1,926)	(297)
Intergovernmental transfers	(325,122)	(117,520)	(369,607)	(148,156)
Intergovernmental receipts				
Transfers in	55,902	(21,673)	419,333	80,060
Transfers out	(830)	(10,476)	(5,047)	(5,094)
Net cash provided by (required for) noncapital financing activities	(129,922)	(94,080)	372,230	(94,449)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from taxes				
Capital contributions				
Proceeds from bonds and notes	89,572			233,573
Interest paid on capital borrowing	(33,323)	(10,196)		(2,733)
Principal payments on bonds and notes	(68,755)	(4,484)		(192,770)
Principal payments on capital leases	(42)	(28)		
Acquisition and construction of capital assets	(25,039)	(30,388)	(5,100)	(35,330)
Net cash provided by (required for) capital and related financing activities	(37,587)	(45,096)	(5,100)	2,740
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	674	716	869	233
Net increase (decrease) in cash and cash equivalents	11,062	(33,045)	(33,672)	46,649
Cash and cash equivalents, July 1, 2018	61,348	54,091	47,208	17,330
Cash and cash equivalents, June 30, 2019	\$ 72,410	21,046	13,536	63,979

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Waterworks Funds	Nonmajor Aviation Funds	Total	Internal Service Funds	
\$		\$ 2,544,985	\$	
	4,240	4,240		51
				25,103
84,935	4,320	89,255	37,917	
24	12	488,106		
		83,891	533,587	
		(2,250,813)	(482,474)	
(76,778)	(3,456)	(68,857)	(45,322)	
(2,244)	(483)	(819,615)	(44,883)	
		(40,856)		
5,937	4,633	30,336	23,979	
				CASH FLOWS FROM OPERATING ACTIVITIES
				Cash received from patient services
				Rentals received
				Rentals received from other funds
				Cash received from charges for services
				Other operating revenues
				Cash received for services provided to other funds
				Cash paid for salaries and employee benefits
				Cash (paid) returned for services and supplies
				Other operating expenses
				Cash (paid) returned for services from other funds
				Net cash provided by (required for) operating activities
				CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES
				Cash advances received from other funds
				Cash advances paid/returned to other funds
				Interest paid on advances
				Intergovernmental transfers
				Intergovernmental receipts
				Transfers in
				Transfers out
				Net cash provided by (required for) noncapital financing activities
				CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES
				Proceeds from taxes
				Capital contributions
				Proceeds from bonds and notes
				Interest paid on capital borrowing
				Principal payments on bonds and notes
				Principal payments on capital leases
				Acquisition and construction of capital assets
				Net cash provided by (required for) capital and related financing activities
				CASH FLOWS FROM INVESTING ACTIVITIES
				Investment income
				Net increase (decrease) in cash and cash equivalents
				Cash and cash equivalents, July 1, 2018
\$ 118,403	11,555	\$ 300,929	\$ 63,689	Cash and cash equivalents, June 30, 2019

Continued...

COUNTY OF LOS ANGELES
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	BUSINESS-TYPE ACTIVITIES -			
	Harbor-UCLA Medical Center	Olive View- UCLA Medical Center	LAC+USC Medical Center	Rancho Los Amigos National Rehab Center
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 148,962	(44,431)	(10,427)	9,031
Adjustments to reconcile operating income (loss) to net cash provided by (required for) operating activities:				
Depreciation and amortization	27,077	21,326	27,253	7,486
(Increase) decrease in:				
Accounts receivable - net	(103,707)	33,089	(180,423)	44,391
Other receivables	(124,965)	(29,800)	(146,346)	(12,189)
Due from other funds	29,572	1,130	(147,410)	14,598
Inventories	919	1,052	561	(120)
Increase (decrease) in:				
Accounts payable	39,832	5,477	46,429	10,013
Accrued payroll	(2,140)	(3,189)	(1,436)	400
Other payables	17	(20)	12	16
Accrued compensated absences	(965)	(4,045)	(1,378)	1,298
Due to other funds	207,042	121,204	52,525	52,376
Workers' compensation	2,892	1,905	4,757	887
Litigation and self-insurance	(5,164)	7,739	(11,134)	131
Net pension liability and related changes in deferred outflows and inflows of resources	(7,193)	(5,110)	(10,930)	(2,981)
Net OPEB liability and related changes in deferred outflows and inflows of resources	41,172	28,475	59,324	9,046
Third party payor	(75,454)	(29,387)	(83,048)	3,742
TOTAL ADJUSTMENTS	28,935	149,846	(391,244)	129,094
NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES	\$ 177,897	105,415	(401,671)	138,125
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
Contributions of capital assets	\$ 765	5		16
Gain (loss) on disposal of capital assets	(15,549)	(151,349)	(7,972)	2
TOTAL	\$ (14,784)	(151,344)	(7,972)	18
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:				
Pooled cash and investments	\$ 10,970	5,453	13,536	34,848
Restricted assets	61,440	15,593		29,131
TOTAL	\$ 72,410	21,046	13,536	63,979

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Waterworks Funds	Nonmajor Aviation Funds	Total	Internal Service Funds	
\$ (19,969)	(1,172)	\$ 81,994	\$ (18,001)	RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES:
				Operating income (loss)
				Adjustments to reconcile operating income (loss) to net cash provided by (required for) operating activities:
23,877	2,182	109,201	34,379	Depreciation and amortization
				(Increase) decrease in:
912	3,721	(202,017)		Accounts receivable - net
		(313,300)	(316)	Other receivables
(725)	119	(102,716)	(22,909)	Due from other funds
		2,412	(1,602)	Inventories
				Increase (decrease) in:
(66)	(325)	101,360	924	Accounts payable
		(6,365)	1,042	Accrued payroll
	2	27	77	Other payables
		(5,090)	1,494	Accrued compensated absences
1,724	106	434,977	5,933	Due to other funds
		10,441	1,489	Workers' compensation
184		(8,244)		Litigation and self-insurance
		(26,214)	(6,429)	Net pension liability and related changes in deferred outflows and inflows of resources
		138,017	27,898	Net OPEB liability and related changes in deferred outflows and inflows of resources
		(184,147)		Third party payor
25,906	5,805	(51,658)	41,980	TOTAL ADJUSTMENTS
\$ 5,937	4,633	\$ 30,336	\$ 23,979	NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES
				SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:
\$ 56		\$ 842	\$	Contributions of capital assets
		(174,868)		Gain (loss) on disposal of capital assets
\$ 56		\$ (174,026)	\$	TOTAL
				RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:
\$ 118,403	11,555	\$ 194,765	\$ 48,820	Pooled cash and investments
		106,164	14,869	Restricted assets
\$ 118,403	11,555	\$ 300,929	\$ 63,689	TOTAL

COUNTY OF LOS ANGELES
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019 (in thousands)

	PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS	INVESTMENT TRUST FUNDS	AGENCY FUNDS
ASSETS			
Pooled cash and investments (Note 5)	\$ 96,221	\$ 20,529,670	\$ 1,953,762
Other investments: (Note 5)		165,487	300
Short-term investments	1,322,051		
Equity	26,460,105		
Fixed income	18,508,520		
Private equity	6,028,265		
Real estate	6,312,866		
Hedge funds	1,890,739		
Cash collateral on loaned securities	814,829		
Taxes receivable			259,974
Interest receivable	102,850	49,019	122,425
Other receivables	1,057,959		
TOTAL ASSETS	62,594,405	20,744,176	2,336,461
LIABILITIES			
Accounts payable	2,162,819		
Other payables (Note 5)	898,273		
Due to other governments			2,336,461
TOTAL LIABILITIES	3,061,092		2,336,461
NET POSITION			
Net position restricted for pension benefits and other purposes	\$ 59,533,313	\$ 20,744,176	\$

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

COUNTY OF LOS ANGELES
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS	INVESTMENT TRUST FUNDS
ADDITIONS		
Contributions:		
Pension and OPEB trust contributions:		
Employer	\$ 2,531,179	\$
Member	683,215	
Contributions to investment trust funds		47,849,861
Total contributions	<u>3,214,394</u>	<u>47,849,861</u>
Investment earnings:		
Investment income	2,194,924	590,202
Net increase in the fair value of investments	1,272,295	
Securities lending income (Note 5)	26,146	
Total investment earnings	<u>3,493,365</u>	<u>590,202</u>
Less - Investment expenses:		
Expense from investing activities	233,868	
Expense from securities lending activities (Note 5)	21,658	
Total net investment expense	<u>255,526</u>	
Net investment earnings	<u>3,237,839</u>	<u>590,202</u>
Miscellaneous	5,958	
TOTAL ADDITIONS	<u>6,458,191</u>	<u>48,440,063</u>
DEDUCTIONS		
Administrative expenses:		
Salaries and employee benefits	63,116	
Services and supplies	20,024	
Total administrative expenses	<u>83,140</u>	
Benefit payments	4,053,703	
Distributions from investment trust funds		48,510,285
Miscellaneous	29,024	
TOTAL DEDUCTIONS	<u>4,165,867</u>	<u>48,510,285</u>
CHANGE IN NET POSITION	2,292,324	(70,222)
NET POSITION, JULY 1, 2018	<u>57,240,989</u>	<u>20,814,398</u>
NET POSITION, JUNE 30, 2019	<u>\$ 59,533,313</u>	<u>\$ 20,744,176</u>

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

COUNTY OF LOS ANGELES
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2019 (in thousands)

	LOS ANGELES COUNTY DEVELOPMENT AUTHORITY	FIRST 5 LA	TOTAL
ASSETS			
Pooled cash and investments-			
Operating (Notes 1 and 5)	\$ 124,931	365,731	\$ 490,662
Other investments (Note 5)	420,934		420,934
Accounts receivable - net	22,884		22,884
Interest receivable		608	608
Other receivables	15,294	18,605	33,899
Inventories	13,976		13,976
Capital assets: (Notes 1, 6 and 10)			
Capital assets, not being depreciated	92,339	2,039	94,378
Capital assets, net of accumulated depreciation	80,080	8,802	88,882
Total capital assets	<u>172,419</u>	<u>10,841</u>	<u>183,260</u>
TOTAL ASSETS	<u>770,438</u>	<u>395,785</u>	<u>1,166,223</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>12,277</u>		<u>12,277</u>
LIABILITIES			
Accounts payable	31,283	19,898	51,181
Other payables	7,257	16	7,273
Advances payable	5,775		5,775
Long-term liabilities: (Note 11)			
Due within one year	4,606	99	4,705
Due in more than one year	84,628	592	85,220
TOTAL LIABILITIES	<u>133,549</u>	<u>20,605</u>	<u>154,154</u>
DEFERRED INFLOWS OF RESOURCES	<u>3,300</u>		<u>3,300</u>
NET POSITION			
Net investment in capital assets	130,735	10,841	141,576
Restricted for:			
Debt service	363		363
Community development	463,672		463,672
First 5 LA		364,339	364,339
Unrestricted	51,096		51,096
TOTAL NET POSITION	<u>\$ 645,866</u>	<u>375,180</u>	<u>\$ 1,021,046</u>

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

COUNTY OF LOS ANGELES
 STATEMENT OF ACTIVITIES
 DISCRETELY PRESENTED COMPONENT UNITS
 FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	LOS ANGELES COUNTY DEVELOPMENT AUTHORITY	FIRST 5 LA	TOTAL
PROGRAM (EXPENSES) REVENUES:			
Expenses	\$ (529,734)	(119,000)	\$ (648,734)
Program revenues:			
Charges for services	28,096		28,096
Operating grants and contributions	604,744	90,900	695,644
Capital grants and contributions	5,912		5,912
Net program (expenses) revenues	109,018	(28,100)	80,918
GENERAL REVENUES:			
Investment income	8,204	13,082	21,286
Miscellaneous	1,551	133	1,684
Total general revenues	9,755	13,215	22,970
CHANGE IN NET POSITION	118,773	(14,885)	103,888
NET POSITION, JULY 1, 2018	527,093	390,065	917,158
NET POSITION, JUNE 30, 2019	\$ 645,866	375,180	\$ 1,021,046

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



COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

Blended Component Units

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

Fire Protection District	Waterworks Districts
Flood Control District	Los Angeles County Capital Asset Leasing Corporation (a Not-for-Profit Corporation) (NPC)
Garbage Disposal Districts	Various Joint Powers Authorities (JPAs)
Improvement Districts	Los Angeles County Securitization Corporation (LACSC)
Regional Park and Open Space District	Los Angeles County Facilities Inc. (LACF)
Sewer Maintenance Districts	
Street Lighting Districts	

The various districts are included primarily because the Board is also their governing board and the County has operational responsibilities for the districts. As such, the Board establishes policy, appoints management and exercises budgetary control. The NPC and JPAs have been included because their sole purpose is to finance and construct County capital assets and because they are dependent upon the County for funding.

The Los Angeles County Capital Asset Leasing Corporation (LACCAL) is organized as a not-for-profit corporation in which the primary government is the sole corporate member, as identified in LACCAL's articles of incorporation or bylaws, and the component unit is included in the financial reporting entity.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Blended Component Units-Continued

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

LACF is a California nonprofit public benefit corporation and an organization described under Section 501(c)(3) of the Internal Revenue Code of 1986. It was formed on April 25, 2016. On July 26, 2018, LACF issued \$302.38 million of lease revenue bonds to be used to finance the construction of the Vermont Corridor County Administration Building and parking structure. LACF is reported as a blended component unit because it provides services solely to the County and it is fiscally dependent on the County. It is reported under Public Buildings Debt Service and Capital Projects funds.

Fiduciary Component Unit

The County pension plan is administered by the Los Angeles County Employees Retirement Association (LACERA), which was established under the County Employees' Retirement Law of 1937 (CERL). LACERA is a cost-sharing, multi-employer defined benefit plan. LACERA provides retirement, disability, death benefits and cost of living adjustments to eligible members. LACERA also administers a cost-sharing, multi-employer Other Postemployment Benefit (OPEB) or Retiree Healthcare Program on behalf of the County. LACERA is reported in the Pension and OPEB Trust Funds on the Statement of Net Position - Fiduciary Funds of the basic financial statements and has been included because its operations are dependent upon County funding and because its operations, almost exclusively, benefit the County. LACERA issues a stand-alone financial report, which is available at its offices located at Gateway Plaza, 300 N. Lake Avenue, Pasadena, California 91101-4199 or at www.LACERA.com.

Discretely Presented Component Units

Los Angeles County Development Authority (formerly Community Development Commission of the County of Los Angeles)

On May 16, 2019, the Community Development Commission/Housing Authority of the County of Los Angeles established on July 1, 1982 under the provisions of Section 34100-34160 of the Health and Safety Code of the State of California, was officially rebranded to the Los Angeles County Development Authority (LACDA).

LACDA is responsible for:

- Administering the Housing Choice Voucher and other Section 8 programs;
- Directing the County's housing programs, including planning, housing finance, production and conservation, and management of the County's public housing developments;
- Financing community improvements such as resurfacing streets and rehabilitating homes and businesses;
- Providing economic development, business revitalization services, and comprehensive planning systems for affordable housing; and
- Developing housing, business, and industry in designated areas.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Discretely Presented Component Units-Continued

Los Angeles County Development Authority (formerly Community Development Commission of the County of Los Angeles)-Continued

While its Board members are the same as the County Board, LACDA does not meet the criteria for blending due to the following: 1) there is no financial burden or benefit relationship with the County nor does management of the County have operational responsibilities over it; 2) LACDA does not provide services entirely or almost entirely to the County; and 3) LACDA's total debt outstanding is not expected to be repaid with resources of the County. The financial activity of LACDA is reported within the Discretely Presented Component Units column of the government-wide financial statements. LACDA issues a separate financial report that can be obtained at <https://www.lacda.org/about-cdc/budget-and-finance> or by writing to the Los Angeles County Development Authority at 700 W. Main Street, Alhambra, California 91801.

Los Angeles County Children and Families First - Proposition 10 Commission

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

First 5 LA services support programs and services for children ages prenatal through five, and their families, in the areas of health, safety, early education and literacy. First 5 LA is a discretely presented component unit of the County because the County's Board appoints the voting Commissioners and the County has the ability to impose its will by removing those Commissioners at will. First 5 LA hires its own employees, including an Executive Director and functions independent of the County. It is discretely presented because its governing body is not substantially the same as the County's governing body and it does not provide services entirely or exclusively to the County. The financial activity of First 5 LA is reported within the Discretely Presented Component Units column of the government-wide financial statements. First 5 LA issues a separate financial report that can be obtained by writing to First 5 LA at 750 N. Alameda Street, Suite 300, Los Angeles, California 90012.

Related Organization

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Basic Financial Statements

In accordance with Governmental Accounting Standards Board Statement (GASB) 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments," the basic financial statements consist of the following:

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

Government-wide Financial Statements

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

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

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

Net position is classified into the following three components: 1) net investment in capital assets; 2) restricted; and 3) unrestricted. Net position is reported as restricted when it has external restrictions imposed by creditors, grantors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. At June 30, 2019, the restricted net position balances were \$3.811 billion and \$138.69 million for governmental activities and business-type activities, respectively. For governmental activities, \$602.37 million was restricted by enabling legislation.

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements

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

In accordance with GAAP, the County reports on each major fund. By definition, the general fund is always considered a major fund. Funds other than the general fund must be reported as major funds if they meet both the ten percent and five percent criterion, defined respectively, 1) an individual fund reports at least ten percent of any of the following: a) total fund assets and deferred outflows of resources, b) total fund liabilities and deferred inflows of resources, c) total fund revenues, or d) total fund expenditures/expenses; 2) an individual fund reports at least five percent of the aggregated total for both governmental funds and enterprise funds of any one of the items for which it met the ten percent criterion. In addition, a fund may be reported as major if it is believed to be of particular importance to financial statement users.

The County reports the following major governmental funds:

General Fund

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

Fire Protection District Fund

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

Flood Control District Fund

The Flood Control District provides flood protection services that incorporate an integrated water resource management approach in providing flood protection; increases local water availability through conservation efforts; increases stormwater capture and reduces stormwater and urban runoff pollution; and provides passive recreational opportunities. The primary sources of revenue for the Flood Control District are property taxes and benefit assessments (charges for services).

LA County Library Fund

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

Regional Park and Open Space District Fund

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

Mental Health Services Act Fund

The Mental Health Services Act (MHSA) Fund is used to account for the County's mental health delivery system for children, transition age youth, adults, older adults, and families. Revenues are derived primarily by the passage of State Proposition 63 in November 2004. Proposition 63 generates mental health revenue through a one percent income surcharge on individuals with State taxable incomes over \$1.00 million.

The County's four Hospital Funds and Waterworks Funds are all considered major funds for presentation purposes. There is one nonmajor enterprise fund (Aviation Funds). The Hospital Enterprise funds provide health services to County residents. Revenues are principally patient service fees. Subsidies are also received from the General Fund. The Waterworks Enterprise Funds provide water services to County residents. Revenues are derived primarily from the sale of water and water service standby charges. The Aviation Enterprise Funds provide airport services for five County airports. Revenues are derived primarily from airport charges and rentals. A description of each Enterprise Fund is provided below:

Harbor-UCLA Medical Center

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

Olive View-UCLA Medical Center

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

LAC+USC Medical Center

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

Rancho Los Amigos National Rehabilitation Center

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

Waterworks Funds

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

Aviation Funds

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

The following fund types have also been reported:

Internal Service Funds

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

Fiduciary Fund Types

Pension and Other Postemployment Benefits Trust Funds

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

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

Investment Trust Funds

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

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

Agency Funds

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

Basis of Accounting

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Basis of Accounting-Continued

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

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

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

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Budgetary Data

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

The County budget is organized by budget unit and by expenditure object. Budget units are established at the discretion of the Board. Within the General Fund (with certain exceptions), budget units are generally defined as individual departments. For other funds, each individual fund constitutes a budget unit. Expenditures are controlled at the object level for all budget units within the County, except for capital asset expenditures, which are controlled at the sub-object level. The total budget exceeds \$34.461 billion and is currently controlled through the use of approximately 500 separate budget units. There were no excesses of expenditures over the related appropriations within any fund for the year ended June 30, 2019. The County prepares a separate budgetary document, the County Budget, which demonstrates legal compliance with budgetary control. This document is made available to the public on the County's website at <https://ceo.lacounty.gov/budget>, or can be obtained from the Auditor-Controller's office.

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

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

Property Taxes

All jurisdictions within California derive their taxing authority from the State Constitution and various legislative provisions contained in the Government Code and Revenue and Taxation Code. Property is assessed at 100% of full cash or market value (with some exceptions) pursuant to Article XIII A of the California State Constitution and statutory provisions by the County Assessor and State Board of Equalization. The total Fiscal Year (FY) 2018-2019 assessed valuation of the County approximated \$1.530 trillion.

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Property Taxes-Continued

The County is divided into 12,736 tax rate areas, which are unique combinations of various jurisdictions servicing a specific geographic area. The rates levied within each tax rate area vary only in relation to levies assessed as a result of voter-approved taxes or indebtedness.

Property taxes are levied on both real and personal property. Secured property taxes are levied during September of each year. They become a lien on real property on January 1 preceding the fiscal year for which taxes are levied. These tax payments can be made in two equal installments; the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Secured property taxes, which are delinquent and unpaid as of June 30, are declared to be tax defaulted and are subject to redemption penalties, costs, and interest when paid. If the delinquent taxes are not paid at the end of five (5) years, the property may be sold at public auction. The proceeds are used to pay the delinquent amounts due, and any excess is remitted, if claimed, to the taxpayer. Additional tax liens are created when there is a change in ownership of property or upon completion of new construction. Tax bills for these new tax liens are issued throughout the fiscal year and contain various payment and delinquent dates but are generally due within one year. If the new tax liens are lower, the taxpayer receives a tax refund rather than a tax bill. Unsecured personal property taxes are not a lien against real property. These taxes are due on August 1 and become delinquent, if unpaid, on August 31.

Legislation Dissolving Redevelopment Agencies and Affect on Property Taxes

State Assembly Bill (AB) x1 26, also referred to as the "Redevelopment Dissolution Act" was approved in 2011. Under AB x1 26, property tax revenues are allocated to pay enforceable legal obligations, pass-through payments and eligible administrative costs. Any remaining property tax revenues, otherwise known as "residual taxes," are distributed as property tax revenue to the appropriate local government agencies, including the County. Oversight Boards were established for each of the 71 successor agencies within the County. In FY 2018-2019, the 71 Oversight Boards were consolidated to 5 Oversight Boards per Senate Bill 107. The Oversight Boards are required to evaluate and approve the successor agencies' remaining enforceable legal obligations. The County Auditor-Controller is responsible for disbursing property tax increment revenues in accordance with provisions of AB x1 26 and applicable amendments. For the year ended June 30, 2019, the County's share of residual property tax revenues was \$290.32 million, of which \$243.21 million was recognized in the County's General Fund.

Deposits and Investments

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

Pooled Cash and Investments

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Deposits and Investments-Continued

Pooled Cash and Investments-Continued

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

Operating Pooled Cash and Investments

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

Other Pooled Cash and Investments

This account represents amounts identified in various agency funds as of June 30, 2019, that were owed to or were more appropriately classified in County operating funds. Accordingly, certain cash balances have been reclassified from the agency funds as required by GASB 34.

Other Investments

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

Restricted Assets

Enterprise Funds' restricted assets represent cash and investments of certain JPAs and Public Buildings projects restricted in accordance with the provisions of the certificates of participation issued. The Internal Service Funds' restricted assets represent cash and investments restricted for debt service in accordance with the provisions of the LACCAL bond indenture. All of the above noted assets are included in the various disclosures in Note 5. These restricted assets are presented as noncurrent assets and are generally associated with long-term bonds payable and certificates of participation.

Inventories

Inventories, which consist of materials and supplies held for consumption, are valued at cost using the first in / first out basis. The inventory costs of the governmental funds are accounted for as expenditures when the inventory items are purchased. Reported inventories are categorized as nonspendable fund balance as required by GASB 54, "Fund Balance Reporting and Governmental Fund Type Definitions" (GASB 54) because these amounts are not available for appropriation and expenditure.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Capital Assets

Capital assets, which include land and easements, buildings and improvements, equipment, and intangible and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets are divided into the five following networks: road, water, sewer, flood control and aviation. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value. Certain buildings and equipment are being leased under capital leases as defined in GASB 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." The present value of the minimum lease obligation has been capitalized in the statement of net position and is also reflected as a liability in that statement.

Capital outlay is recorded as expenditures in the governmental fund financial statements and as assets in the government-wide financial statements to the extent the County's capitalization threshold is met. Interest incurred during the construction phase of the capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds from tax-exempt debt over the same period. For taxable debt, business-type activities interest is capitalized and not netted with interest earnings.

The County's capitalization thresholds are \$5,000 for equipment, \$100,000 for buildings and improvements, \$1 million for software intangible assets, \$100,000 for non-software intangible assets, and \$25,000 for infrastructure assets. Maintenance and repairs are charged to operations when incurred. Betterments and major improvements, which significantly increase values, change capacities, or extend useful lives are capitalized subject to the threshold in the affected asset category. Upon sale or retirement of capital assets, the cost and the related accumulated depreciation or amortization, as applicable, are removed from the respective accounts and any resulting gain or loss is included in the results of operations. Specific disclosures related to capital assets appear in Note 6. Amortization for software and other intangible assets is included in the reporting of depreciation.

Capital assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

Buildings and Improvements	10 to 50 years
Equipment	2 to 35 years
Software	5 to 25 years
Infrastructure	15 to 100 years

Works of art and historical treasures held for public exhibition, education, or research in furtherance of public service, rather than financial gain, are not capitalized. These items are protected, encumbered, conserved, and preserved by the County. It is the County's policy to utilize proceeds from the sale of these items for the acquisition of other items for collection and display.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Deferred Outflows and Inflows of Resources

Pursuant to GASB 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," and GASB 65, "Items Previously Reported as Assets and Liabilities," the County recognizes deferred outflows of resources and/or deferred inflows of resources in the government-wide statement of net position, governmental funds balance sheets, and proprietary funds statement of net position.

In addition to assets, the financial statements report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time, except for pension and OPEB related deferred inflows of resources, which will be recognized as a credit to expense.

Specific disclosures of items representing deferred outflows and inflows of resources appear in Note 20.

Advances Payable

The County uses certain agency funds as clearing accounts for the distribution of financial resources to other County funds. Pursuant to GASB 34, for external financial reporting purposes, the portions of the clearing account balances that pertain to other County funds should be reported as cash of the appropriate funds. The corresponding liability is included in "Advances Payable" because the amounts represent unearned revenue.

Compensated Absences

Vacation pay benefits accrue to employees ranging from 10 to 25 days per year depending on years of service and the benefit plan. Sick leave benefits accrue at the rate of 10 to 12 days per year for union represented employees depending on years of service. Non-represented employees accrue at a rate of up to 8 days of sick leave per year depending on the benefit plan. Employees can also accumulate unused holiday and compensatory time off benefits throughout the year. All benefits are payable upon termination, if unused, within limits and rates as specified in the County Salary Ordinance.

Liabilities for accrued compensated absences are accrued in the government-wide financial statements and in the proprietary funds. For the governmental funds, expenditures are recorded when amounts become due and payable (i.e., when employees terminate from service).

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Net Pension Liability and Related Balances

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of LACERA and additions to/deductions from LACERA's fiduciary net position have been determined on the same basis as they are reported by LACERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Reported results pertain to liability and asset information within the following defined timeframes:

Valuation Date - June 30, 2017 rolled forward to June 30, 2018

Measurement Date - June 30, 2018

Measurement Period - July 1, 2017 to June 30, 2018

Net OPEB Liability and Related Balances - Retiree Healthcare

For purposes of measuring the net OPEB liability related to Retiree Healthcare, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of LACERA and additions to/deductions from LACERA's fiduciary net position have been determined on the same basis as they are reported by LACERA. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Reported results pertain to liability and asset information within the following defined timeframes:

Valuation Date - June 30, 2017 rolled forward to June 30, 2018

Measurement Date - June 30, 2018

Measurement Period - July 1, 2017 to June 30, 2018

Total OPEB Liability and Related Balances - Long-Term Disability

For purposes of measuring the total OPEB liability related to Long-Term Disability (LTD), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by the plan. For this purpose, the LTD plan recognizes benefit payments when due and payable in accordance with the benefit terms. Reported results pertain to liability information within the following defined timeframes:

Valuation Date - June 30, 2017 rolled forward to June 30, 2018

Measurement Date - June 30, 2018

Measurement Period - July 1, 2017 to June 30, 2018

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Long-term Debt

In the government-wide and proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized in the period issued.

In the governmental funds financial statements, bond premiums, discounts, and issuance costs are recognized in the period issued. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. Interest is reported as an expenditure in the period in which the related payment is made. The matured portion of long-term debt (i.e., portion that has come due for payment) is reported as a liability in the fund financial statements of the related fund.

Fund Balances

In the fund financial statements, the governmental funds report the classification of fund balance in accordance with GASB 54. The reported fund balances are categorized as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Specific details related to Fund Balances appear in Note 21.

Nonspendable Fund Balance - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and long-term notes receivable.

Restricted Fund Balance - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted only by changing the condition of the constraint.

Committed Fund Balance - amounts that can only be used for the specific purposes determined by a formal action of the County’s highest level of decision-making authority, the County’s Board. Commitments may be changed or lifted only by the County taking the same formal action that imposed the constraint originally. The underlying action that imposed the limitation needs to occur no later than the close of the fiscal year.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Balances-Continued

Assigned Fund Balance - amounts intended to be used by the County for specific purposes that are neither restricted nor committed. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose. Authorization to assign fund balance rests with the County's Board through the budget process. The Board has also delegated authority to the Chief Executive Officer and County Department Heads for contracts and purchasing authority.

Unassigned Fund Balance - the residual classification for the County's General Fund that includes amounts not contained in other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The Board establishes, modifies, or rescinds fund balance commitments by passage of an ordinance or resolution. For its budget, the County utilizes the GASB 54 criteria and an ordinance or resolution is equally binding, for purposes of establishing a fund balance commitment. This is done through the adoption of the budget and subsequent amendments that occur throughout the fiscal year.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

Cash Flows

For purposes of reporting cash flows, all amounts reported as "Pooled Cash and Investments," "Other Investments," and "Restricted Assets" are considered cash equivalents. Pooled cash and investment amounts represent funds held in the County Treasurer's cash management pool. Other investments and restricted assets are invested in money market mutual funds held by outside trustees. Such amounts are similar in nature to demand deposits (i.e., funds may be deposited and withdrawn at any time without prior notice or penalty).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and deferred outflows of resources, liabilities and deferred inflows of resources, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

2. NEW ACCOUNTING PRONOUNCEMENTS

The following GASB Statements have been implemented in the current basic financial statements.

- | | | |
|---------|--|---|
| GASB 83 | Certain Asset Retirement Obligations | Addresses accounting and financial reporting for certain asset retirement obligations (AROs). This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This statement requires that recognition occur when the liability is both incurred and reasonably estimable. This statement did not have a material impact on the financial statements. |
| GASB 88 | Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements | Improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. Refer to Note 11 for the required note disclosure information. |

3. DEFICIT NET POSITION

The following activities/funds had a net deficit at June 30, 2019 (in thousands):

	Accumulated Deficit
Government-wide:	
Governmental Activities	\$ 10,388,710
Business-type Activities	3,103,470
Enterprise Funds:	
Harbor-UCLA Medical Center	1,387,439
Olive View-UCLA Medical Center	1,038,208
LAC+USC Medical Center	1,344,839
Rancho Los Amigos National Rehab Center	312,348
Internal Service Funds-	
Public Works	1,175,566

The government-wide governmental and business-type activities, enterprise and internal service funds' Public Works deficits result primarily from the recognition of certain liabilities including accrued compensated absences, net pension liability, net OPEB liability, workers' compensation, self-insurance and, for the enterprise funds, medical malpractice, and third party payors, as required by GAAP. Deficits are expected to continue until such liabilities are retired through user charges or otherwise funded.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

4. ELIMINATIONS

The Regional Park and Open Space District (RPOSD), a blended component unit, is authorized to issue assessment bonds to acquire and improve recreational land and facilities. These bonds are secured by voter-approved property tax assessments. The RPOSD executed a financing agreement with the Public Works Financing Authority, another blended component unit referred to in the basic financial statements as "Various Joint Powers Authorities (JPAs)". Under the terms of the agreement, the RPOSD sold \$510.19 million of bonds in 1997 that were acquired as an investment by the JPAs. The JPAs financed this investment from proceeds of a simultaneous issuance of an equivalent amount of bonds as a public offering. The structure of the publicly offered JPA bonds was designed to match the RPOSD's bonds relative to the principal and interest maturities and interest rates. This series of transactions was conducted to facilitate the issuance of RPOSD related bonds and to minimize the County's overall interest cost. Pursuant to the financing agreement with the JPAs, the RPOSD has pledged all available tax assessments necessary to ensure the timely payment of principal and interest on the bonds issued by the JPAs. The 1997 bonds were partially refunded in FY 2004-2005 and the remaining 1997 bonds were fully refunded in FY 2007-2008. The transactions between the two component units have been accounted for as follows:

Fund Financial Statements

At June 30, 2019, the governmental funds financial statements reflect an investment asset (referred to as "Other Investments") held by the JPAs of \$13.62 million that has been recorded in the nonmajor governmental funds. The governmental funds financial statements do not reflect a liability for the related bonds payable (\$13.62 million), as this obligation is not currently due. Accordingly, the value of the asset represents restricted fund balance in the nonmajor governmental funds.

In order to reflect the economic substance of the transaction described above, an eliminations column has been established in the governmental funds financial statements. The purpose of the column is to remove the duplication of assets, fund balances, revenues and expenditures that resulted from the consolidation of the two component units into the County's overall financial reporting structure.

Government-wide Financial Statements

The government-wide financial statements are designed to minimize the duplicative effects of transactions between funds. Accordingly, the effects of the transaction described above have been eliminated from the amounts presented within governmental activities (as appropriate under the accrual basis of accounting). The specific items eliminated were other investments and bonds payable (\$13.62 million) and investment income and interest expense (\$1.04 million for each). Accordingly, there are no reconciling differences between the two sets of financial statements (after the effects of eliminations) for this matter.

The bonds payable of \$13.62 million, that were publicly issued, are included among the liabilities presented in the Government-wide Financial Statements. Disclosures related to those outstanding bonds appear in Note 11 and are captioned "Assessment Bonds."

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

5. CASH AND INVESTMENTS

Investments in the County's cash and investment pool, other cash and investments, and Pension and OPEB Trust Funds investments, are stated at fair value. Aggregate pooled cash and investments and other cash and investments are as follows at June 30, 2019 (in thousands):

	Pooled Cash and Investments	Other Investments	Restricted Assets		Total
			Pooled Cash and Investments	Other Investments	
Governmental Funds	\$ 8,634,552	329,100			\$ 8,963,652
Proprietary Funds	243,585		119,996	1,037	364,618
Fiduciary Funds (excluding Pension and OPEB)	22,483,432	165,787			22,649,219
Pension and OPEB Trust Funds	96,221	61,337,375			61,433,596
Discretely Presented Component Units	490,662	420,934			911,596
Total	<u>\$ 31,948,452</u>	<u>62,253,196</u>	<u>119,996</u>	<u>1,037</u>	<u>\$ 94,322,681</u>

A summary of cash and investments (by type) as of June 30, 2019 is as follows (in thousands):

Cash:		Cash and investments are reported as follows:	
County		Governmental Funds	\$ 8,963,652
Imprest Cash	\$ 9,714	Proprietary Funds	364,618
Cash in Vault	364	Investment Trust Funds	20,695,157
Cash in Bank	260,573	Agency Funds	1,954,062
Deposits in Transit	10,676	Pension and OPEB	
Held by Outside Trustees	234,121	Trust Funds (LACERA)	61,433,596
LACDA	14,097	Discretely presented component unit:	
Total Cash	<u>529,545</u>	- First 5 LA	365,731
		- LACDA	545,865
		Total Cash and Investments	<u>\$ 94,322,681</u>
Investments:			
In Treasury Pool	31,787,121		
In Specific Purpose Investment (SPI)	169,459		
In Other Specific Investments	301		
Held by Outside Trustees	92,043		
In LACERA	61,337,375		
In Discretely Presented Component Unit - LACDA	406,837		
Total Investments	<u>93,793,136</u>		
Total Cash and Investments	<u>\$ 94,322,681</u>		

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

5. CASH AND INVESTMENTS-Continued

County Treasurer Cash

As of June 30, 2019, the County Treasurer (Treasurer) maintained accounts in six banks. The carrying amount of the Treasurer's total deposits in financial institutions was \$260.57 million, deposits in transit were \$10.68 million, and cash in the Treasurer's vault was \$0.36 million.

Under California Government Code Section 53652, each financial institution in California is required to pledge a pool of securities as collateral against all of its public deposits. California Government Code Section 53651 delineates the types of eligible securities, and the required collateral percentage, generally at 110%. In addition, under California Government Code Section 53653, the Treasurer has discretion to waive security for the portion of any deposits as insured pursuant to federal law. Through contractual agreement, the Treasurer has opted to waive security for the portion of deposits that is federally insured.

The total balance of deposits in financial institutions was covered by federal depository insurance or collateralized with securities monitored by the California Department of Business Oversight (DBO). DBO confirmed that the pools of collateral related to the County Treasurer's deposits were maintained at required levels as of June 30, 2019.

County Investment Pool

California Government Code Sections 53601, 53635 and 53534 authorize the Treasurer to invest the External Investment Pool (Pool) and SPI funds in obligations of the United States Treasury, federal agencies, municipalities, asset-backed securities, bankers' acceptances, commercial paper, negotiable certificates of deposit, medium-term notes, corporate notes, repurchase agreements, reverse repurchase agreements, forwards, futures, options, shares of beneficial interest of a Joint Powers Authority (JPA) that invests in authorized securities, shares of beneficial interest issued by diversified management companies known as money market mutual funds (MMF) registered with the Securities and Exchange Commission (SEC), securities lending agreements, the State of California's Local Agency Investment Fund (LAIF), interest rate swaps, and supranational institutions. California Government Code Section 53534 authorizes the Treasurer to enter into interest rate swaps agreements. However, these agreements should only be used in conjunction with the sale of the bonds approved by the Board. The investments are managed by the Treasurer, which reports investment activity to the Board on a monthly basis. In addition, Treasurer investment activity is subject to an annual investment policy review, compliance oversight, quarterly financial review, and annual financial reporting. The Treasurer also maintains Other Specific Investments, which are invested pursuant to the California Government Code. The County has not provided nor obtained any legally binding guarantees during the year ended June 30, 2019, to support the value of shares in the Pool.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

5. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

The School Districts and the Superior Court are required by legal provisions to participate in the County's investment pool. Fifty-six percent (55.96%) of the Treasurer's Pool consists of these involuntary participants. Voluntary participants in the County's Pool include the Sanitation Districts, Metropolitan Transportation Authority, the South Coast Air Quality Management District and other special districts with independent governing boards. The deposits held for both involuntary and voluntary entities are included in the Pooled Investment Trust Fund. Certain SPI have been made by the County, as directed by external depositors. This investment activity occurs separately from the County's Pool and is reported in the Specific Investment Trust Fund in the amount of \$165.49 million. The Pool is not registered as an investment company with the SEC. California Government Code statutes and the County Board set forth the various investment policies that the Treasurer must follow.

Investments are stated at fair value and are valued on a monthly basis. The Treasurer categorizes its fair value measurements within the fair value hierarchy established by GAAP. Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Securities classified in Level 2 of the fair value hierarchy are valued using other observable inputs such as matrix pricing techniques or based on quoted prices for assets in markets that are not active. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 inputs are significant unobservable inputs. Securities classified in Level 3 are valued using the income approach such as discounted cash flow techniques. Investment in an external government investment pool is not subject to reporting within the level hierarchy.

Investments in LAIF are governed by the California Government Code and overseen by a five member Local Investment Advisory Board as designated by the California Government Code. As of June 30, 2019, the total amount invested by all California local governments and special districts in LAIF was \$24.580 billion. LAIF is part of the State of California's Pooled Money Investment Account (PMIA), which as of June 30, 2019 had a balance of \$105.740 billion. The PMIA is not SEC registered, but is required to invest according to the California Government Code. Included in the PMIA's investment portfolio are certain derivative securities or similar products in the form of asset-backed securities totaling \$1.880 billion at June 30, 2019. Collectively, these represent 1.78% of the PMIA balance of \$105.740 billion. The SPI holdings in the LAIF investment pool as of June 30, 2019, were \$42.24 million, which were valued using a fair value factor provided by LAIF.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

5. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

The Treasurer has the following recurring fair value measurements as of June 30, 2019 (in thousands):

<u>Pool</u>	Fair Value	Fair Value Measurement Using			External Government Investment Pools
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Commercial Paper	\$ 9,436,908	\$	\$ 9,436,908	\$	\$
Corporate and Deposit Notes	102,432		102,432		
Los Angeles County Securities	49,146			49,146	
Negotiable Certificates of Deposit	1,900,305		1,900,305		
U.S. Agency Securities	19,006,583		19,006,583		
U.S. Treasury Securities:					
U.S. Treasury Notes	148,035		148,035		
U.S. Treasury Bills	1,143,712		1,143,712		
Total Investments	\$ 31,787,121	\$	\$ 31,737,975	\$ 49,146	\$
<u>SPI</u>					
Local Agency Investment Fund	\$ 42,238	\$	\$	\$	\$ 42,238
Los Angeles County Securities	3,972			3,972	
Negotiable Certificates of Deposit	20,000		20,000		
U.S. Agency Securities	67,761		67,761		
U.S. Treasury Securities:					
U.S. Treasury Bills	35,488		35,488		
Total Investments	\$ 169,459	\$	\$ 123,249	\$ 3,972	\$ 42,238
<u>Other Specific Investments</u>					
U.S. Treasury Bills	\$ 301	\$	\$ 301	\$	\$
Total Investments	\$ 301	\$	\$ 301	\$	\$

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

5. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

As permitted by the Government Code, the Treasurer developed, and the Board adopted, an Investment Policy that further defines and restricts the limits within which the Treasurer may invest. The table below identifies the investment types that are authorized by the County, along with the related concentration of credit limits:

Authorized Investment Type	Maximum Maturity		Maximum Percentage of Portfolio		Maximum Investment In One Issuer		Minimum Rating	
	Gov. Code	Pool Policy	Gov. Code	Pool Policy	Gov. Code	Pool Policy	Gov. Code	Pool Policy
U. S. Treasury Notes, Bills and Bonds	5 years	None (1)	None	None	None	None	None	None
U.S. Agency Securities	5 years	None (1)	None	None	None	None	None	None
Local Agency Obligations	5 years	5 years (2)	None	10%*	None	10%*	None	None (2)
Asset-Backed Securities	5 years	5 years	20%	20%	None	\$750 million*	AA	AA (3)*
Bankers' Acceptances	180 days	180 days	40%	40%	30%	\$750 million*	None	A-1/P-1/F1*
Negotiable Certificates of Deposit (4)	5 years	3 years*	30%	30%	None	\$750 million*	None	A-1/P-1/F1*
Commercial Paper	270 days	270 days	40%	40%	10%	\$1.5 billion*	A-1	A-1/P-1/F1
Corporate and Depository Medium-Term Notes (5)	5 years	3 years*	30%	30%	None	\$750 million*	A	A-1/P-1/F1*
LAIF	N/A	N/A	None	\$65 million (6)*	None	None	None	None
Shares of Beneficial Interest	N/A	N/A	20%	15%*	10%	10%	AAA	AAA
Repurchase Agreements	1 year	30 days*	None	\$1 billion*	None	\$500 million*	None	None
Reverse Repurchase Agreements	92 days	92 days	20%	\$500 million*	None	\$250 million*	None	None
Forwards, Futures, and Options	N/A	90 days*	None	\$100 million*	None	\$50 million*	None	A*
Interest Rate Swaps	N/A	None	None	None	None	None	A	A
Securities Lending Agreements	92 days	92 days	20%	20% (7)	None	None	None	None
Supranationals	5 years	5 years	30%	30%	None	None	AA	AA

- (1) Pursuant to the California Government Code 53601, the Board granted authority to make investments in U.S. Treasury Notes, Bills and Bonds, and U.S. Agency Securities that have maturities beyond 5 years.
- (2) Any obligation issued or caused to be issued on behalf of other County affiliates must have a minimum rating of "A3" (Moody's) or "A-" (S&P or Fitch) and the maximum maturity is limited to thirty years. Any short- or medium-term obligation issued by the State of California or a California local agency must have a minimum rating of "MIG-1" or "A2" (Moody's) or "SP-1" or "A" (S&P) and the maximum maturity is limited to 5 years.
- (3) All Asset-Backed securities must be rated at least "AA". Pool Policy also requires that Asset-Backed securities issuers' debt be rated "A" or its equivalent or better.
- (4) Euro Certificates of Deposit are further restricted to a maximum maturity of one year and a maximum percentage of portfolio of 10%.
- (5) Floating Rate Notes are further restricted to a maximum maturity of five years, maximum of 10% of the portfolio, and maximum investment in one issuer of \$750 million. The maximum maturity may be seven years, provided that the Board's authorization to exceed maturities in excess of five years is in effect, of which \$100 million par value may be greater than five years to maturity.
- (6) The maximum percentage of the portfolio is based on the investment limit established by LAIF for each account, not by Pool Policy.
- (7) The maximum par value is limited to a combined total of reverse repurchase agreements and securities lending agreements of 20% of the base value of the portfolio.

*Represents restriction in which the County's Investment Policy is more restrictive than the California Government Code.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

5. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

A summary of investments held by the Pool at June 30, 2019 is as follows (dollars in thousands):

<u>Pool</u>	<u>Fair Value</u>	<u>Principal</u>	<u>Interest Rate Range</u>	<u>Maturity Range</u>	<u>Weighted Average Maturity In Years</u>
Commercial Paper	\$ 9,436,908	\$ 9,438,744	2.29% - 2.55%	07/01/19 - 09/05/19	0.06
Corporate and Deposit Notes	102,432	101,616	2.00% - 3.05%	01/10/20 - 03/03/22	1.27
Los Angeles County Securities	49,146	50,000	2.60% - 5.50%	06/30/20 - 06/30/21	1.60
Negotiable Certificates of Deposit	1,900,305	1,900,000	2.31% - 2.71%	07/01/19 - 03/27/20	0.10
U.S. Agency Securities	19,006,583	19,036,285	1.13% - 3.90%	07/01/19 - 07/23/25	2.43
U.S. Treasury Securities:					
U.S. Treasury Notes	148,035	149,332	1.13%	07/31/21 - 09/30/21	2.20
U.S. Treasury Bills	1,143,712	1,142,351	2.31% - 2.64%	07/02/19 - 03/26/20	0.27
Total	<u>\$ 31,787,121</u>	<u>\$ 31,818,328</u>			1.50

The unrealized loss on investments held in the Pool was \$31.21 million as of June 30, 2019. This amount takes into account all changes in fair value that occurred during the year. The method used to apportion the unrealized loss was based on a prorata share of each funds' cash balance as of June 30, 2019 relative to the County Pool balances. A separate financial report is issued for the Pool for the year ended June 30, 2019 and can be obtained at <https://ttc.lacounty.gov/investor-information/>.

Specific Purpose Investments and Other Specific Investments

A summary of investments held by the SPI and Other Specific Investments at June 30, 2019 is as follows (dollars in thousands):

<u>SPI</u>	<u>Fair Value</u>	<u>Principal</u>	<u>Interest Rate Range</u>	<u>Maturity Range</u>	<u>Weighted Average Maturity In Years</u>
Local Agency Investment Fund	\$ 42,238	\$ 42,166			0.47
Los Angeles County Securities	3,972	3,790	5.00%	12/02/27	8.43
Negotiable Certificates of Deposit	20,000	20,000	2.07%	06/29/20	1.00
U.S. Agency Securities	67,761	67,669	1.50% - 3.27%	07/27/21 - 12/26/41	13.81
U.S. Treasury Bills	35,488	35,403	2.48% - 2.50%	01/02/20	0.51
Total	<u>\$ 169,459</u>	<u>\$ 169,028</u>			6.26

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

5. CASH AND INVESTMENTS-Continued

Specific Purpose Investments and Other Specific Investments-Continued

Other Specific Investments	Fair Value	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity In Years
U.S. Treasury Bills	\$ 301	\$ 301	2.32%	11/29/19	0.42

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County's Investment Policy limits most investment maturities to less than five years, with the exception of U.S. Treasury Notes, Bills, and Bonds and U.S. Agency Securities, which may have maturities beyond five years. The Treasurer manages the Pool and mitigates exposure to declines in fair value by generally investing in short-term investments with maturities of six months or less and by holding all investments to maturity.

The Treasurer manages the Pool's exposure to declines in fair value by limiting its weighted average maturity target to a range between 1.0 and 2.0 years, in accordance with the Investment Policy. For purposes of computing weighted average maturity, the maturity date of variable-rate notes is the stated maturity.

The balance of the Pool's investments at June 30, 2019 is \$31.787 billion, of which 42.28% will mature in six months or less. Of the remainder, 43.46% have a maturity of more than one year. At June 30, 2019, the weighted average maturity in years for the Pool was 1.50.

The California Government Code and the Investment Policy allow the Treasurer to purchase floating rate notes, that is, any instruments that have a coupon interest rate that is adjusted periodically due to changes in a base or benchmark rate. The Investment Policy limits the amount invested in floating rate notes to 10% of the Pool portfolio. The Investment Policy prohibits the purchase of inverse floating rate notes and hybrid or complex structured investments and for the year ended June 30, 2019, there were none.

At June 30, 2019, the Pool contained floating rate notes at fair value of \$207.21 million (0.65% of the Pool). The notes are tied to one-month and three-month London Interbank Offered Rate (LIBOR) with monthly and quarterly coupon resets. The fair value of variable securities is generally less susceptible to changes in value than fixed rate securities because the variable-rate coupon resets back to the market rate on a periodic basis. There were no variable rate notes in the SPI and Other Specific Investments.

Fair value fluctuates with interest rates, and increasing interest rates could cause fair value to decline below original cost. County management believes the liquidity in the portfolios is adequate to meet cash flow requirements and to preclude the County from having to sell investments below original cost for that purpose.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

5. CASH AND INVESTMENTS-Continued

Custodial Credit Risk

Custodial credit risk for investments is the risk that the Treasurer will not be able to recover the value of investment securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Treasurer and are held by either the counterparty, or the counterparty's trust department or agent but not in the Treasurer's name. At year-end, all Pool, SPI and Other Specific Investment securities, except for the Rancho Palos Verdes Redevelopment Agency Tax Allocation Bond (Bond), Bond Anticipation Notes (BANs) and LAIF, were either held by the Treasurer or by the custodian bank in the name of the Treasurer. The Bond and the BANs were held in the Treasurer's vault and are recorded in the Los Angeles County Securities line item. The LAIF investments were managed by the State of California and the County is considered a pool participant.

Credit Risk and Concentration of Credit Risk

Credit risk is the risk that an issuer, or other counterparty to an investment, will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The County mitigates these risks by holding a diversified portfolio of high quality investments.

The Investment Policy establishes acceptable credit ratings for investments from any two Nationally Recognized Statistical Rating Organizations (NRSRO). For an issuer of short-term debt, the rating must be no less than A-1 (S&P) or P-1 (Moody's), and F-1 (Fitch) while an issuer of long-term debt shall be rated no less than an "A." All investments purchased during the year ended June 30, 2019 met the credit rating criteria in the Investment Policy, at the issuer level. However, while the NRSROs did rate the issuer of the investments purchased, the NRSRO did not, in all instances, rate the investment itself (e.g., commercial paper, bankers' acceptances, corporate and deposit notes, negotiable certificates of deposit, and U.S. Treasury bills, bonds and notes). Accordingly, for purposes of reporting the credit quality distribution of investments, some investments are reported as not rated.

The Investment Policy also permits investments in LAIF, pursuant to California Government Code Section 16429.1. At June 30, 2019, a portion of the SPI was invested in LAIF, which is unrated as to credit quality.

The Pool and SPI had the following U.S. Agency and commercial paper securities in a single issuer that represent 5% or more of total investments at June 30, 2019 (dollars in thousands):

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

5. CASH AND INVESTMENTS-Continued

Credit Risk and Concentration of Credit Risk-Continued

Issuer	Pool		SPI	
	Fair Value	% of Portfolio	Fair Value	% of Portfolio
Federal Home Loan Bank	\$ 4,075,398	12.82%	\$ 36,184	21.35%
Federal Home Loan Mortgage Corporation	6,731,727	21.18%		
Federal Farm Credit Bank	5,618,785	17.68%	23,875	14.09%
Federal National Mortgage Association	2,555,647	8.04%		
United States Treasury			35,488	20.94%
Toronto Dominion Bank			20,000	11.80%

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of each portfolio's fair value at June 30, 2019:

Pool	S&P	Moody's	Fitch	% of Portfolio
Commercial Paper	Not Rated	Not Rated	Not Rated	29.69%
Corporate and Deposit Notes (ST)	AA-	A1	AA-	0.08%
	AA-	Aa3	A+	0.08%
Corporate and Deposit Notes (LT)	AA-	Aa3	AA-	0.06%
	AA-	Aa3	A+	0.03%
	AAA	Aaa	AAA	0.07%
Los Angeles County Securities	Not Rated	Not Rated	Not Rated	0.15%
Negotiable Certificates of Deposits	AA-	Aa3	Not Rated	0.32%
	Not Rated	P-1	Not Rated	0.16%
	Not Rated	Not Rated	Not Rated	5.50%
U.S. Agency Securities	AA+	Aaa	AAA	46.39%
	Not Rated	Not Rated	AAA	0.08%
	Not Rated	Aaa	AAA	0.23%
	AA+	Aaa	Not Rated	12.11%
	Not Rated	Not Rated	Not Rated	0.98%
U.S. Treasury Securities:				
U.S. Treasury Notes	Not Rated	Aaa	AAA	0.47%
U.S. Treasury Bills	Not Rated	Not Rated	Not Rated	3.60%
				<u>100.00%</u>
<u>SPI</u>				
Local Agency Investment Fund	Not Rated	Not Rated	Not Rated	24.93%
Los Angeles County Securities	Not Rated	Not Rated	Not Rated	2.35%
Negotiable Certificates of Deposits	Not Rated	Not Rated	Not Rated	11.80%
U.S. Agency Securities	AA+	Aaa	AAA	18.63%
	AA+	Aaa	Not Rated	21.35%
U.S. Treasury Securities:				
U.S. Treasury Bills	Not Rated	Not Rated	Not Rated	20.94%
				<u>100.00%</u>
<u>Other Specific Investments</u>				
U.S. Treasury Bills	Not Rated	Not Rated	Not Rated	100.00%
				<u>100.00%</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

5. CASH AND INVESTMENTS-Continued

Reverse Repurchase Agreements

The California Government Code permits the Treasurer to enter into reverse repurchase agreements, that is, a sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. The fair value of the securities underlying reverse repurchase agreements normally exceeds the cash received, providing the broker-dealer a margin against a decline in the fair value of the securities. If the broker-dealer defaults on the obligation to resell these securities to the County or provide securities or cash of equal value, the County would suffer an economic loss equal to the difference between the fair value plus accrued interest of the underlying securities and the agreement obligation, including accrued interest.

The County's investment guidelines limit the maximum par value of reverse repurchase agreements to \$500.00 million and proceeds from reverse repurchase agreements may only be reinvested in instruments with maturities at or before the maturity of the reverse repurchase agreement. During the fiscal year, the County did not enter into any reverse repurchase agreements.

Securities Lending Transactions

For the year ended June 30, 2019, the Pool did not enter into any securities lending transactions.

Cash and Investments - Held by Outside Trustees

NPC and JPAs have been established for the purpose of rendering assistance to the County to refinance, acquire, construct, improve, lease and sell properties and equipment, including the construction of buildings, and purchase of equipment, land, and any other real or personal property, for the benefit of County residents, through the issuance of bonds, certificates of participation notes (COPs) and commercial paper.

The NPC and JPAs' cash is invested with the outside trustees and the amounts are held in the NPC and JPAs name. Investment practices are governed by the County's investment guidelines, established pursuant to the California Government Code and the County Board's action.

Investments are stated at fair value. Deposits held by outside trustees as of June 30, 2019 were \$234.12 million. A total of \$111.90 million of investments held by outside trustees are invested in the Pool. In addition, the outside trustees invested \$92.04 million outside of the Pool.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

5. CASH AND INVESTMENTS-Continued

Cash and Investments - Held by Outside Trustees-Continued

The following is a summary of deposits and investments held by outside trustees as of June 30, 2019 (dollars in thousands):

	Amortized Cost	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity (Years)
Money Market Mutual Funds	\$92,043	\$92,043	0.30% - 2.56%	07/01/19	0.00

The following is a summary of the credit quality distribution and concentration of credit risk as of June 30, 2019:

Other Investments	S&P	Moody's	Fitch	% of Portfolio
Money Market Mutual Funds	Not Rated	Not Rated	Not Rated	100.00%

LACERA Investment Portfolio

Narratives and tables presented for the Pension and OPEB Trust funds managed by the LACERA are taken directly from LACERA's CAFR for the year ended June 30, 2019 (certain terms have been modified to conform with the County's CAFR presentation). The custodial credit risk, credit risk, concentration of credit risk, interest rate risk, and foreign currency risk related to Pension and OPEB Trust Funds investments are different than the corresponding risk on investments held by the Treasurer. Detailed deposit and investment risk disclosures are included in Note G, Note I and the fair value measurement disclosures are included in Note P of the LACERA's CAFR.

Investments

Pension and OPEB Trust Funds investments are reported at fair value at June 30, 2019, (in thousands) and are as follows:

	Fair Value
Cash Collateral on Loaned Securities	\$ 814,829
Short-term Investments	1,322,051
Domestic and International Equity	26,460,105
Fixed Income	18,508,520
Real Estate*	6,312,866
Private Equity	6,028,265
Hedge Funds	1,890,739
Total	<u>\$ 61,337,375</u>

* Refer to Note J of LACERA's CAFR for year ended June 30, 2019, for additional discussion on special purpose entities.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Investments-Continued

The Pension and OPEB Trust Funds also had deposits with the Pool at June 30, 2019 totaling \$96.22 million.

Concentration of Credit Risk

The Pension and OPEB Trust Funds portfolio contained no concentration of investments in any one organization (other than those issued or guaranteed by the U.S. Government) that represents 5% or more of total investments or plan net position.

Investment Risks

The County Employees Retirement Law of 1937 (CERL) vests the Board of Investments (BOI) with exclusive control over LACERA's investment portfolio. The BOI established Investment Policy Statements and Manager Guidelines for the management of the LACERA defined benefit retirement plan (Pension Plan) and the LACERA Other Post-Employment Benefit Master Trust (OPEB Master Trust or OPEB Trust). BOI members exercise authority and control over the management of LACERA's Net Position Restricted for Benefits by setting a policy that the investments staff executes either internally or through the use of prudent external experts.

Each Investment Policy Statement recognizes that every investment asset class and type is subject to certain risks. Outlined below are the Investment Risks as they relate to fixed income investments.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations, causing the investment to decline in value. LACERA seeks to maintain a diversified portfolio of fixed income instruments in order to obtain the highest total return for the Pension and OPEB plans at an acceptable level of risk within this asset class. To control credit risk, credit quality guidelines have been established.

Investment Grade Bonds

Investment Grade bonds are subdivided into two types of strategies: Core and Core Plus, with target allocation weights of 80% for Core and 20% for Core Plus. Investment guidelines for Core managers require that they invest predominantly in sectors represented in their benchmark index, which consists 100% of bonds rated investment grade. As a result, Core portfolios consist almost 100% of bonds rated investment grade by the major credit rating agencies: Moody's, S&P, and Fitch. Core Plus managers are afforded some latitude to deviate from the benchmark index in order to generate excess return, so investment grade bonds must comprise at least 70% of Core Plus portfolios.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

High Yield Bonds

High yield portfolios use the following credit quality guidelines.

- At least 95.00% of all rated securities, including Rule 144A securities, must be rated B- or higher by S&P or equivalent by a major credit rating agency at the time of purchase.
- Consistent with the preceding requirement, a maximum of 5.00% of the portfolio may be invested in issues rated below B- by S&P or equivalent; however, these issues must be rated at least CCC by S&P or Caa by Moody's.
- Unrated issues may be purchased, provided that, in the judgment of the Investment Manager, they would not violate LACERA's minimum credit criteria.
- Money market instruments must be rated at least A-2/P-2 or equivalent by at least one major credit rating agency.

The credit portfolios allow for the assumption of more credit risk than Investment Grade portfolios by investing in securities that include unrated bonds, bonds rated below investment grade issued by corporations undergoing financial stress or distress, junior tranches of structured securities backed by residential and commercial mortgages, bank loans, illiquid credit, and emerging market debt. LACERA utilizes specific investment guidelines for these portfolios that limit maximum exposure by issuer, industry, and sector, which result in well-diversified portfolios.

The following is a schedule as of June 30, 2019 of the credit quality ratings by Moody's, a nationally recognized statistical rating organization, of investments in fixed income securities. Whole loan mortgages included in the Pension Plan portfolio of \$27.21 million are excluded from this presentation.

Credit Quality Ratings of Investments in Fixed Income Securities - Pension Plan
As of June 30, 2019
(dollars in thousands)

Quality Ratings	U.S. Treasuries	U.S. Govt. Agencies	Municipals	Corporate Debt/Credit Securities	Pooled Investment	Non U.S. Fixed Income	Private Placement Fixed Income	Total	Percentage of Portfolio
Aaa	\$ 1,605,167	\$ 2,040,089	\$ 831	\$ 237,230	\$	\$ 1,980	\$ 227,427	\$ 4,112,724	22.85%
Aa		4,245	24,668	179,219		3,986	61,327	273,445	1.52%
A			8,696	659,900		11,610	247,339	927,545	5.15%
Baa			13,913	976,853		10,907	273,128	1,274,801	7.08%
Ba				392,778		9,757	287,172	689,707	3.83%
B			91	770,865		36,157	411,389	1,218,502	6.77%
Caa				164,700		558	127,317	292,575	1.63%
Ca			4,918	36,179			1,519	42,616	0.24%
C				574			3	577	0.00%
Not Rated		100,216	5,134	182,793	8,555,790	10,824	314,293	9,169,050	50.93%
Total Investment in Fixed Income Securities - Pension Plan	\$ 1,605,167	\$ 2,144,550	\$ 58,251	\$ 3,601,091	\$ 8,555,790	\$ 85,779	\$ 1,950,914	\$ 18,001,542	100.00%

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

High Yield Bonds-Continued

Credit Quality Ratings of Investments in Fixed Income Securities - OPEB Trust

As of June 30, 2019

(dollars in thousands)

Quality Ratings	U.S. Treasuries	Corporate Debt/Credit Securities	Pooled Investments	Private Placement Fixed Income	Total	Percentage of Portfolio
Aaa	\$ 2,993	\$ 825	\$	\$ 512	\$ 4,330	0.90%
Aa		1,333		468	1,801	0.37%
A		3,382		1,249	4,631	0.97%
Not Rated		679	468,061	271	469,011	97.76%
Total Investment in Fixed Income Securities - OPEB Trust	\$ 2,993	\$ 6,219	\$ 468,061	\$ 2,500	\$ 479,773	100.00%

Custodial Credit Risk

LACERA's contract with its primary custodian State Street Bank and Trust (Bank) provides that the Bank may hold LACERA's securities registered in the Bank's or its agent's nominee name, in bearer form, book-entry form, with a clearing house corporation, or with a depository, so long as the Bank's records clearly indicate that the securities are held in custody for LACERA's account. The Bank may also hold securities in custody in LACERA's name when required by LACERA. When held in custody by the Bank, the securities are not at risk of loss in the event of the Bank's financial failure, because the securities are not property (assets) of the Bank. Cash invested overnight in the Bank's depository accounts is subject to the risk that in the event of the Bank's failure, LACERA might not recover all or some of those overnight deposits. This risk is mitigated when the overnight deposits are insured or collateralized.

LACERA's policy as incorporated in its current contract with the Bank requires the Bank to certify it has taken all steps to assure all LACERA monies on deposit with the Bank are eligible for and covered by "pass-through insurance," in accordance with applicable law and FDIC rules and regulations. The steps taken by the Bank include paying deposit insurance premiums when due, maintaining a "prompt corrective action" capital category of "well capitalized," and identifying on the Bank's records that it acts as a fiduciary for LACERA with respect to the monies on deposit. In addition, the Bank is required to provide evidence of insurance and to maintain a Financial Institution Bond, which would cover the loss of money and securities with respect to any and all property the Bank or its agents hold in or for LACERA's account, up to the amount of the bond. To implement certain investment strategies, some of LACERA's assets are invested in investment managers' pooled vehicles. The securities in these vehicles may be held by a different custodian other than the Bank.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Counterparty Risk

Counterparty risk for investments is the risk that, in the event of the failure of the counterparty to complete a transaction, LACERA would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. LACERA and its managers seek to minimize risk of loss from its counterparties by diversifying the number of counterparties, periodically reviewing their credit quality and seeking to structure agreements so that collateral is posted on accrued gains if they reach certain size thresholds.

Concentration of Credit Risk

No more than 5.00% of the Investment Grade bond and High Yield bond portfolios may be invested in securities of a single issuer, except: U.S. Treasury securities, government-guaranteed debt (including G-7 countries), agency debt, agency mortgage-backed securities, and approved commingled funds.

As of June 30, 2019, LACERA did not hold any investments in any one issuer that would represent 5.00% or more of the Pension Plan Fiduciary Net Position nor the OPEB Trust Fiduciary Net Position. Investments issued or explicitly guaranteed by the U.S. government and pooled investments are excluded from this requirement.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of the price sensitivity of a fixed income portfolio to changes in interest rates. It is calculated as the weighted average time to receive a bond's coupon and principal payments. The longer the duration of a portfolio, the greater its price sensitivity to changes in interest rates.

To manage interest rate risk, the duration of all Investment Grade bond portfolios is restricted to +/- 25.00% of the duration of the portfolios' respective benchmarks. Deviations from any of the stated guidelines require prior written authorization from LACERA.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Interest Rate Risk-Continued

The Duration in Fixed Income Securities - Pension Plan schedule for the year ended June 30, 2019 presents the duration by investment type. Whole loan mortgages included in the Pension Plan portfolio of \$27.21 million are excluded from this presentation.

Duration in Fixed Income Securities - Pension Plan
As of June 30, 2019
(dollars in thousands)

Investment Type	Fair Value	Portfolio Weighted Average Effective Duration*
U.S. Treasuries, U.S. Government Agency, and Municipal Instruments:		
U.S. Treasuries	\$ 1,605,167	8.26
U.S. Government Agency	2,144,550	1.86
Municipal / Revenue Bonds	58,251	9.12
Subtotal U.S. Treasuries, U.S. Government Agency, and Municipal Instruments	3,807,968	
Corporate Bonds and Credit Securities:		
Asset-Backed Securities	506,275	1.63
Corporate and Other Credit	3,121,985	3.55
Fixed Income Swaps and Options	(27,169)	N/A
Pooled Funds	8,555,790	N/A
Subtotal Corporate Bonds and Credit Securities	12,156,881	
Non-U.S. Fixed Income	85,779	3.17
Private Placement Fixed Income	1,950,914	3.03
Subtotal Non-U.S. and Private Placement Securities	2,036,693	
Total Fixed Income Securities - Pension Plan	\$ 18,001,542	

*Effective Duration is a measure of a bond's sensitivity to interest rates. It is calculated as the percentage change in a bond's price caused by a change in the bond's yield. For example, a duration of 5 indicates that a 1.00% increase in a bond's yield will cause the bond price to decline 5.00%.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Interest Rate Risk-Continued

Duration in Fixed Income Securities - OPEB Trust
As of June 30, 2019
(dollars in thousands)

Investment Type	Fair Value	Portfolio Weighted Average Effective Duration*
U.S. Treasuries Instruments:		
U.S. Treasuries	\$ 2,993	1.16
Subtotal U.S. Treasuries Instruments	2,993	
Corporate Bonds and Credit Securities:		
Asset-Backed Securities	1,334	0.27
Corporate and Other Credit	4,885	0.55
Pooled Investments	468,061	N/A
Subtotal Corporate Bonds and Credit Securities	474,280	
Private Placement Fixed Income	2,500	0.62
Total Fixed Income Securities - OPEB Trust	\$ 479,773	

*Effective Duration is a measure of a bond's sensitivity to interest rates. It is calculated as the percentage change in a bond's price caused by a change in the bond's yield. For example, a duration of 5 indicates that a 1.00% increase in a bond's yield will cause the bond price to decline 5.00%.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. LACERA's authorized managers are permitted to invest in approved countries or regions, as stated in their respective investment guidelines. To mitigate foreign currency risk with global equity, LACERA has implemented a passive currency hedging program, which hedges into U.S. dollars approximately 50.00% of LACERA's foreign currency exposure for developed market equities.

The following schedule represents LACERA's exposure to foreign currency risk in U.S. dollars. LACERA is invested in several non-U.S. commingled funds. This means LACERA owns units of commingled funds, and the fund holds the actual securities and/or currencies. The values shown include LACERA's pro rata portion of non-U.S. commingled fund holdings.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Non-U.S. Investment Securities at Fair Value - Pension Plan

As of June 30, 2019

(in thousands)

Currency	Equity	Fixed Income	Foreign Currency	Real Estate Commingled Funds	Private Equity Investments	Forward Contracts	Total
AFRICA							
Ghanaian Cedi	\$	\$ 216	\$	\$	\$	\$	\$ 216
Kenya Shilling	1,884						1,884
Moroccan Dirham	3,425						3,425
Nigerian Naira	11,860	199					12,059
South African Rand	210,439	12,135	26				222,600
AMERICAS							
Argentine Peso	5,374	15,001	159			(88)	20,446
Brazilian Real	212,043	40,224	507				252,774
Canadian Dollar	995,278	597	(583)			(8,732)	986,560
Chilean Peso	29,486	4,711					34,197
Colombian Peso	14,749	13,342	2				28,093
Dominican Peso		215					215
Mexican Peso	83,676	28,228	1,353			(72)	113,185
Peruvian New Sol	10,213	5,610					15,823
Uruguayan Peso		792					792
ASIA							
Australian Dollar	440,681	3,989	374			4,055	449,099
Chinese Renminbi	202,261	8,630	247				211,138
Hong Kong Dollar	911,449	16	1,280			(280)	912,465
Indian Rupee	287,263	15,991					303,254
Indonesian Rupiah	61,900	26,622	63				88,585
Japanese Yen	1,586,453	(982)	3,772			(24,744)	1,564,499
Malaysian Ringgit	49,707	4,522	29				54,258
New Zealand Dollar	36,756	238	73			(120)	36,947
Pakistan Rupee	913						913
Philippine Peso	27,783	1,825	1				29,609
Singapore Dollar	103,413	6,114	70			2	109,599
South Korean Won	442,579	8,084					450,663
Taiwan Dollar	215,762	4,773					220,535
Thai Baht	87,955	12,617	5				100,577
Vietnamese Dong	33,649						33,649
EUROPE							
British Pound Sterling	1,607,880	24,663	5,637	1,497	29,526	21,462	1,690,665
Czech Republic Koruna	2,090	12,597					14,687
Danish Krone	160,765	8,891	81			(913)	168,824
Euro	2,700,632	109,089	16,151	214,554	246,944	(14,453)	3,272,917
Hungarian Forint	14,420	11,199	30				25,649
Iceland Krona		55					55
Norwegian Krone	75,780		566			(36)	76,310
Polish Zloty	25,231	22,626	25				47,882
Romanian New Leu	13,717	3,741					17,458
Russian Ruble	92,780	23,715	454			2	116,951
Swedish Krona	315,312		270			(1,270)	314,312
Swiss Franc	721,518		49			(10,084)	711,483
Ukrainian Hryvnia		1,046					1,046
MIDDLE EAST							
Egyptian Pound	12,027	2,950					14,977
Israeli New Shekel	71,842	1,345	33			(119)	73,101
Jordanian Dinar	5,133						5,133
Qatari Rial	14,716		43				14,759
Saudi Riyal	24,685	(1,250)					23,435
Turkish Lira	50,502	3,311	10				53,823
UAE Dirham	17,092		10				17,102
Total Investment Securities Subject to Foreign Currency Risk - Pension Plan							
	\$ 11,993,073	\$ 437,687	\$ 30,737	\$ 216,051	\$ 276,470	\$ (35,390)	\$12,918,628

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Non-U.S. Investment Securities at Fair Value - OPEB Trust
As of June 30, 2019
(in thousands)

Currency	Equity	Fixed Income	Total
AFRICA			
Liberian Dollar	\$	\$ 3	\$ 3
South African Rand	4,243	4,287	8,530
AMERICAS			
Argentine Peso	250	175	425
Brazilian Real	5,553	5,014	10,567
Canadian Dollar	19,218	5,285	24,503
Cayman Islands Dollar		876	876
Chilean Peso	749	1,742	2,491
Colombian Peso	312	3,450	3,762
Dominican Peso		96	96
Mexican Peso	1,872	5,527	7,399
Panamanian Balboa		76	76
Peruvian New Sol	250	1,778	2,028
Uruguayan Peso		158	158
ASIA			
Australian Dollar	13,664	428	14,092
Chinese Renminbi	21,152		21,152
Hong Kong Dollar	7,051		7,051
Indian Rupee	6,988		6,988
Indonesian Rupiah	1,560	4,976	6,536
Japanese Yen	46,734	478	47,212
Malaysian Ringgit	1,622	2,971	4,593
New Zealand Dollar	686		686
Pakistan Rupee	62		62
Philippine Peso	811	270	1,081
Singapore Dollar	2,683	8	2,691
South Korean Won	9,172	116	9,288
Taiwan Dollar	8,423		8,423
Thai Baht	2,246	4,248	6,494
EUROPE			
British Pound Sterling	32,196	2,852	35,048
Czech Republic Koruna	125	2,127	2,252
Danish Krone	3,307	55	3,362
Euro	59,025	7,191	66,216
Hungarian Forint	187	2,232	2,419
Norwegian Krone	1,685	138	1,823
Polish Zloty	811	4,490	5,301
Romanian Leu		1,204	1,204
Russian Ruble	2,621	3,976	6,597
Swedish Krona	5,927	193	6,120
Swiss Franc	16,534		16,534
MIDDLE EAST			
Egyptian Pound	125		125
Iraqi Dinar		217	217
Israeli New Shekel	1,435	32	1,467
Jordanian Dinar		7	7
Qatari Rial	686		686
Saudi Riyal	998		998
Turkish Lira	437	1,773	2,210
UAE Dirham	499		499
<hr/>			
Total Investment Securities Subject to Foreign Currency Risk - OPEB Trust	\$ 281,899	\$ 68,449	\$ 350,348

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Securities Lending Program

The Board of Investments' policies authorize LACERA to participate in a securities lending program. Securities lending is an investment management activity that mirrors the fundamentals of a loan transaction. Securities are lent to brokers and dealers (borrower), and in turn, LACERA receives cash and non-cash collateral. When cash collateral is received, the income that is generated from securities lending has two sources: lending and reinvestment. LACERA pays the borrower interest on the collateral and invests the collateral with the goal of earning a higher yield than the interest rate paid to the borrower. When non-cash collateral is received, the borrower pays a fee for borrowing the security.

LACERA's securities lending program is managed by two parties: LACERA's custodian bank, State Street Bank and Trust, and a third-party lending agent, Goldman Sachs Agency Lending (GSAL). The Bank lends LACERA's non-U.S. equities, U.S. Treasury, and U.S. Agency securities. GSAL lends LACERA's U.S. equities and corporate bonds. Collateralization is set on non-U.S. loans at 105% and on U.S. loans at 102% of the market value of securities on loan.

State Street Global Advisors invests the collateral received from both lending programs. The collateral is invested in short-term highly liquid instruments. The maturities of the investments made with cash collateral typically do not match the maturities of their securities loans. Loans are marked-to-market daily, so that if the market value of a security on loan rises, LACERA receives additional collateral. Conversely, if the market value of a security on loan declines, then the borrower receives a partial return of the collateral. Earnings generated in excess of the interest paid to the borrowers represent net income. LACERA shares this net income with the two lending agents based on contractual agreements.

Under the terms of their lending agreements, both lending agents provide borrower default indemnification in the event a borrower does not return securities on loan. The terms of the lending agreements entitle LACERA to terminate all loans upon the occurrence of default and purchase a like amount of "replacement securities" when loaned securities are not returned. LACERA does not have the ability to pledge assets received as collateral without a borrower default. In the event the purchase price of replacement securities exceeds the amount of collateral, the lending agent is liable to LACERA for the difference, plus interest. Either LACERA or the borrower of the security can terminate a loan on demand.

At fiscal year end, LACERA had no credit risk exposure to borrowers, because the amount of collateral received exceeded the value of securities on loan. As of June 30, 2019, there were no known violations of legal or contractual provisions. LACERA had no losses on securities lending transactions resulting from the default of a borrower for the year ended June 30, 2019.

As of June 30, 2019, the fair value of securities on loan was \$927.07 million, with a value of cash collateral received of \$814.83 million, which is included in Other payables on the financial statements, and non-cash collateral of \$136.35 million. LACERA's income, net of expenses from securities lending, was \$4.49 million for the year ended June 30, 2019.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Securities Lending Program-Continued

Securities Lending
As of June 30, 2019
(in thousands)

Securities on Loan	Fair Value of Securities on Loan	Cash Collateral Received	Non-Cash Collateral Received	Calculated Mark ⁽¹⁾
U.S. Equity	\$ 197,819	\$ 199,522	\$	\$
U.S. Fixed Income	674,828	604,323	90,445	115
Non-U.S. Equity	54,423	10,984	45,906	1,204
Total	\$ 927,070	\$ 814,829	\$ 136,351	\$ 1,319

(1) Calculated Mark is performed daily, and it is the amount LACERA will collect from the borrower (if the amount is positive), or payment to the borrower (if the amount is negative), to bring the collateralization to appropriate levels based on market value.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest rate swaps are an example of an investment that has a fair value that is highly sensitive to interest rate changes. These investments are disclosed in the following table:

Interest Rate Risk Analysis
As of June 30, 2019
(dollars in thousands)

Investment Type	Notional Value (Dollar)	Notional Shares Units	Fair Value	Investment Maturities (in years)			
				Less Than 1	1 - 5	6 - 10	More than 10
Credit Default Swaps Bought	\$ 136,585		\$ (9,509)	\$	\$ (9,509)	\$	\$
Credit Default Swaps Written	22,574		618		608		9
Fixed Income Options Bought		38,600	36	36			
Fixed Income Options Written		(255,602)	(74)	(72)	(1)		(1)
Pay Fixed Interest Rate Swaps	1,082,132		(32,205)		(10,106)	(7,664)	(14,436)
Receive Fixed Interest Rate Swaps	222,420		3,963	1,184	273	181	2,325
Total Return Swaps Bond	73,135		(1,263)	(1,263)			
Total Return Swaps Equity	(518,403)		11,551	11,610	(59)		
Total	\$1,018,443	(217,002)	\$(26,883)	\$ 11,495	\$(18,794)	\$(7,483)	\$(12,103)

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Hedge Funds

The hedge fund category of investments is not a separate asset class but is comprised of strategies that may: 1) invest in securities within LACERA's existing asset classes or across multiple asset classes; 2) have an absolute return objective; and 3) include the ability to use specialized techniques, such as leverage and short-selling, and instruments such as derivatives.

As of the fiscal year end, LACERA employed two hedge fund of funds managers, Grosvenor Capital Management (GCM) and Goldman Sachs Asset Management (GSAM), with discretion to construct hedge fund portfolios. The hedge fund of funds managers identify, select, implement, and monitor portfolios consistent with LACERA's stated objectives, constraints, and Investment Policy Statement. Additionally, LACERA invested directly with five investment managers as part of a Direct hedge funds portfolio.

LACERA's Investment Policy Statement establishes the portfolio framework for the hedge funds program. Each underlying investment in the entire hedge fund program is in an entity legally structured to limit liability for each investor to the capital invested by that investor.

The GCM diversified portfolio, GSAM diversified portfolio, and Direct portfolio reside within the Diversified Hedge Funds class under the Risk Reduction and Mitigation functional asset category of LACERA's Total Fund, and the GCM credit portfolio resides within the Credit functional asset category. A prior credit portfolio, also managed by GCM, was liquidated during the fiscal year.

The investment performance for this strategy is measured separately from other asset classes. The fair value of assets invested in hedge funds as of June 30, 2019 was \$1.891 billion.

Fair Value

For the year ended June 30, 2016, LACERA adopted GASB 72, "Fair Value Measurement and Application". GASB 72 was issued to address accounting and financial reporting issues related to fair value measurements and disclosures. LACERA categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the investment securities and assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Certain investments held by LACERA are valued at net asset value (NAV) per share when an investment does not have a readily determined fair value, provided that the NAV is calculated and used as a practical expedient to estimate fair value in accordance with the requirements of GAAP.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Fair Value-Continued

Equity and Fixed Income Securities

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets issued by pricing vendors for these securities. Fixed income and equity securities classified in Level 2 of the fair value hierarchy are valued using prices determined by matrix pricing techniques maintained by the various pricing vendors for these securities. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Fixed income and equity securities classified in Level 3 are securities whose stated market price is unobservable by the marketplace; many of these securities are priced by the issuers or industry groups for these securities. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by LACERA's custodian bank.

Hedge Funds, Private Equity, and Real Estate Funds

Investments in hedge funds, private equity, and real estate funds are valued at estimated fair value, as determined in good faith by the General Partner (GP), in accordance with GAAP fair value principles and in instances where no observable public market values are available. Investments which are estimated at fair value, are initially valued at cost with subsequent adjustments that reflect third party transactions, financial operating results, and other factors deemed relevant by the GP. These assets are reported by LACERA based on the practical expedient allowed under GAAP.

Real Estate Separate Account Investments

Investments in real estate are valued at estimated fair value, as determined in good faith by the Investment Manager. These investments are initially valued at cost with subsequent adjustments that reflect third party transactions, financial operating results, and other factors deemed relevant by the Investment Manager. Properties are subject to independent third party appraisals every three years.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Fair Value-Continued

Investments and Derivatives Measured at Fair Value - Pension Plan
As of June 30, 2019
(in thousands)

Investments by Fair Value Level	Total	Quoted Prices In Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Fixed Income Securities				
Asset-Backed Securities	\$ 506,275	\$	\$ 506,194	\$ 81
Corporate and Other Credit	3,121,985		3,116,458	5,527
Municipal/Revenue Bonds	58,251		58,251	
Non-U.S. Fixed Income	85,780		85,780	
Pooled Investments	7,243	7,243		
Private Placement Fixed Income	1,950,914		1,950,914	
U.S. Government Agency	2,144,550		2,144,550	
U.S. Treasuries	1,605,167		1,605,167	
Whole Loan Mortgages	27,205			27,205
Total Fixed Income Securities	9,507,370	7,243	9,467,314	32,813
Equity Securities				
Non-U.S. Equity	1,811,817	1,810,709	1,100	8
Pooled Investments	285,532	285,532		
U.S. Equity	13,932,458	13,920,038	11,499	921
Total Equity Securities	16,029,807	16,016,279	12,599	929
Collateral from Securities Lending	814,829		814,829	
Total Investments by Fair Value Level	\$ 26,352,006	\$ 16,023,522	\$ 10,294,742	\$ 33,742
Investments Measured at NAV				
Fixed Income	\$ 8,548,547			
Equity	9,805,218			
Hedge Funds	1,890,739			
Private Equity	6,028,265			
Real Estate	6,192,619			
Total Investments Measured at NAV	32,465,388			
Total Investments	\$ 58,817,394			
Derivatives				
Foreign Exchange Contracts	\$ (35,389)	\$	\$ (35,389)	\$
Foreign Fixed Income Derivatives	5,868	(10)	5,878	
Foreign Equity Derivatives	(223)	(223)		
U.S. Equity Derivatives	1,264	1,264		
U.S. Fixed Income Derivatives	(33,038)	(314)	(32,724)	
Total Derivatives	\$ (61,518)	\$ 717	\$ (62,235)	\$

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Fair Value-Continued

Investments Measured at the Net Asset Value - Pension Plan
As of June 30, 2019
(dollars in thousands)

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Commingled Fixed Income Funds ⁽¹⁾	\$ 8,548,547	\$	Daily, Monthly or Not Eligible	1-60 days or N/A
Commingled Equity Funds ⁽²⁾	9,805,218	14,544	Daily, Monthly or Not Eligible	1-60 days or N/A
Hedge Funds ⁽³⁾	1,890,739	18,500	Daily, Monthly, Quarterly, Semi-Annual, Annual, Self-Liquidating	5-180 days
Private Equity ⁽⁴⁾	6,028,265	4,337,030	Not Eligible	N/A
Real Estate ⁽⁴⁾	6,192,619	970,531	Quarterly or Not Eligible	30 days+ or N/A
Total Investments Measured at the NAV	<u>\$32,465,388</u>			

- (1) Commingled Fixed Income Funds: 9 fixed income funds are considered commingled in nature. They are valued at the NAV of units held at the end of the period based upon the fair value of the underlying investments. Most of the funds are highly liquid within one month; 2 of the funds representing 3% of Commingled Fixed Income assets have liquidity available at the end of the fund terms which range from 3 to 7 years.
- (2) Commingled Equity Funds: 13 equity funds are considered commingled in nature. They are valued at the NAV of units held at the end of the period based upon the fair value of the underlying investments. Most of the funds are highly liquid within one month; 3 of the funds representing 5% of Commingled Equity assets have liquidity subject to lock up periods that limit or prohibit redemptions for the next 3 to 4 years.
- (3) Hedge Funds: This portfolio consists of 70 funds. Hedge Fund investments are valued at NAV per share. When considering liquidity terms, 78% of the fund assets are available within 12 months; these funds provide daily, monthly, quarterly, semi-annual, or annual liquidity. Some of these funds are subject to redemption notices that extend the time frame to receive redemptions beyond the next 12 months. The remaining 22% of fund assets are in self-liquidating funds which do not permit voluntary redemption/withdrawals or in funds that offer periodic liquidity that extends beyond the next 12 months.

LACERA's Hedge Funds portfolio invests in the following strategies:

- (a) Macro and Tactical Trading: This strategy makes investments based on analyses and forecasts of macroeconomic trends, including governmental and central bank policies, fiscal trends, trade imbalances, interest rate trends, inter-country relations, and economic and technical analysis.
- (b) Equity Long/Short: This strategy purchases and/or sells equities based on fundamental and/or quantitative analysis and other factors.
- (c) Credit: This strategy includes long-biased credit, long/short credit, structured credit, and mortgage credit.
- (d) Relative Value: This strategy's main focus is to benefit from valuation discrepancies that may be present in related financial instruments by purchasing and/or shorting these instruments.
- (e) Multi-Strategy: This strategy aims to pursue varying strategies in order to diversify risks and reduce volatility.
- (f) Event Driven: This strategy seeks to gain an advantage from pricing inefficiencies that may occur in the onset or aftermath of a corporate action or related event.
- (4) Private Equity and Real Estate Funds: LACERA's Private Equity portfolio consists of 207 funds, investing primarily in Buyout Funds, with some exposure to Venture Capital, Special Situations. Due to contractual limitations, none of the 207 funds are eligible for redemption for up to 10 years. The Real Estate portfolio, composed of 23 commingled funds, invests in both U.S. and Non-U.S. commercial real estate. The fair values of these funds have been determined using net assets valued at the end of the period and net assets valued one quarter in arrears plus current quarter cash flows. 2 out of 23 Real Estate funds are eligible for redemption depending upon the availability of cash for redemptions in the fund. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of 5 to 10 years. For Real Estate investments held in separate accounts and debt program investments, see Note J - Special Purpose Entities of LACERA's CAFR.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Fair Value-Continued

Investments Measured at Fair Value - OPEB Trust
As of June 30, 2019
(in thousands)

Investments by Fair Value Level	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Fixed Income Securities				
Asset-Backed Securities	\$ 1,334		\$ 1,334	
Private Placement Fixed Income	2,500		2,500	
Corporate and Other Credit	4,885		4,885	
Pooled Investments	122,194	122,194		
U.S. Treasuries	2,993		2,993	
Total Fixed Income Securities	<u>133,906</u>	<u>122,194</u>	<u>11,712</u>	
Total Investments by Fair Value Level	<u>\$ 133,906</u>	<u>\$ 122,194</u>	<u>\$ 11,712</u>	<u>\$</u>

Investments Measured at Net Asset Value (NAV)

Fixed Income	\$ 345,867
Equity	624,039
Real Estate Investment Trust (REIT)	120,247
Total Investments Measured at NAV	<u>1,090,153</u>
Total Investments	<u>\$ 1,224,059</u>

Investments Measured at Net Asset Value - OPEB Trust
As of June 30, 2019
(dollars in thousands)

	Fair Value	Unfunded Commitments ⁽²⁾	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Commingled Fixed Income Funds	\$ 345,867	\$	Daily, Monthly	1-30 days or N/A
Commingled Equity Fund	624,039		Daily, Monthly	1-30 days or N/A
Real Estate Investment Trust (REIT)	120,247		Daily, Monthly	1-30 days or N/A
Total Investments Measured at NAV ⁽¹⁾	<u>\$ 1,090,153</u>			

(1) Commingled Funds: The OPEB Master Trust is invested in 7 funds that are considered commingled in nature. They are valued at the NAV of units held at the end of the period based upon the fair value of the underlying investments. Most of the funds are highly liquid within one month.

(2) There are no unfunded commitments in the OPEB Trust. As of June 30, 2019, there was \$2.26 million uninvested cash in the OPEB Trust which was deposited into the OPEB cash account and then subsequently invested after month end.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

6. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2019 is as follows (in thousands):

<u>Governmental Activities</u>	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 2,454,914	24,070		\$ 2,478,984
Easements	4,956,047	67,822	(37,045)	4,986,824
Software in progress	17,533	45,673	(6,779)	56,427
Construction in progress-buildings and improvements	304,336	356,963	(129,556)	531,743
Construction in progress-infrastructure	336,419	102,225	(22,494)	416,150
Subtotal	<u>8,069,249</u>	<u>596,753</u>	<u>(195,874)</u>	<u>8,470,128</u>
Capital assets, being depreciated:				
Buildings and improvements	5,733,153	353,349	(7,274)	6,079,228
Equipment	1,688,641	184,911	(90,714)	1,782,838
Software	490,208	10,804		501,012
Infrastructure	7,930,769	35,934	(11,400)	7,955,303
Subtotal	<u>15,842,771</u>	<u>584,998</u>	<u>(109,388)</u>	<u>16,318,381</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,061,979)	(124,928)	(79,052)	(2,265,959)
Equipment	(1,189,861)	(122,294)	52,710	(1,259,445)
Software	(235,140)	(43,308)		(278,448)
Infrastructure	(4,153,417)	(157,155)	2,157	(4,308,415)
Subtotal	<u>(7,640,397)</u>	<u>(447,685)</u>	<u>(24,185)</u>	<u>(8,112,267)</u>
Total capital assets, being depreciated, net	<u>8,202,374</u>	<u>137,313</u>	<u>(133,573)</u>	<u>8,206,114</u>
Governmental activities capital assets, net	<u>\$ 16,271,623</u>	<u>734,066</u>	<u>(329,447)</u>	<u>\$ 16,676,242</u>
<u>Business-type Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 153,058		(18,126)	\$ 134,932
Easements	31,578	56		31,634
Construction in progress-buildings and improvements	349,138	56,352	(144,285)	261,205
Construction in progress-infrastructure	42,083	7,346	(12,453)	36,976
Subtotal	<u>575,857</u>	<u>63,754</u>	<u>(174,864)</u>	<u>464,747</u>
Capital assets, being depreciated:				
Buildings and improvements	2,749,234	145,345	(225,165)	2,669,414
Equipment	412,371	67,961	(84,407)	395,925
Software	58,922			58,922
Infrastructure	1,268,671	12,453		1,281,124
Subtotal	<u>4,489,198</u>	<u>225,759</u>	<u>(309,572)</u>	<u>4,405,385</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

6. CAPITAL ASSETS-Continued

Business-type Activities-Continued

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Less accumulated depreciation for:				
Buildings and improvements	\$ (888,659)	(55,315)	90,418	\$ (853,556)
Equipment	(265,298)	(26,640)	33,682	(258,256)
Software	(38,980)	(3,787)		(42,767)
Infrastructure	(624,864)	(23,459)		(648,323)
Subtotal	<u>(1,817,801)</u>	<u>(109,201)</u>	<u>124,100</u>	<u>(1,802,902)</u>
Total capital assets, being depreciated, net	<u>2,671,397</u>	<u>116,558</u>	<u>(185,472)</u>	<u>2,602,483</u>
Business-type activities capital assets, net	<u>3,247,254</u>	<u>180,312</u>	<u>(360,336)</u>	<u>3,067,230</u>
Total capital assets, net	<u>\$ 19,518,877</u>	<u>914,378</u>	<u>(689,783)</u>	<u>\$ 19,743,472</u>

Depreciation Expense

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

Governmental activities:	
General government	\$ 44,646
Public protection	168,099
Public ways and facilities	89,803
Health and sanitation	49,670
Public assistance	11,758
Education	5,399
Recreation and cultural services	43,931
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	34,379
Total depreciation expense, governmental activities	<u>\$ 447,685</u>
Business-type activities:	
Hospitals	\$ 83,142
Waterworks	23,877
Aviation	2,182
Total depreciation expense, business-type activities	<u>\$ 109,201</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

6. CAPITAL ASSETS-Continued

Discretely Presented Component Units

LACDA

Capital assets activity for the LACDA component unit for the year ended June 30, 2019, was as follows (in thousands):

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 92,447		(3,183)	\$ 89,264
Construction in progress-buildings and improvements	4,881	2,941	(4,747)	3,075
Subtotal	<u>97,328</u>	<u>2,941</u>	<u>(7,930)</u>	<u>92,339</u>
Capital assets, being depreciated:				
Buildings and improvements	228,680	8,970		237,650
Equipment	10,355	161	(447)	10,069
Software		1,025		1,025
Subtotal	<u>239,035</u>	<u>10,156</u>	<u>(447)</u>	<u>248,744</u>
Less accumulated depreciation for:				
Buildings and improvements	(155,690)	(4,410)		(160,100)
Equipment	(8,315)	(632)	434	(8,513)
Software		(51)		(51)
Subtotal	<u>(164,005)</u>	<u>(5,093)</u>	<u>434</u>	<u>(168,664)</u>
Total capital assets being depreciated, net	75,030	5,063	(13)	80,080
LACDA capital assets, net	<u>\$ 172,358</u>	<u>8,004</u>	<u>(7,943)</u>	<u>\$ 172,419</u>

First 5 LA

Capital assets activity for the First 5 LA component unit for the year ended June 30, 2019, was as follows (in thousands):

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets, not being depreciated-				
Land	\$ 2,039			\$ 2,039
Capital assets, being depreciated:				
Buildings and improvements	12,076			12,076
Equipment	2,815	97		2,912
Subtotal	<u>14,891</u>	<u>97</u>		<u>14,988</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,164)	(242)		(3,406)
Equipment	(2,720)	(60)		(2,780)
Subtotal	<u>(5,884)</u>	<u>(302)</u>		<u>(6,186)</u>
Total capital assets being depreciated, net	9,007	(205)		8,802
First 5 LA capital assets, net	<u>\$ 11,046</u>	<u>(205)</u>		<u>\$ 10,841</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

7. SERVICE CONCESSION ARRANGEMENTS (SCA)

GASB 60, "Accounting and Financial Reporting for Service Concession Arrangements (SCA)," (GASB 60) defines an SCA as a type of public-private or public-public partnership. An SCA is an arrangement, which meets specific criteria under GASB 60, between a government (the transferor) and an operator.

The County determined that golf courses met the criteria set forth in GASB 60 (where the County is the transferor) and therefore included these SCAs in the County's financial statements as deferred inflows of resources. GASB 60 also provides guidance on accounting treatment if the County were acting as an operator of another government's facility. The County has determined that there are no incidences where the County would qualify as an operator.

Golf Courses

The County manages a public golf course system, which offers affordable greens fees, discount programs for senior citizens and students, and a junior golf program. Each golf course is leased under agreement with an operator, which provides for activities such as golf course management, clubhouse operations, and food and beverage concessions. The operators collect user fees and are responsible for the day-to-day operations of the golf courses. The operators are required to operate and maintain the golf courses, and make installment payments to the County, in accordance with their respective contracts.

As of June 30, 2019, the present value of the installment payments under contract is estimated to be \$82.85 million and reported as deferred inflows of resources in the statement of net position. The present values of the installment payments were calculated using discount rates of 5.12%, 3.55% and 3.70% for the term of the agreement for each SCA. The lease terms for the twenty golf courses cover remaining periods ranging from 5 to 20 years as of June 30, 2019. The FY 2018-2019 total monthly installment payments are approximately \$667,000. The County primarily uses the proceeds to fund parks and recreation operations, 10% of which is set aside for future golf course capital improvements. The acquisition value of the golf courses, including land, buildings, and construction in progress, is reported at \$24.37 million as of June 30, 2019.

8. PENSION PLAN

Plan Description

The County pension plan is administered by LACERA, which was established under the CERL. LACERA is a cost-sharing, multi-employer defined benefit plan. It provides benefits to employees of the County and the following additional entities that are not part of the County's reporting entity:

- Los Angeles Superior Court
- Little Lake Cemetery District
- Local Agency Formation Commission
- Los Angeles County Office of Education (LACOE)
- South Coast Air Quality Management District (SCAQMD)

New employees of LACOE hired on or after July 1971 and new employees of SCAQMD hired after December 31, 1979 are not eligible for LACERA benefits.

LACERA issues a stand-alone financial report, which is available at its offices located at Gateway Plaza, 300 N. Lake Avenue, Pasadena, California 91101-4199 or at www.LACERA.com.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

8. PENSION PLAN-Continued

Benefits Provided

Benefits are authorized in accordance with the California Constitution, the CERL, the bylaws, and procedures and policies adopted by LACERA's Boards of Retirement and Investments. The Board may also adopt resolutions, as permitted by CERL, which may affect the benefits of LACERA members.

LACERA provides retirement, disability, death benefits and cost of living adjustments to eligible members. Vesting occurs when a member accumulates 5 years of creditable service under contributory plans or accumulates 10 years of creditable service under the general service non-contributory plan. Benefits are based upon 12 or 36 months' average compensation, depending on the plan, as well as age at retirement and length of service as of the retirement date, according to applicable statutory formula. Vested members who terminate employment before retirement age are considered terminated vested (deferred) members. Service-connected disability benefits may be granted regardless of length of service consideration. Five years of service are required for nonservice-connected disability eligibility according to applicable statutory formula. Members of the non-contributory plan, who are covered under separate long-term disability provisions not administered by LACERA, are not eligible for disability benefits provided by LACERA.

Contributions

LACERA has nine benefit tiers known as A, B, C, D, E and G, and Safety A, B and C. All tiers except E are employee contributory. Tier E is employee non-contributory. Prior to December 31, 2012, new general members were only eligible for tier D or E and new safety members were only eligible for Safety B. As of January 1, 2013, new general employees are only eligible for tier G and new safety members are only eligible for Safety C. These new tiers were added as a result of the California Public Employees' Pension Reform Act of 2013 (PEPRA) and became effective January 1, 2013. Rates for the tiers are established in accordance with State law by LACERA's Boards of Retirement and Investments and the County Board.

The following employer rates were in effect for FY 2018-2019:

July 1, 2018 - September 30, 2018	A	B	C	D	E	G
General Members	26.06%	17.50%	16.80%	18.70%	19.57%	18.04%
Safety Members	34.45%	27.75%	23.73%			
October 1, 2018 - June 30, 2019	A	B	C	D	E	G
General Members	26.94%	18.04%	16.85%	18.51%	19.84%	18.53%
Safety Members	34.11%	28.36%	23.97%			

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

8. PENSION PLAN-Continued

Contributions-Continued

The rates were determined by the actuarial valuation performed as of June 30, 2017. The assumptions remained unchanged from the assumptions used in the actuarial valuation performed as of June 30, 2016. The employer contribution rates used in FY 2018-2019, beginning October 1, 2018, increased by 0.05% to 0.88% over the rates used in FY 2017-2018 and may increase again during the following fiscal year. The most significant factor causing the increase was the additional year phase-in of the cost impact of the 2016 assumption changes.

Employee rates vary by option and employee entry age from 5% to 16% of their annual covered salary.

During FY 2018-2019, the County contributed the full amount of the Actuarial Determined Contribution, as determined by the actuarial valuations, in the form of semi-monthly cash payments in the amount of \$1.605 billion.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the County reported a liability of \$10.345 billion for its proportionate share of the net pension liability in accordance with the parameters of GASB 68, "Accounting and Financial Reporting For Pensions-An Amendment of GASB Statement No. 27" (GASB 68). The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, projected forward to the measurement date, taking into account any significant changes between the valuation date and the measurement date. The County's proportion of the net pension liability was based on a projection of the County's future contribution effort to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. At June 30, 2018, the County's proportionate share was 96.17%, which was an increase of 0.05% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the County recognized pension expense of \$1.382 billion which is reported as \$1.165 billion for governmental activities and \$0.217 billion for business-type activities. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or methods, and plan benefits. At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Inflows of Resources	Deferred Outflows of Resources
Net difference between projected and actual earnings	\$ 418,426	\$
Change in assumptions		2,221,442
Change in experience	650,863	260,144
Change in proportion and differences between County contributions and proportionate share of contributions	272,711	314,851
Contributions made subsequent to measurement date		1,605,150
Total	<u>\$ 1,342,000</u>	<u>\$ 4,401,587</u>

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

8. PENSION PLAN-Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions-Continued

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner in accordance with GASB 68. Investment gains or losses are recognized in pension expense over a five year period and economic/demographic gains or losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members, which is 8 years.

Amounts currently reported as deferred outflows and inflows of resources, other than contributions related to pension, will be recognized in pension expense as follows (in thousands):

	Deferred Outflows/(Inflows) of Resources
Year Ending June 30:	
2020	\$ 623,973
2021	312,986
2022	(379,808)
2023	102,385
2024	352,829
Thereafter	442,072

Deferred outflows of \$1.605 billion related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

Actuarial Assumptions

Valuation Timing	June 30, 2017, rolled forward to June 30, 2018
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.75%
General Wage Growth	3.25%
Projected Salary Increases	3.51% to 11.51%
Investment Rate of Return	7.38%, net of investment expense, including inflation
Cost of Living Adjustments (COLA)	Based on changes in the Consumer Price Index from the previous January 1 to the current January 1, to the nearest 0.50% of 1.00%, limited to a maximum of 3.00%. Supplemental Targeted Adjustment for Retirees (STAR) COLA benefits are assumed to be substantively automatic at the 80% purchasing power level until the STAR reserve is projected to be insufficient to pay further STAR benefits.
Mortality	Various rates based on the RP-2014 Healthy and Disabled Annuitant mortality tables and including projection for expected future mortality improvement using the MP2014 Ultimate Projection Scale. See June 30, 2017 actuarial valuation for details. It can be found at www.LACERA.com .
Experience Study	Covers the three year period ended June 30, 2016.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

8. PENSION PLAN-Continued

Actuarial Assumptions-Continued

The long-term expected rate of return on pension plan investments (7.25%, net of all expenses) was determined using a building block method in which a median, or expected, geometric rate of return was developed for each major asset class. The median rates were combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentages.

For the year ended June 30, 2018:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Rate of Return (After Expected 2.75% Inflation Rate) (Geometric)
Global Equity	43.40%	5.70%
Fixed Income	26.60%	2.60%
Real Estate	11.00%	4.60%
Private Equity	10.00%	6.90%
Commodities	2.80%	1.60%
Hedge Funds	4.20%	3.10%
Other Opportunities	0.00%	4.50%
Cash	2.00%	(0.20)%

Discount Rate

The discount rate used to measure the total pension liability was 7.38%. This is equal to the 7.25% long-term investment return assumption adopted by LACERA (net of investment and administrative expenses), plus 0.13% assumed administrative expenses. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and member rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be sufficient to pay all projected future benefit payments of current active and inactive plan members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, gross of administrative expenses.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the County's proportionate share of the net pension liability calculated using the discount rate of 7.38%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.38%) or 1-percentage point higher (8.38%) than the current rate (in thousands):

	1% Decrease (6.38%)	Discount Rate (7.38%)	1% Increase (8.38%)
Net Pension Liability	\$19,053,004	\$10,345,209	\$ 3,146,511

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

8. PENSION PLAN-Continued

Pension Plan Fiduciary Net Position

Detailed information about pension plan fiduciary net position as of June 30, 2018 is available in the separately issued LACERA financial report, which can be found at www.LACERA.com.

Deferred Compensation Plans

The County offers to its employees three deferred compensation plans created in accordance with Sections 401 and 457 of the Internal Revenue Code. One or more of these plans are available to substantially all employees and allow participants to defer a portion of their current income until future years.

Plan Description and Funding Policy

The Deferred Compensation and Thrift Plan was established as a Section 457 defined contribution plan covering employees who have achieved full time and permanent employment status. The Plan is designed to permit these employees to voluntarily defer a portion of their compensation and provide for retirement and death benefits. The plan is funded by employer and employee contributions. As of June 30, 2019, the County provided up to a 4% matching contribution per pay period of the employee's voluntary contribution. Employer and employee contributions are deposited into the participant accounts and invested based on participant selected options. Total employer contributions for the year ended June 30, 2019, were \$259.37 million.

The Savings Plan is a Section 401(k) defined contribution plan covering eligible full-time permanent employees of the County not covered by collective bargaining agreements and who desire to participate in the Plan. Employees eligible for voluntary participation in this plan are also eligible for participation in the Deferred Compensation and Thrift Plan. The plan is funded by employer and employee contributions. As of June 30, 2019, the County provided up to a 4% matching contribution per pay period of the employee's voluntary contribution. Employer and employee contributions are deposited into the participant accounts and invested based on participant selected options. Total employer contributions for the year ended June 30, 2019, were \$69.80 million.

The Pension Savings Plan is a Section 457 defined contribution plan covering part-time, temporary and seasonal County employees who are not eligible to participate in the retirement programs provided through the LACERA. The Plan was established in lieu of employee coverage under Social Security. Participation in the plan is mandatory and employees must contribute a minimum of 4.5% of their eligible earnings and the County makes a contribution equal to 3% of compensation. Participants may contribute additional amounts beyond the required 4.5%. Total employer contributions for the year ended June 30, 2019, were \$8.99 million.

The plans are administered through a third-party administrator. The assets of the plans are held in trust by Wells Fargo Bank, N.A. and invested at the direction of the participants. Thus, plan assets and any related liability to plan participants have been excluded from the County's financial statements.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

9. OTHER POSTEMPLOYMENT BENEFITS

Retiree Healthcare

Plan Description

LACERA administers a cost-sharing, multi-employer Retiree Healthcare (RHC) OPEB program on behalf of the County, its affiliated Superior Court, and four outside districts. The outside districts include: Little Lake Cemetery District, Local Agency Formation Commission, LACOE and the South Coast Air Quality Management District.

In April 1982, the County adopted an ordinance pursuant to Government Code Section 31691, which provided for a health insurance program and death benefits for retired employees and their dependents. In 1994, the County amended the agreements to continue to support LACERA's retiree insurance benefits program regardless of the status of active member insurance.

In June 2014, the LACERA Board approved the County's request to modify the agreements to create a new retiree healthcare benefit plan in order to lower its Retiree Healthcare Program (RHP) costs. Structurally, this means the County will be segregating all current retirees and current employees into RHP Tier 1 and placing all employees hired after June 30, 2014 into RHP Tier 2. Under the new RHP Tier 2, retirees who are eligible for Medicare will be required to enroll in that program. In addition, coverage will be available for employees or eligible survivors only.

Pursuant to the 1982, 1994, and 2014 Agreements between the County and LACERA, the parties agreed to the continuation of the health insurance benefits then in existence. The County agreed to subsidize a portion of the insurance premiums of certain retired members and their eligible dependents based on the member's length of service. The County further agreed to maintain the status quo of existing benefits provided to participants. As part of the 2014 Agreement, the County modified the existing healthcare benefit plan, which created a new benefit structure, Tier 2, for all employees hired after June 30, 2014. LACERA agreed not to change retired members' contributions toward insurance premiums or modify medical benefit levels without the County's prior consent. Active employees are not required to make contributions to the plan.

Pursuant to the California Government Code, the County established an irrevocable OPEB Trust for the purpose of holding and investing assets to pre-fund the RHP, which LACERA administers. On May 15, 2012, the County Board entered into a trust and investment services agreement with the LACERA Board of Investments to act as trustee and investment manager. The OPEB Trust does not modify the County's benefit programs.

LACERA issues a stand-alone financial report that includes the required information for the OPEB plan. The report is available at its offices located at Gateway Plaza, 300 North Lake Avenue, Pasadena, California 91101-4199 or www.LACERA.com.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Benefits Provided

Health care benefits earned by County employees are dependent on the number of completed years of retirement service credited to the retiree by LACERA upon retirement; it does not include reciprocal service in another retirement system. Service includes all service on which the member's retirement allowance was based.

The RHC OPEB Program offers members an extensive choice of medical plans as well as two dental/vision plans. The medical plans are either HMOs or indemnity plans, and some are designed to work with Medicare benefits, such as the Medicare Supplement or Medicare HMO plans. Coverage is available regardless of preexisting medical conditions. Under Tier 2, retirees who are eligible for Medicare are required to enroll in that program. Medicare-eligible retirees and their covered dependents must enroll in Medicare Parts A and B and in a Medicare HMO plan or Medicare Supplement plan under Tier 2.

Medical and Dental/Vision - Program benefits are provided through third party insurance carriers with the participant's cost for medical and dental/vision insurance varying according to the years of retirement service credit with LACERA, the plan selected, and the number of persons covered. The County contribution subsidizing the participant's cost starts at 10 years of service credit in the amount of 40% of the lesser of the benchmark plan rate or the premium of the plan in which the retiree is enrolled. For each year of retirement service credit earned beyond 10 years, the County contributes 4% per year, up to a maximum of 100% for a member with 25 years of service credit. The County contribution can never exceed the premium of the benchmark plans. Members are responsible for premium amounts above the benchmark plans, including those with 25 or more years of service credit.

Under Tier 1, the County subsidy is based on the coverage elected by the retiree. The benchmark plans are Anthem Blue Cross Plans I and II for medical and Cigna Indemnity Dental/Vision for dental and vision. Under Tier 2, the County subsidy is based on retiree only coverage. Tier 2 medical benchmark plans are Anthem Blue Cross Plans I and II for Medicare-ineligible members, Anthem Blue Cross Plan III for Medicare-eligible members, and Cigna Indemnity Dental/Vision for dental and vision plans.

Medicare Part B - The County reimburses the member's Medicare Part B Standard rate premiums paid by member to Social Security for Part B coverage, subject to annual approval by the County Board of Supervisors. Eligible members and their dependents must be enrolled in both Medicare Part A and Medicare Part B and enrolled in a LACERA- administered Medicare HMO Plan or Medicare Supplement Plan and meet all of the qualifications. Under Tier 2, the County reimburses for Medicare Part B (at the standard rate) for eligible members or eligible survivors only.

Disability - If a member is granted a service-connected disability retirement and has less than 13 years of service, the County contributes the lesser of 50% of the benchmark plan rate or the premium of the plan in which the retiree is enrolled. Under Tier 2, the benchmark plan rate is based on retiree-only premiums. A member with 13 years of service credit receives a 52% subsidy. This percentage increases 4% for each additional completed year of service, up to a maximum of 100%.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Benefits Provided-Continued

Death/Burial Benefit - There is a one-time lump-sum \$5,000 death/burial benefit payable to the designated beneficiary upon the death of a retiree, reimbursed to LACERA by the County. Active and vested terminated (deferred) members are eligible for this benefit once they retire. Spouses and dependents are not eligible for this death benefit.

Contributions

The County's required contribution during FY 2018-2019 is on a pay-as-you-go basis. During FY 2018-2019, the County made payments to LACERA totaling \$604.52 million for retiree health care benefits. Included in this amount was \$67.80 million for Medicare Part B reimbursements and \$8.60 million in death benefits. Additionally, \$47.80 million was paid by member participants. During FY 2018-2019, the County also contributed \$182.85 million in excess of the pay-as-you-go amounts.

Investments

The LACERA Board of Investments is responsible for setting the investment policy and investing any contributions made to the OPEB Trust from the participating employers. In December, 2017, the LACERA Board of Investments adopted a revised asset allocation policy which divides the OPEB Trust into four broad functional categories and contain asset classes that align with the purpose of each function. The approved target weights provide for diversification of assets in an effort to meet the LACERA's actuarial assumed rate of return, consistent with market conditions and risk control. The following was the adopted asset allocation policy as of June 30, 2018.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Rate of Return (After Expected 2.75% Inflation Rate) (Geometric)
Growth	50.00%	4.70%
Global Equity	50.00%	4.70%
U.S. Equity	20.00%	2.40%
High Yield Bonds	6.00%	2.60%
Bank Loans	10.00%	2.20%
EM Local Currency Bonds	4.00%	2.60%
Risk Reduction & Mitigation	10.00%	0.70%
Cash Equivalents	2.00%	0.10%
Investment Grade Bonds	8.00%	0.80%
Inflation Hedges	20.00%	2.50%
TIPS	6.00%	0.50%
Real estate (REITs)	10.00%	3.90%
Commodities	4.00%	1.80%

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Retiree Healthcare OPEB Plan

Annual RHC OPEB Expense and Net OPEB Liability

At June 30, 2019, the County reported a liability of \$23.591 billion for its proportionate share of the net RHC OPEB liability. The net RHC OPEB liability was measured as of June 30, 2018, and the total RHC OPEB liability used to calculate the net RHC OPEB liability was determined by an actuarial valuation as July 1, 2017, projected forward to the measurement date taking into account any significant changes between the valuation date and the measurement date. The County's proportion of the net OPEB liability was based on a projection of the County's future contribution effort to the OPEB plan relative to the projected contributions of all OPEB participants actuarially determined. At June 30, 2018, the County's proportionate share was 95.39%, which was the same as the proportion measured at June 30, 2017.

For the year ended June 30, 2019, the County recognized OPEB expense of \$1.631 billion which is reported as \$1.353 billion for governmental activities and \$0.278 billion for business-type activities. OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of change in investment gain/loss, actuarial gain/loss, actuarial assumptions or methods, and plan benefits.

At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to RHC OPEB from the following sources (in thousands):

	Deferred Inflows of Resources	Deferred Outflows of Resources
Net difference between projected and actual earnings	\$ 50,178	\$
Change of assumptions	2,928,167	
Change in experience	1,170,484	
Change in proportion and differences between County contributions and the proportionate share of contributions	555,809	559,601
Contributions made subsequent to measurement date		787,366
Total	\$ 4,704,638	\$ 1,346,967

The deferred inflows of resources and deferred outflows of resources above represent the unamortized portion of changes to the net RHC OPEB liability to be recognized in future periods in a systematic and rationale manner in accordance with GASB 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" (GASB 75). Investment gains or losses are recognized in OPEB expense over a five year period and economic/demographic gains or losses and assumption changes or inputs are recognized over the average remaining service life of all active and inactive members, which is 9 years.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Annual RHC OPEB Expense and Net OPEB Liability-Continued

Amounts currently reported as deferred outflows and inflows of resources, other than contributions related to RHC OPEB, will be recognized in RHC OPEB expense as follows (in thousands):

	Deferred Outflows/(Inflows) of Resources
Year Ending June 30:	
2020	\$ (550,310)
2021	(550,310)
2022	(550,310)
2023	(540,022)
2024	(535,193)
Thereafter	(1,418,892)

Deferred outflows of resources of \$787.37 million related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020.

Actuarial Methods and Assumptions

Valuation Timing	July 1, 2017, rolled forward to June 30, 2018
Actuarial Cost Method	Individual Entry Age Normal, Level Percent of Pay
Asset Valuation Method	Fair Market Value
Inflation	2.75%
Salary Increases	3.25% general wage increase and merit according to Table A-5 of the June 30, 2017 actuarial valuation of retirement benefits. It can be found at www.LACERA.com .
Mortality	Various rates based on the RP-2014 Healthy and Disabled Annuitant mortality tables and including projection for expected future mortality improvement using the MO Healthcare Cost Trend Rates P-2014 Ultimate Projection Scale.
Experience Study	Covers the three year period ended June 30, 2016.
Discount Rate	5.11%
Long-term expected rate of return, net of investment expenses	6.30%
20 Year Tax-Exempt Municipal Bond Yield	3.87%

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Actuarial Methods and Assumptions-Continued

Healthcare Cost Trend rates:

	<u>Initial Year</u>	<u>Ultimate</u>
LACERA Medical Under 65	5.80%	4.50%
LACERA Medical Over 65	6.00%	4.50%
Part B Premiums	9.25%	4.35%
Dental/Vision	0.00%	3.70%
Weighted Average Trend	5.85%	4.47%

Discount Rate

GASB 75 requires determination of whether the OPEB Trust's Fiduciary Net Position is projected to be sufficient to make projected benefit payments. The Plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate incorporates a municipal bond rate based on the 20-year Bond Buyer GO index (municipal bond rate) which was 3.87% as of June 30, 2018. For 2018, the long-term expected rate of return of 6.30% was applied to projected benefit payments from 2018 to 2058. The municipal bond rate was applied to the remaining periods. The resultant blended discount rate used to measure the Total OPEB Liability as of June 30, 2018 was 5.11%, an increase of 0.42% from the rate as of June 30, 2017.

Sensitivity of the County's Proportionate Share of the RHC OPEB Liability to Changes in the Discount Rate

The following represents the County's proportionate share of the net RHC OPEB liability calculated using the discount rate of 5.11%, as well as what the County's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.11%) or 1-percentage point higher (6.11%) than the current rate (in thousands):

	1% Decrease (4.11%)	Discount Rate (5.11%)	1% Increase (6.11%)
Net RHC OPEB Liability	\$ 28,263,233	\$ 23,590,686	\$ 19,905,335

Sensitivity of the County's Proportionate Share of the RHC OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following represents the County's proportionate share of the net RHC OPEB liability, as well as what the County's proportionate share of the net RHC OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates (in thousands):

	1% Decrease	Current Trend Rate	1% Increase
Net RHC OPEB Liability	\$ 19,236,410	\$ 23,590,686	\$ 29,369,024

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

OPEB Plan Fiduciary Net Position

Detailed information about OPEB plan fiduciary net position as of June 30, 2018 is available in the separately issued LACERA financial report, which can be found at www.LACERA.com.

Long-Term Disability

Plan Description

The County provides LTD benefits to employees and these benefits have been determined to fall within the definition of OPEB, per GASB 75. The LTD plans are administered by the County and are not administered through a trust. Each of the LTD plans are a single employer plan and the amounts paid by the County are paid when the benefits become due during the reporting period. These LTD benefits provide for income replacement if an employee is unable to work because of illness or injury. The Board approved the County's original LTD plan effective March 3, 1982. Effective January 1, 1991, a new Megaflex plan was approved by the Board and includes a Megaflex LTD plan and a LTD Health plan. The LTD Health plan was added to the LTD program and made available to all participants effective January 1, 2002.

Benefits Provided

The benefit provisions of the four LTD plans is as follows:

Eligibility

Non-Megaflex Income/Survivor Income Benefit (SIB) - The Plans cover:

- (1) An employee who becomes totally disabled as a direct result of an injury or disease while performing his/her assigned duties; or,
- (2) An employee who becomes totally disabled after having completed five or more years of continuous service with the County; or,
- (3) A qualified beneficiary of a deceased employee who had previously become totally disabled as a direct result of an injury or disease while performing his/her assigned duties;
- (4) A qualified beneficiary of a deceased employee who had previously become totally disabled after having completed five or more years of continuous service with the County.
- (5) A qualified beneficiary of an employee who dies as a direct result of an injury or disease while performing his/her assigned duties, or,
- (6) A qualified beneficiary of an employee who dies in active service after having completed five or more years of continuous service with the County.

Megaflex Income/SIB - The Plans covers:

- (1) An employee purchases LTD coverage and then becomes totally disabled; or,

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability-Continued

Benefits Provided-Continued

- (2) An employee who becomes totally disabled after having completed five or more years of continuous service with the County and is a member of Retirement Plan E.
- (3) The Qualified Beneficiary of a Retirement Plan E participant who is currently enrolled in the SIB plan at the time of death.

Non-MegaFlex Member LTD Health Plan - The plan continues medical insurance coverage for employees who are receiving or eligible to receive LTD Income benefits and are enrolled in one of the County approved health plans.

MegaFlex Member LTD Health Plan - The plan continues medical insurance coverage for employees who are receiving or eligible to receive LTD Income benefits and are enrolled in one of the County approved health plans.

Benefit Formula

Non-Megaflex Income/SIB - The plan provides a basic monthly benefit of:

- (1) 60% of Basic Monthly Compensation (commences after 6 months of disability).
- (2) Annual COLA, beginning after 2 years of benefit payments (limited to a maximum of 2%/year), if disabled after 1/1/2001.
- (3) For a qualified beneficiary, 55% of the LTD disability benefit that the employee was receiving or would have received immediately prior to death; and, continues for the life of the qualified surviving spouse/domestic partner and upon spousal death to the qualified children beneficiaries.

Megaflex Income/SIB - The plan provides a basic monthly benefit of:

- (1) 40% or 60% of Basic Monthly Compensation (commences after 6 months of disability)
 - a. Plan E members
 - (1) With 5+ years of services 40% non-elective or can buy up to 60
 - (2) With less than 5 years of service: can buy 40% or 60%
 - b. Plan A, B, C, or D members: can buy 40% or 60%
- (2) Annual COLA, beginning after 2 years of benefit payments (limited to a maximum of 2% per year), if disabled after 1/1/2001.
- (3) For a qualified beneficiary, the plan provides a basic monthly benefit of 10%, 15%, 25%, 35%, or 50% of employee's monthly salary if they elected.

Non-MegaFlex Member LTD Health Plan - The plan pays 75% of monthly medical premiums for disabled members.

MegaFlex Member LTD Health Plan - The plan pays 75% of monthly medical premiums for disabled members.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability-Continued

Benefits Provided-Continued

Maximum Period

Non-Megaflex Income/SIB and Megaflex Income/SIB - LTD benefits stop when:

- (1) Employee is no longer totally disabled or turns age 65, whichever occurs first. However, if employee is age 62 or older when benefit commences, benefit can continue beyond age 65 (length depends on age at commencement) as follows:

Age at Disability	Maximum Period
62	3 ½
63	3
64	2 ½
65	2
66	1 ¾
67	1 ½
68	1 ¼
69 and older	1

or

- (2) Employee takes early or normal retirement under Plan E.

Employees covered by benefit terms

At June 30, 2018, the following employees were covered by the benefit terms:

LTD Income and Survivor Benefit Plans:

Inactive employees or beneficiaries currently receiving benefit payments	2,518
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	74,357

LTD Health Plans

Inactive employees or beneficiaries currently receiving benefit payments	594
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	65,168

Total LTD OPEB Liability

At June 30, 2019, the County reported a total LTD OPEB liability of \$1.048 billion. The total LTD OPEB liability was determined by an actuarial valuation as of July 1, 2017, rolled forward to July 1, 2018.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability-Continued

Actuarial Methods and Assumptions

Valuation Timing	July 1, 2017, rolled forward to July 1, 2018
Actuarial Cost Method	Individual Entry Age Normal, Level Percent of Pay
Inflation	The inflation rate is included in the salary increase percentage and the Healthcare cost trend rates.
Salary Increases	3.25% general wage increase and merit according to Table A-5 of the June 30, 2017 RHC OPEB Program's actuarial valuation report. It can be found at www.LACERA.com .
Mortality	Various rates based on the RP-2014 Healthy and Disabled Annuitant mortality tables and including projection for expected future mortality improvement using the MO Healthcare Cost Trend Rates - 2014 Ultimate Projection Scale.
Discount Rate	Equal to the municipal bond rate based on the 20-year Bond Buyer GO index (municipal bond rate), which was 3.58% as of June 30, 2017 and 3.87% as of June 30, 2018.

Healthcare Cost Trend rates:

Year	Rate (preMedicare/ post Medicare)	Year	Rate (pre Medicare/ post Medicare)
2017-2018	4.40%/4.60%	2037-2038	6.10%/5.60%
2018-2019	5.80%/6.00%	2047-2048	5.70%/5.60%
2019-2020	6.30%/6.00%	2057-2058	5.50%/5.80%
2020-2021	6.70%/6.50%	2067-2068	5.10%/5.30%
2021-2022	5.70%/6.10%	2077-2078	4.50%/4.60%
2022-2023	5.80%/6.10%	2087-2088	4.50%/4.60%
2023-2024	5.30%/5.30%	2097-2098	4.50%/4.50%
2024-2025	5.40%/5.40%	2099+	4.50%/4.50%
2025-2026	5.60%/5.40%		
2026-2027	5.80%/5.40%		
2027-2028	5.90%/5.50%		

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability-Continued

Changes in the Total LTD OPEB Liability (in thousands):

Total OPEB Liability at 6/30/2017	\$	1,073,040
Service cost		43,162
Interest		38,818
Changes of benefit terms		
Differences between expected and actual experience		1,111
Changes of assumptions or other inputs		(43,574)
Benefit payments		(64,313)
Net Changes		<u>(24,796)</u>
 Total LTD OPEB Liability at 6/30/2018	 \$	 <u>1,048,244</u>

Changes of assumptions or other inputs reflect a change in the discount rate from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

Sensitivity of the Total LTD OPEB Liability to Changes in the Discount Rate

The following represents the County's total LTD OPEB liability calculated using the discount rate of 3.87%, as well as what the County's total LTD OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.87%) or 1-percentage point higher (4.87%) than the current rate (in thousands):

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Total LTD OPEB Liability	\$ 1,192,924	\$ 1,048,244	\$ 921,111

Sensitivity of the County's Total LTD OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following represents the County's total LTD OPEB liability, as well as what the County's total LTD OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates (in thousands):

	1% Decrease	Current Trend Rate	1% Increase
Total LTD OPEB Liability	\$ 1,038,396	\$ 1,048,244	\$1,059,759

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long Term Disability-Continued

OPEB Expense and the Deferred Outflows of Resources and Deferred Inflows of Resources Related to LTD OPEB

For the year ended June 30, 2019, the County recognized LTD OPEB expense of (\$15.21) million which is reported as (\$8.01) million for governmental activities and (\$7.20) million for business-type activities. OPEB expense represents the change in the total LTD OPEB liability during the measurement period, adjusted for the deferred recognition of change in investment gain/loss, actuarial gain/loss, actuarial assumptions or methods, and plan benefits.

At June 30, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to LTD OPEB from the following sources (in thousands):

	Deferred Inflows of Resources	Deferred Outflows of Resources
Change in experience	\$	\$ 1,509
Change of assumptions	128,444	
Change in proportionate share	60,390	60,390
Total	\$ 188,834	\$ 61,899

The deferred inflows of resources and deferred outflows of resources above represent the unamortized portion of changes to the total LTD OPEB liability to be recognized in future periods in a systematic and rationale manner in accordance with GASB 75. Economic/demographic gains or losses, assumption changes or inputs, and change in proportion are recognized over the average remaining service life of all active and inactive members, which is 12 years. The change in proportionate share represents the changes in allocation percentages to the individual funds, including the proprietary funds, of the total OPEB LTD liability from the prior measurement date to the current measurement date.

Amounts currently reported as deferred outflows and inflows of resources will be recognized in OPEB expense as follows (in thousands):

	Deferred Outflows/(Inflows) of Resources
Year Ending June 30:	
2020	\$ (12,339)
2021	(12,339)
2022	(12,339)
2023	(12,339)
2024	(12,339)
Thereafter	(65,240)

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long Term Disability-Continued

Combined Balances of the Net OPEB Liability, Deferred Outflows of Resources, Deferred Inflows of Resources and the OPEB Expense

The following total balances are reflected in the accompanying statement of net position (in thousands):

	<u>RHC OPEB</u>	<u>LTD OPEB</u>	<u>Total</u>
Net OPEB Liability	\$ 23,590,686	\$ 1,048,244	\$ 24,638,930
Deferred Outflows of Resources	1,346,967	61,899	1,408,866
Deferred Inflows of Resources	4,704,638	188,834	4,893,472
OPEB Expense	1,633,970	(15,213)	1,618,757

10. LEASES

Operating Leases

The following is a schedule of future minimum rental payments required under operating leases entered into by the County that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2019 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2020	\$ 84,945
2021	65,940
2022	51,320
2023	40,434
2024	33,796
2025-2029	98,648
2030-2034	46,555
2035-2039	22,221
2040-2044	15,153
2045-2049	12,880
Total	<u>\$ 471,892</u>

Rent expenses related to operating leases were \$102.51 million for the year ended June 30, 2019.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

10. LEASES-Continued

Capital Lease Obligations

The following is a schedule of future minimum lease payments under capital lease obligations together with the present value of future minimum lease payments as of June 30, 2019 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2020	\$ 27,439	\$ 78
2021	27,196	52
2022	26,708	34
2023	26,669	11
2024	26,506	
2025-2029	94,114	
2030-2034	62,917	
2035-2038	27,840	
Total	319,389	175
Less: Amount representing interest	162,502	10
Present value of future minimum lease payments	\$ 156,887	\$ 165

The following is a schedule of property under capital leases by major classes at June 30, 2019 (in thousands):

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Land	\$ 32,238	\$
Buildings and improvements	142,638	
Equipment	59,471	276
Accumulated depreciation	(73,193)	(117)
Total	\$ 161,154	\$ 159

Future rent revenues to be received from noncancelable subleases are \$838,000 as of June 30, 2019.

Leases of County-Owned Property

The County has entered into operating leases relative to the Marina del Rey Project area, regional parks, asset development projects and Whiteman Airport. Substantially all of the Marina's land and harbor facilities are leased to others under agreements classified as operating leases. Certain regional parks are leased under agreements, which provide for activities such as food and beverage concessions, and recreational vehicle camping. The asset development projects are ground leases and development agreements are entered into by the County for private sector development of commercial, industrial, residential, and cultural uses on vacant or underutilized County owned property. The Whiteman Airport lease is for hanger space. The asset development leases cover remaining periods ranging generally from 3 to 79 years and are accounted for in the General Fund. The lease terms for the regional parks cover remaining periods ranging from 1 to 20 years and are also accounted for in the General Fund. The Marina del Rey leases cover remaining periods ranging from 1 to 59 years and are accounted for in the General Fund. The airport lease covers a remaining period of 12 years and is accounted for in the Aviation Enterprise Fund.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

10. LEASES-Continued

Leases of County-Owned Property-Continued

The land carrying value of the asset development project ground leases and the Marina del Rey Project area leases is \$650.23 million. The carrying value of the capital assets associated with the regional park and Whiteman Airport operating leases is not determinable.

The following is a schedule of future minimum rental receipts on noncancelable leases as of June 30, 2019 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2020	\$ 49,601	\$ 192
2021	49,580	196
2022	49,481	201
2023	46,775	206
2024	44,329	212
Thereafter	1,673,427	1,637
Total	<u>\$ 1,913,193</u>	<u>\$ 2,644</u>

The following is a schedule of rental income for these operating leases for the year ended June 30, 2019 (in thousands):

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Minimum rentals	\$ 44,812	\$ 186
Contingent rentals	21,387	
Total	<u>\$ 66,199</u>	<u>\$ 186</u>

The minimum rental income is a fixed amount based on the lease agreements. The contingent rental income is a percentage of revenue above a certain base for the asset development leases or a calculated percentage of the gross revenue less the minimum rent payment for the other leases.

11. LONG-TERM OBLIGATIONS

Long-term obligations of the County consist of bonds, notes and loans from direct borrowings and direct placements, pension (see Note 8), OPEB (see Note 9), capital lease obligations (see Note 10) and other liabilities, which are payable from the General, Special Revenue, Debt Service, Enterprise and Internal Service Funds.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

11. LONG-TERM OBLIGATIONS-Continued

A summary of bonds, and notes and loans from direct borrowings and direct placements recorded within governmental activities follows (in thousands):

	Original Par Amount of Debt	Balance June 30, 2019
Regional Park and Open Space District		
Bonds (issued by Public Works		
Financing Authority), 3.00% to 5.25%	\$ 275,535	\$ 14,610
NPC Bonds, 5.00%	26,986	4,709
Public Buildings Certificates of Participation and Bonds,		
0.32% to 7.62%	1,377,476	1,367,157
Los Angeles County Securitization		
Corporation Tobacco Settlement		
Asset-Backed Bonds, 5.25% to 6.65%	319,827	395,748
NPC Bond Anticipation Notes, 1.75% to 2.96%	50,000	50,000
Marina del Rey Loans, 4.50% to 4.70%	23,500	12,222
Lease Revenue Obligation Notes, 1.27% to 2.70%	239,175	239,175
Total	<u>\$ 2,312,499</u>	<u>\$ 2,083,621</u>

A summary of bonds, and notes and loans from direct borrowings and direct placements recorded within business-type activities follows (in thousands):

	Original Par Amount of Debt	Balance June 30, 2019
NPC Bonds, 5.00%	\$ 10,494	\$ 1,831
Public Buildings Certificates of Participation and Bonds,		
0.32% to 7.62%	774,228	732,123
Lease Revenue Obligation Notes, 1.27% to 2.70%	323,145	323,145
Waterworks District Loans, 2.28%	8,869	6,931
Aviation Loan, 2.95%	2,000	1,614
Total	<u>\$ 1,118,736</u>	<u>\$ 1,065,644</u>

Assessment Bonds

The RPOSD issued voter approved assessment bonds in 1997, some of which were advance refunded in FY 2004-2005 and the remainder in FY 2007-2008, to fund the acquisition, restoration, improvement and preservation of beach, park, wildlife and open space resources within the RPOSD. As discussed in Note 4, the bonds were purchased by the Public Works Financing Authority (Authority) and similar bonds were issued as a public offering. The bonds issued by the Authority are payable from the pledged proceeds of annual assessments levied on parcels within RPOSD's boundaries. The current year assessment revenues were \$28.66 million.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

11. LONG-TERM OBLIGATIONS-Continued

Assessment Bonds-Continued

The bonds mature in FY 2019-2020. Annual principal and interest payments of the bonds are expected to require less than 50% of annual assessment revenues. The Authority Master Indenture of Trust contains a provision that in an event of default, outstanding principal and accrued interest may be declared due and payable immediately. Total principal and interest remaining on the bonds is \$13.97 million, not including unamortized bond premiums. Principal and interest for the current year were \$13.99 million.

Principal and interest requirements on assessment bonds are as follows (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 13,620	\$ 352
Subtotal	13,620	<u>352</u>
Add: Unamortized bond premiums	990	
Total assessment bonds	<u>\$ 14,610</u>	

Certificates of Participation and Bonds

The County has issued lease revenue bonds through various financing entities that have been established and are component units of the County. The debt proceeds have been used to finance the acquisition of County facilities and equipment. The County makes annual payments to the financing entities for the use of the property and the debt is secured by the underlying capital assets that have been financed. The County has pledged a total of 15 County-owned properties as collateral for various bonds, including the new bonds below.

During FY 2018-2019, LACF issued \$302.38 million of lease revenue bonds, which includes \$297.28 million in tax-exempt lease revenue bonds (Series 2018A) and \$5.10 million in federally taxable lease revenue bonds (Series 2018B), to finance the construction of the Vermont Corridor County Administration Building and parking structure. The proceeds from these bonds plus the associated premium of \$44.18 million less issuance costs of \$1.98 million were used to fund the Project Fund, totaling \$297.13 million, and the Capitalized Interest Fund, totaling \$47.45 million. The County has pledged four County-owned properties as collateral for the debt. In addition, the Indenture of Trust contains a provision that in an event of default, the outstanding principal and interest accrued may be declared due and payable immediately. The debt was only issued for governmental activities.

Principal and interest requirements on NPC bonds and Public Buildings certificates of participation and bonds for governmental activities and business-type activities are as follows (in thousands):

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

11. LONG-TERM OBLIGATIONS-Continued

Certificates of Participation and Bonds-Continued

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 34,892	\$ 79,606	\$ 19,430	\$ 43,874
2021	39,571	70,925	18,727	42,821
2022	50,020	60,843	19,340	41,779
2023	54,920	58,366	20,185	40,668
2024	34,381	55,935	21,089	39,468
2025-2029	198,914	248,647	122,046	175,017
2030-2034	220,282	188,368	155,783	129,614
2035-2039	222,209	126,325	197,592	72,459
2040-2044	210,396	61,520	129,644	11,535
2045-2049	110,765	21,708		
2050-2052	50,530	3,874		
Subtotal	1,226,880	\$ 976,117	703,836	\$ 597,235
Add: Accretions	21,699			
Unamortized bond premiums	123,287		30,118	
Total certificates of participation and bonds	\$ 1,371,866		\$ 733,954	

Tobacco Settlement Asset-Backed Bonds

In 2006, the County entered into a Sale Agreement with the LACSC under which the County relinquishes to the LACSC a portion of its future tobacco settlement revenues (TSRs) for the next 40 years. The County received from the sold TSRs a lump sum payment of \$ 319.83 million and a residual certificate in exchange for the rights to receive and retain 25.90% of the County's TSRs through 2046. The residual certificate represented the County's ownership interest in excess TSRs to be received by the LACSC during the term of the Sale Agreement. Residuals through 2019 were \$131.51 million. The total TSRs sold, based on the projected payment schedule in the Master Settlement Agreement and adjusted for historical trends, was estimated to be \$ 1.438 billion. The estimated present value of the TSRs sold, net of the expected residuals and assuming a 5.70% interest rate at the time of the sale, was \$309.23 million. In the event of a decline in the tobacco settlement revenues for any reason, including the default or bankruptcy of a participating cigarette manufacturer, resulting in a decline in the tobacco settlement revenues and possible default on the Tobacco Bonds, neither the California County Tobacco Securitization Agency, the County, nor the LACSC has any liability to make up any such shortfall.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

11. LONG-TERM OBLIGATIONS-Continued

Tobacco Settlement Asset-Backed Bonds-Continued

Principal and interest requirements (in thousands) for the Tobacco Settlement Asset-Backed bonds are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2020	\$	\$ 18,777
2021	14,175	18,777
2022		17,136
2023		17,136
2024		17,136
2025-2029	46,370	82,406
2030-2034		69,311
2035-2039	62,196	55,680
2040-2044	53,157	34,810
2045-2046	97,824	10,782
Subtotal	273,722	\$ 341,951
Add: Accretions	122,026	
Total tobacco settlement asset-backed bonds	\$ 395,748	

Notes, Loans, and Lease Revenue Obligation Notes

Notes from Direct Placements

BANs are issued by LACCAL to provide interim financing for equipment purchases. BANs are purchased by the County Treasury Pool and are payable within 5 years. In addition, the BANs are issued with a formal agreement that, in the event they are not liquidated within the five-year period, they convert to capital lease obligations with a three-year term secured by County real property. During FY 2018-2019, LACCAL, an Internal Service Fund, issued additional BANs in the amount of \$30.00 million as reflected in governmental activities and \$0 as reflected in business-type activities. As of June 30, 2019, the unissued BANs balance is \$17.50 million and the note balance is \$50.00 million for governmental activities only.

Loans from Direct Borrowings

Marina del Rey loans were obtained from the California Department of Boating and Waterways for the restoration and renovation of the marina seawall. The loans are secured by Marina del Rey lease revenue and by Los Angeles County Music Center parking revenues. The loan contract contains a provision that in the event the County fails to make payment due, all principal and interest outstanding shall become immediately due and payable, and the deficiency will be added to, and become part of, the principal of the loan. As of June 30, 2019, the balance is \$12.22 million.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

11. LONG-TERM OBLIGATIONS-Continued

Notes, Loans, and Lease Revenue Obligation Notes-Continued

Loans from Direct Borrowings-Continued

In June 2010, the Board approved a resolution authorizing the Waterworks Districts to obtain Safe Drinking Water State Revolving loans in the amount of \$3.41 million and \$5.47 million from the California Department of Public Health to fund the Sepulveda Feeder Interconnection project (Malibu) and the Marina del Rey Waterline Replacement project (Marina), respectively. The loans will be repaid over 20 years and are secured by revenues from surcharges collected for capital improvements. Annual principal and interest payments of the loans are expected to require less than 46.73% of the annual surcharge revenues. The funding agreements contain a provision that in an event of default, obligations may be immediately due and payable, and further disbursements may be terminated. During FY 2018-2019, the County did not obtain any additional loans. As of June 30, 2019, total loans drawn are \$3.40 million on the Sepulveda Feeder Interconnection project and \$5.47 million on the Marina del Rey Waterline Replacement project. As of June 30, 2019, the balance is \$6.93 million.

In July 2014, the Board approved the Whiteman Airport Leasehold Interest Acquisition Project, with a total Project cost of \$4.02 million. To partially finance the acquisition, the Aviation Enterprise Fund obtained an Airport Development Loan from the State of California Department of Transportation, Aeronautics Program for \$2.00 million with an annual interest rate of 2.95%. The Airport Development Loan will be repaid over 17 years with revenue generated by rental income. The loan agreement contains a provision that if the County fails to comply with or perform any term or condition in the agreement, or fails to pay the annual loan payment, the entire outstanding principal amount of the loan and all accrued interest may be immediately due and payable. In addition, the County may be ineligible for future financing under the program. During FY 2018-2019, the County did not obtain any additional airport development loans. As of June 30, 2019, the balance is \$1.62 million.

Lease Revenue Obligation Notes from Direct Borrowings

Lease revenue obligation notes (LRON) provide the County with a flexible and cost-effective source of financing to provide interim funding during the initial construction phase of a capital project, which may be refinanced with the issuance of long-term bonds upon completion. Repayment of LRON are secured by four irrevocable direct-pay letters of credit (LOC) from separate banks supporting the issuance of LRON. This program is secured by fifteen County-owned properties pledged as collateral in a lease-revenue financing structure with LACCAL. The LOCs were issued for a five-year period and have a termination date of April 4, 2024. The County has the option to extend the LOCs for an additional one-year period or to some other term mutually agreed to with the participating banks.

The aggregate maximum principal amount of the four LOCs is \$600.00 million, which consists of \$100.00 million of Series A (Bank of the West), \$200.00 million of Series B (U.S. Bank), \$200.00 million of Series C (Wells Fargo Bank), and \$100.00 million of Series D (State Street Bank). The County is responsible for the payment of a non-refundable letter of credit fee for each LOC on a quarterly basis in an amount equal to the rate per annum corresponding to the lowest long-term unenhanced debt ratings assigned by any of Moody's, S&P, or Fitch to any Lease Obligation Debt of the County. The letter of credit fee for all four series of LOCs is equal to 0.35% of the maximum principal amount of the LOC. As of June 30, 2019, \$562.32 million of LRON issued under the program were outstanding, including \$100.00 million of Series A, \$186.84 million of Series B, \$175.48 million of Series C, and \$100.00 million of Series D.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

11. LONG-TERM OBLIGATIONS-Continued

Notes, Loans, and Lease Revenue Obligation Notes-Continued

Lease Revenue Obligation Notes from Direct Borrowings-Continued

LRON are issued as variable rate instruments with a maximum term not to exceed 270 days. On the maturity date of LRON, the notes are reissued at the prevailing interest rates in the note market, which reflects the term of the note and the perceived credit quality of the supporting letter of credit bank. In the event the notes are not able to be reissued in the note market, the bank will make a Principal Advance to pay the principal of the maturing note. If the Principal Advance remains outstanding longer than 90 days, a term loan is created to repay the bank. During FY 2018-2019, the County reissued \$75.49 million for governmental activities and reissued \$249.10 million for business-type activities, representing the total amounts outstanding at the beginning of the year. These reissues, along with an additional \$237.73 million of new County LRON, which is reported as \$163.69 million for governmental activities and \$74.04 million for business-type activities, are reflected as notes payable. The total outstanding LRON as of June 30, 2019 is \$562.32 million, which is reported as \$239.18 million for governmental activities and \$323.14 million for business-type activities. The average interest rate on LRON issued in FY 2018-2019 was 1.34%.

Principal and interest requirements on NPC BANS, Marina del Rey Loans and LRON for governmental activities and NPC BANS, Waterworks District Loans, Aviation Loan and LRON for business-type activities are as follows (in thousands):

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2020	\$ 260,170	\$ 550	\$ 323,444	\$ 127
2021	31,039	505	504	196
2022	1,086	458	516	184
2023	1,135	410	528	171
2024	1,186	359	541	158
2025-2029	6,781	942	2,910	588
2030-2034			2,976	219
2035			271	3
Total notes, loans, and LRON	<u>\$ 301,397</u>	<u>\$ 3,224</u>	<u>\$ 331,690</u>	<u>\$ 1,646</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

11. LONG-TERM OBLIGATIONS-Continued

Summary-All Future Principal, Interest and Accretions

The following summarizes total future principal and interest requirements for the various debt issues referenced above (in thousands):

<u>Debt Type</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Assessment bonds	\$ 13,620	\$ 352	\$	\$
Certificates of participation and bonds	1,226,880	976,117	703,836	597,235
Tobacco settlement asset-backed bonds	273,722	341,951		
Notes, Loans, and LRON from direct borrowings and placements	301,397	3,224	331,690	1,646
Subtotal	1,815,619	<u>\$ 1,321,644</u>	1,035,526	<u>\$ 598,881</u>
Add: Accretions	143,725			
Unamortized premiums on bonds payable	124,277		30,118	
Total bonds and notes	<u>\$ 2,083,621</u>		<u>\$ 1,065,644</u>	

Long-term liabilities recorded in the government-wide statement of net position include accreted interest on zero coupon bonds and unamortized bond premiums.

Bonds Defeased in Prior Years

In prior years, various debt obligations, consisting of bonds and certificates of participation, were defeased by placing the proceeds of refunding bonds in an irrevocable trust to provide for all future debt service payments on the old obligations. GASB 86, "Certain Debt Extinguishment Issues," requires that debt also be considered defeased when cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust to extinguish debt. Accordingly, the trust account assets and the related debt service payments for the defeased bonds would not be reflected in the County's statement of net position. At June 30, 2019, there were no outstanding bonds and certificates of participation considered defeased.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

11. LONG-TERM OBLIGATIONS-Continued

Changes in Long-term Liabilities

The following is a summary of long-term liabilities and corresponding activity for the year ended June 30, 2019 (in thousands):

	Balance July 1, 2018	Additions/ Accretions	Transfers/ Maturities	Balance June 30, 2019	Due Within One Year
Governmental activities:					
Bonds payable	\$ 1,272,794	302,380	60,952	\$ 1,514,222	\$ 48,512
Add: Unamortized premium on bonds payable	82,158	44,179	2,060	124,277	2,572
Total bonds payable	<u>1,354,952</u>	<u>346,559</u>	<u>63,012</u>	<u>1,638,499</u>	<u>51,084</u>
Interest accretion on capital appreciation bonds payable	152,040	3,603	11,918	143,725	14,489
Notes, loans, and LRON from direct borrowings and placements	112,220	269,175	79,998	301,397	260,170
Other long-term liabilities:					
Capital lease obligations (Note 10)	162,606	1,586	7,305	156,887	9,990
Accrued compensated absences	1,557,458	219,250	117,257	1,659,451	104,185
Workers' compensation (Note 18)	2,509,435	586,551	465,603	2,630,383	488,835
Litigation and self-insurance (Note 18)	207,723	144,432	87,831	264,324	139,820
Pollution remediation obligation (Note 19)	46,022	1,639	3,549	44,112	1,177
Net pension liability (Note 8)	9,221,697		443,257	8,778,440	
Net OPEB liability (Note 9)	21,815,813		1,371,199	20,444,614	
Third party payor	54,306	179,903	154,719	79,490	56,543
Total governmental activities	<u>\$37,194,272</u>	<u>1,752,698</u>	<u>2,805,648</u>	<u>\$ 36,141,322</u>	<u>\$ 1,126,293</u>
Business-type activities:					
Bonds payable	\$ 724,816		20,980	\$ 703,836	\$ 19,430
Add: Unamortized premium on bonds payable	31,275		1,157	30,118	1,259
Total bonds payable	<u>756,091</u>		<u>22,137</u>	<u>733,954</u>	<u>20,689</u>
Notes, loans, and LRON from direct borrowings and placements	259,574	323,145	251,029	331,690	323,444
Other long-term liabilities:					
Capital lease obligations (Note 10)	235		70	165	73
Accrued compensated absences	225,614	9,355	14,445	220,524	12,622
Workers' compensation (Note 18)	348,993	47,215	36,774	359,434	39,853
Litigation and self-insurance (Note 18)	91,550	1,746	9,990	83,306	26,740
Net pension liability (Note 8)	1,628,234		61,465	1,566,769	
Net OPEB liability (Note 9)	4,506,330		312,014	4,194,316	
Third party payor (Note 14)	733,097	42,727	226,874	548,950	2,961
Total business-type activities	<u>\$ 8,549,718</u>	<u>424,188</u>	<u>934,798</u>	<u>\$ 8,039,108</u>	<u>\$ 426,382</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

11. LONG-TERM OBLIGATIONS-Continued

Changes in Long-term Liabilities-Continued

For governmental activities, the General Fund, the Fire Protection District Special Revenue Fund and the LA County Library Special Revenue Fund have typically been used to liquidate workers' compensation, accrued compensated absences, pension, OPEB, and litigation and self-insurance.

Bond interest accretions for deep discount bonds have been included in the amounts reported for Bonds. Accretions decreased during FY 2018-2019, thereby decreasing liabilities for Bonds by \$8.32 million for governmental activities. Note 18 contains information about changes in the combined current and long-term liabilities for workers' compensation and litigation and self-insurance.

Discretely Presented Component Unit

Long-term debt obligations and corresponding activity for the LACDA discretely presented component unit for the year ended June 30, 2019, was as follows (in thousands):

	July 1, 2018	Additions	Maturities	Balance June 30, 2019	Due Within One Year
Governmental activities:					
Notes from direct borrowing	\$ 15,386	3,120	7,922	\$ 10,584	\$ 1,564
Compensated absences	903	1,181	1,084	1,000	900
Capital lease obligations	980	14	256	738	247
Claims payable	4,546	1,992	3,016	3,522	352
Net pension liability	22,520		2,417	20,103	
Net OPEB liability	2,108	549	1,141	1,516	
Total governmental activities	<u>\$ 46,443</u>	<u>6,856</u>	<u>15,836</u>	<u>\$ 37,463</u>	<u>\$ 3,063</u>
Business-type activities:					
Bonds payable	\$ 34,140		700	\$ 33,440	\$ 735
Notes from direct borrowing	2,200			2,200	
Compensated absences	774	987	864	897	808
Net pension liability	16,882		1,905	14,977	
Net OPEB liability	330	68	141	257	
Total business-type activities	<u>\$ 54,326</u>	<u>1,055</u>	<u>3,610</u>	<u>\$ 51,771</u>	<u>\$ 1,543</u>
Total long-term obligations	<u>\$ 100,769</u>	<u>7,911</u>	<u>19,446</u>	<u>\$ 89,234</u>	<u>\$ 4,606</u>

12. SHORT-TERM DEBT

On July 2, 2018, the County issued \$700.00 million of short-term Tax and Revenue Anticipation Notes at an effective interest rate of 1.55%. The proceeds of the notes were used to assist with County General Fund cash flow needs prior to the first major apportionment of property taxes, which occurred in December 2018. The notes matured and were redeemed on June 28, 2019.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

13. CONDUIT DEBT OBLIGATIONS

Community Facilities and Improvement District Bonds

As of June 30, 2019, various community facilities and improvement districts established by the County had outstanding special tax bonds payable totaling \$22.86 million and limited obligation improvement bonds totaling \$1.14 million. The bonds were issued to finance the cost of various construction activities and infrastructure improvements, which have a regional or direct benefit to the related property owners.

The bonds do not constitute an indebtedness of the County and are payable solely from special taxes and benefit assessments collected from property owners within the districts. In the opinion of County officials, these bonds are not payable from any revenues or assets of the County and neither the full faith and credit of the County, the State or any political subdivision thereof is obligated to the payment of the principal or interest on the bonds. Accordingly, no liability has been recorded in the accompanying basic financial statements.

The County functions as an agent for the districts and bondholders. Debt service transactions related to the various bond issues are reported in the agency funds. Construction activities are reported in the Improvement Districts' Capital Projects Fund.

Industrial Development and Other Conduit Bonds

Industrial development bonds, and other conduit bonds, have been issued to provide financial assistance to private sector entities and nonprofit corporations for the acquisition of industrial and health care facilities, which provide a public benefit. The bonds are secured by the facilities acquired and/or bank letter of credit and are payable solely from project revenue or other pledged funds. The County is not obligated in any manner for the repayment of the bonds. Accordingly, no liability has been recorded in the accompanying basic financial statements.

As of June 30, 2019, the amount of industrial development and other conduit bonds outstanding was \$69.06 million.

Redevelopment Refunding Bonds

The County of Los Angeles Redevelopment Refunding Authority, a JPA between the County and the Public Works Financing Authority, was established to issue bonds that would enable successor agencies to former redevelopment agencies within the County to refund their outstanding tax allocation bonds in order to achieve debt service savings and to provide significant economies of scale through reduced costs of issuance and lower interest rates. The bonds are secured by a lien on future tax revenues of successor agencies. The County is not obligated in any manner for the repayment of the bonds. Accordingly, no liability has been recorded in the accompanying basic financial statements.

As of June 30, 2019, the amount of redevelopment refunding bonds outstanding was \$620.77 million.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

14. HOSPITAL AND OTHER PROGRAM REVENUES

Net patient service revenue is reported at the estimated net realizable amounts from patients, third party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Medi-Cal Demonstration Project: Medi-Cal 2020

On December 30, 2015, the federal Centers for Medicaid and Medicare Services (CMS) approved the special terms and conditions (STCs) for Medi-Cal 2020 - a five-year renewal of California's Section 1115(a) Medi-Cal Demonstration Project, which provides California with new federal funding through programs with an intent to shift focus away from hospital-based and inpatient care, towards outpatient, primary, and preventative care. Medi-Cal 2020 covers the period January 1, 2016 to December 31, 2020.

Revenues for the public hospitals under Medi-Cal 2020 are composed of:

- 1) Global Payment Program
- 2) Public Hospitals Redesign and Incentives in Medi-Cal
- 3) Whole Person Care

Global Payment Program

The Global Payment Program (GPP) is a payment reform program that aims to change the way county-owned and operated Public Hospital Systems (PHS) in California are compensated for providing care to the remaining uninsured. The program encourages a shift away from cost-based, hospital-centric models of care, through financial incentives to provide cost-effective primary and specialty care.

The GPP funds are comprised of Disproportional Share Hospital (DSH) funds that otherwise would have been allotted to a PHS, and Safety Net Uncompensated Care Pool (SNCP). DSH is a federal program to support safety-net hospital caring for a disproportionate share of low-income patients. SNCP was established under California's 2005 waiver to support services provided to uninsured patients. The GPP lifts restrictions that have historically impeded providing services for the remaining uninsured in the most appropriate setting for each patient, and now includes non-traditional methods of care delivery that have not been covered under either program.

The shift from volume to value is done through a value-based point methodology, which takes into account both the value of care to the patient, and the recognition of costs to the health care system.

Each participating PHS has an opportunity to earn a global budget for care to the remaining uninsured, and must meet service thresholds to receive full funding. Points are assigned to services in the following categories:

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medi-Cal Demonstration Project: Medi-Cal 2020-Continued

Global Payment Program-Continued

- Traditional Outpatient (e.g., primary or specialty care visit, dental, ER/urgent care, mental health visit).
- Non-Traditional Outpatient (e.g., health coaching, care navigation, community wellness encounters).
- Technology-Based Outpatient (e.g., nurse advice line, email consultation, provider-to-provider eConsult for specialty care).
- Inpatient and Facility Stays (e.g., trauma care, ICU stays, recuperative care, respite care, sober center stays, skilled nursing facility stays).

The County provides funding for the State of California’s (State's) share of the program by “using Intergovernmental Transfers (IGTs)” to draw down federal matching funds.

The estimated GPP revenues and related IGTs recorded in FY 2018-2019, in thousands, were as follows:

	GPP Revenues	Intergovernmental Transfers Expense
Harbor-UCLA Medical Center	\$ 302,472	\$ 160,348
Olive View-UCLA Medical Center	131,180	61,642
LAC+USC Medical Center	323,826	244,631
Rancho Los Amigos National Rehab Center	118,117	101,666
Total	\$ 875,595	\$ 568,287

The General Fund received \$352.34 million for GPP and paid \$62.82 million of related IGTs, which were recorded as “Charges for Services” revenue and "Health and Sanitation" expenditures, respectively, on the governmental funds statement.

Public Hospital Redesign and Incentives in Medi-Cal

The Public Hospital Redesign and Incentives in Medi-Cal (PRIME) program is the successor to the 2010 Bridge to Reform waiver’s Delivery System Reform Incentive Program (DSRIP), a pay-for-performance program that improves care delivery to prepare California’s PHS for an influx of newly covered patients through the implementation of the Affordable Care Act (ACA).

PRIME directs PHS, district, and municipal hospitals to use evidence-based quality improvement methods to achieve ambitious, year-over-year performance targets. All federal funding for this program is contingent on meeting these targets.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medi-Cal Demonstration Project: Medi-Cal 2020-Continued

Public Hospital Redesign and Incentives in Medi-Cal-Continued

Efforts within PRIME include (1) increasing the capability to furnish patient-centered, data driven, team-based care, (2) improving the capacity to provide point-of-care services, complex care management and population health management, (3) improving population and health outcomes, (4) high quality care that integrates physical and behavioral health services in the most appropriate setting and (5) moving towards value-based payments. The estimated revenues below, in thousands, were recorded as "other operating revenues" in FY 2018-2019:

	PRIME Revenues	Intergovernmental Transfers Expense
Harbor-UCLA Medical Center	\$ 138,237	\$ 86,029
Olive View-UCLA Medical Center	33,994	33,995
LAC+USC Medical Center	106,266	39,686
Rancho Los Amigos National Rehab Center	30,195	30,195
Total	<u>\$ 308,692</u>	<u>\$ 189,905</u>

The General Fund received \$109.71 million for PRIME and paid \$19.29 million of related IGTs, which were recorded as "Intergovernmental Revenue Federal" and "Health and Sanitation" expenditures, respectively, on the governmental funds statement.

Whole Person Care

Whole Person Care (WPC) pilot program focuses on coordination of health, behavioral health, and social services in a patient-centered manner with the goals of improved beneficiary health and well-being through more efficient and effective use of resources.

WPC program is on a calendar year basis, starting with 2016. The General Fund received \$259.88 million for WPC revenues, which were recorded as "Intergovernmental Revenue Federal" on the governmental funds statement. In addition, the General Fund recorded \$149.26 million of WPC IGT expenditures, which were recorded as "Health and Sanitation" expenditures on the governmental funds statement.

Medi-Cal Demonstration Project: Bridge to Reform

Bridge to Reform was approved in November 2010 by CMS, pursuant to Section 1115(a) of the Social Security Act. This waiver affected many aspects of Medi-Cal revenue for the County hospitals and clinics including the financing methods by which the State drew down federal matching funds. Bridge to Reform covered the period November 1, 2010 to October 31, 2015, with a temporary extension to December 31, 2015.

Although DSH and SNCP ended in FY 2014-2015, the Department of Health Care Services (DHCS) has yet to perform the final reconciliation for various program years. In FY 2018-2019, the financial impact of these programs is immaterial.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Managed Care for Seniors and Persons with Disabilities

Under the Medi-Cal Demonstration Project, in an effort to provide more coordinated care and contain costs, Medi-Cal beneficiaries who are Seniors and Persons with Disabilities (SPDs) are required to enroll in managed care plans, rather than using a fee for service system. In FY 2018-2019, an estimated \$121.87 million of SPD revenues were recorded as part of net patient service revenue.

The Medi-Cal Demonstration Project required the County to make IGTs to the State to fund the non-federal share of Medi-Cal inpatient payments for the SPD managed care population. Expenses associated with such IGTs were \$75.48 million in FY 2018-2019.

The General Fund received \$26.11 million for SPD, which were recorded as "Charges for Services" revenue on the governmental funds statement.

Affordable Care Act

On January 1, 2014, when the federal health care reform of the Patient Protection went into effect, the Hospital Presumptive Eligibility program also provided individuals with temporary Medi-Cal benefits while a formal, permanent Medi-Cal application is being processed.

Medicaid Coverage Expansion

The Medicaid Coverage Expansion (MCE), also known as the Optional Medicaid Expansion program, provides Medi-Cal coverage for adult citizens or legal residents (ages 19-64) who are uninsured and have incomes at or below 138% of the Federal Property Level. The Federal Medical Assistance Percentage (FMAP) for the MCE Program is 100.00% from July 1, 2016 through December 31, 2016, 95.00% from January 1, 2017 through December 31, 2017, 94.00% from January 1, 2018 through December 31, 2018, and 93.00% effective January 1, 2019.

During FY 2018-2019, LA Care Health Plan (LA Care), one of the health plans which subcontracts with the County to provide services for their Medi-Cal managed care members, continued to pay the County managed care capitation payments based on the FY 2017-2018 contract rates. The two organizations are currently working together to determine the new rates, but the negotiated rates are not yet finalized. For the MCE capitated lives, the official MCE rates are estimated to have increased in FY 2018-2019.

In FY 2018-2019, the total estimated MCE revenues and related estimated IGTs, including prior year over/under-realization were as follows (in thousands):

	Program Revenues	Intergovernmental Transfers Expense
MCE	\$ 131,333	\$ 16,861
MCRS - MCE	148,787	9,770
Total	\$ 280,120	\$ 26,631

The General Fund received \$78.52 million for MCE and paid \$12.40 million of related IGTs, which were recorded as "Charges for Services" revenue and "Health and Sanitation" expenditures, respectively, on the governmental funds statement.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs

Medi-Cal Fee-For-Service

The Medi-Cal Demonstration Project restructured the financing method by which the State draws down federal matching funds for the inpatient hospital fee for service (FFS) to cost based reimbursement. The non-federal share of the Medi-Cal FFS is provided by the hospitals primarily through certified public expenditures (CPE) whereby the hospital expends its local funding for services to draw down the federal financing participation, currently provided at a 50% match. For FY 2018-2019, an estimated \$420.18 million of Medi-Cal FFS revenues were recorded as part of net patient service revenue.

Medi-Cal Physician State Plan Amendment

The Medi-Cal Demonstration Project payment for inpatient and other facility services excluded professional services. State Plan Amendment 05-23 allows professional services provided by public entities to be paid similarly to the inpatient hospital services under the Medi-Cal Demonstration Project. Hospitals are allowed to claim federal reimbursement for unreimbursed costs of Medi-Cal professional services (Hospital Inpatient, Emergency Room, and Psychiatric services), which is matched at the applicable FMAP rate for the year.

Revenues of \$49.38 million were recognized and recorded as part of net patient service revenue during FY 2018-2019 and included adjustments for the over/under-realization of revenues associated with FY 2008-2009 and FY 2016-2017 through FY 2017-2018.

Cost Based Reimbursement Clinics

Cost Based Reimbursement Clinics (CBRC) reimburse 100% of allowable costs for outpatient services provided to Medi-Cal beneficiaries at the County's hospital-based clinics, outpatient centers and Ambulatory Care Network health centers (excluding clinics that provide predominately public health services). CBRC revenues in FY 2018-2019 were \$147.06 million. As of June 30, 2019, the County estimated that approximately \$65.61 million of CBRC accounts receivable would not be collectible within 12 months and this amount is classified as a non-current asset in the proprietary fund statements of net position for each hospital.

The General Fund received \$42.31 million for CBRC, which was recorded as "Charges for Services" revenue on the governmental funds statement. As of June 30, 2019, the County estimated that approximately \$11.38 million of CBRC accounts receivable would not be collectible within 12 months.

Medi-Cal Cost Report Settlements

In FY 2018-2019, the County recognized favorable audit settlements of \$83.86 million related to FY 2015-2016, and FY 2016-2017. The County's various level appeals to the Office of Administrative Appeals of certain audit adjustments have been favorably resolved resulting in \$5.35 million of final settlement revenues.

The State is in the process of auditing the FY 2017-2018 cost reports and settlements are expected by the 4th quarter of FY 2019-2020.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Medi-Cal Managed Care Rate Supplements

The State is obtaining CMS' approval to continue the Medi-Cal Managed Care Rate Supplements (MCRS) paid to LA Care and Health Net Health Plans for FY 2018-2019. The supplements are funded by IGTs made by the County. The County does not receive the supplemental payments directly from the State; rather, the State contracts with LACare and Health Net, which then subcontract for services with various provider networks.

In addition, in order to receive the supplemental payments, the County is required by Welfare and Institutions Code Section 14301.4, to pay the State a 20% administrative fee that is assessed on the full amount of the IGTs. This amount is also recorded as part of the IGT.

The total estimated managed care rate supplement revenues and related estimated IGTs recorded in FY 2018-2019, including prior year over/under realization, were as follows (in thousands):

	MCRS Revenues	Intergovernmental Transfers Expense
LA Care	\$ 70,810	\$ 40,468
Health Net	25,321	15,064
Total	\$ 96,131	\$ 55,532

The General Fund received \$127.71 million for MCRS and paid \$71.39 million of related IGTs, which were recorded as "Charges for Services" revenue and "Health and Sanitation" expenditures, respectively, on the governmental funds statement.

Managed Care Rule

On April 25 2016, CMS published the Medicaid and Children's Health Insurance Program (CHIP) Managed Care Final Rule. The rule, many provisions of which went into effect July 1, 2017, is an update to the regulatory framework for Medicaid, aligning it as much as possible with Medicare and other commercial insurance requirements for issues like rate setting, access standards, grievances and appeals, and quality.

The managed care rule limits the ability of states to direct payments to health care providers, unless certain conditions are met. Among the allowable exceptions are payments tied to performance, and payments that provide a uniform payment increase which includes a pre-determined increase over contracted rates. The previous SPD-SB208 and AB85 MCE-to-Cost programs did not meet these conditions. In order to retain this critical funding, the following two programs were introduced:

1. Enhanced Payment Program
2. Quality Incentive Program

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Managed Care Rule-Continued

Enhanced Payment Program

The Enhanced Payment Program (EPP) creates a funding to be used to supplement the base rates public health care systems receive through Medi-Cal managed care contracts, meant to meet the managed care rule's exception that allows payments that provide a uniform increase within a class of providers such as a predetermined increase over contracted rates.

Enhanced payments public health care systems would be eligible to receive depend largely on systems' existing payment arrangements with their managed care plans. Under the proposed structure, health plans would receive an add-on to their managed care rates and would provide interim payments to providers throughout the year. Payments would be reconciled at the end of the year, protecting health plans from any risk associated with payment.

At FY 2018-2019 year-end, the estimated EPP revenues and related IGTs are as follows (in thousands):

	EPP Revenues	Intergovernmental Transfers Expense
Harbor-UCLA Medical Center	\$ 180,518	\$ 28,651
Olive View-UCLA Medical Center	66,019	11,377
LAC+USC Medical Center	207,138	33,062
Rancho Los Amigos National Rehab Center	10,180	2,611
Total	\$ 463,855	\$ 75,701

As of June 30, 2019, the County estimated that approximately \$299.10 million of EPP accounts receivable would not be collectible within 12 months and this amount is classified as a non-current asset in the proprietary fund statements of net position for each hospital.

The General Fund received \$184.55 million for EPP and paid \$21.82 million of related IGTs, which were recorded as "Charges for Services" revenue and "Health and Sanitation" expenditures, respectively, on the governmental funds statement.

Quality Incentive Program

The Quality Incentive Program (QIP) is meant to meet the Managed Care Rule's exception that allows payments tied to performance.

The QIP represents a new pay for performance program for California's public health care systems that would convert funding from previously-existing supplemental payments into a value-based structure. QIP payments are tied to the achievement of performance on a set of clinically-established quality measures for Medi-Cal managed care enrollees.

The QIP is structured similar to the PRIME program. The QIP's measures do not directly overlap with any of the quality measures being used in PRIME, but are designed to be complementary.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Managed Care Rule-Continued

Quality Incentive Program-Continued

At FY 2018-2019 year end, the estimated QIP revenues, recorded as "other operating revenues", and related IGTs, including prior year over/under realization, are as follows (in thousands):

	QIP Revenues	Intergovernmental Transfers Expense
Harbor-UCLA Medical Center	\$ 35,138	\$ (10,428)
Olive View-UCLA Medical Center	18,770	(7,402)
LAC+USC Medical Center	38,252	(11,820)
Rancho Los Amigos National Rehab Center	77	(1,480)
Total	<u>\$ 92,237</u>	<u>\$ (31,130)</u>

As of June 30, 2019, the County estimated that approximately \$88.16 million of QIP accounts receivable would not be collectible within 12 months and this amount is classified as a non-current asset in the proprietary fund statements of net position for each hospital.

The General Fund received \$14.81 million for QIP and paid \$3.49 million of related IGTs, which were recorded as "Intergovernmental Revenue Federal" and "Health and Sanitation" expenditures, respectively, on the governmental funds statement.

Third Party Payor Liability

The County's Hospitals reported third party payor liabilities of \$548.95 million (see Note 11) as of June 30, 2019, as reported on the statement of net position for proprietary funds. The current liabilities for amounts due within one year are \$2.96 million.

The noncurrent liabilities for third party payors are \$545.99 million. The primary programs associated with third party payors liabilities include DSH (\$239.15 million), Medi-Cal (\$103.98 million), SNCP (\$54.95 million), Medicare (\$49.97 million), SPD (\$40.48 million), and other miscellaneous programs (\$57.46 million).

Accounts Receivable-Net

The following is a summary, by hospital, of accounts receivable and allowances for uncollectible amounts as of June 30, 2019 (in thousands):

	H-UCLA	OV-UCLA	LAC+USC	Rancho	Total
Accounts receivable	\$ 2,661,136	\$ 1,454,024	\$ 3,973,642	\$ 637,270	\$ 8,726,072
Less: Allowance for uncollectible amounts	1,817,767	1,042,391	2,963,759	473,218	6,297,135
Accounts receivable - net	<u>\$ 843,369</u>	<u>\$ 411,633</u>	<u>\$ 1,009,883</u>	<u>\$ 164,052</u>	<u>\$ 2,428,937</u>

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2019

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Charity Care

Charity care includes those uncollectible amounts for which the patient is unable to pay. Generally, charity care adjustment accounts are those accounts for which an indigence standard has been established and under which the patient qualifies. Inability to pay may be determined through the Department's Ability-to-Pay program, through other collection efforts by the Department, by the Treasurer and Tax Collector, or by an outside collection agency. Determinations of charity care may be made prior to, at the time of service, or any time thereafter. The estimated cost of charity care for the year ended June 30, 2019 was \$558.43 million. A portion of the charity care is funded by GPP at a rate of 20.00%. The total amount of such charity care provided by the hospitals for the year ended June 30, 2019 is as follows (in thousands):

Charity care at established rates	\$ 1,279,384
GPP reimbursement	175,119
Charges forgone	\$ 1,104,265

Realignment

As a result of the ACA, the State of California (State) adopted and passed Assembly Bill 85 (AB85), as amended by Senate Bill 98, which lays out the process by which a portion of the 1991 County Health Realignment funds will be redirected to support Social Services programs based on a formula. The redirection is based on the assumption that the counties will decrease their cost for healthcare for the indigent population. These savings will be shared between the counties' health departments and the State. The sharing ratio is 80% to the State and 20% to the County. This ratio has been in place since FY 2014-2015. AB85, as amended, provides a unique formula for the County to determine the amount to be redirected.

In FY 2018-2019, the State did not withhold any of the County's Health Realignment funds. This amount is expected to be reconciled against actual revenues and expenses for FY 2018-2019 within two years. The redirection amount will be subject to the State's review and approval. The financial impact of the potential redirection of realignment funding in future years is not yet known.

In FY 2017-2018, the State did not withhold any of the County's Health Realignment funds. However, based on updated revenues realized for FY 2017-2018 services in FY 2018-2019, the projected redirection amount is \$82.34 million. As a result, the "Intergovernmental Revenue - State" revenue has been reduced by \$82.34 million in the County's General Fund in FY 2018-2019.

In FY 2016-2017, the State withheld \$5.61 million from the County's Health Realignment funds. However, based on updated revenues realized for FY 2016-2017 services in FY 2018-2019, the projected redirection amount is \$229.89 million. As a result, the "Intergovernmental Revenue - State" revenue has been reduced by \$224.28 million in the County's General Fund in FY 2018-2019.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Martin Luther King, Jr. Community Hospital

The County and the University of California (UC), with the State, have created a wholly independent, non-profit 501(c)(3) entity, the Martin Luther King, Jr. - Los Angeles Healthcare Corporation (MLK-LA), to operate a new hospital at the MLK-MACC site. The hospital will: i) serve as a safety-net provider treating a high volume of Medi-Cal and uninsured patients and ii) be integrated with the County's existing network of specialty and primary care ambulatory clinics. The seven-member MLK Hospital Board of Directors was appointed by the County and UC in August 2010. The new MLK Community Hospital opened on May 14, 2015.

To assist with the opening of the MLK Hospital, the County provided MLK-LA with \$50.00 million of coordination start-up funds, \$39.10 million of grant funding, and \$82.00 million of long-term loan funding, which includes a 30-year loan in the amount of \$50.00 million, a 10-year revolving line of credit in the amount of \$20.00 million, and a 2-year loan in the amount of \$12.00 million. On January 5, 2016, the Board approved an additional short-term revolving loan in the amount of \$40.00 million to assist MLK-LA with post-hospital opening expenses. All the loans have been repaid in full, with the exception of the 30-year loan, which has a current outstanding balance of \$44.64 million. In addition, the DHS has committed to make ongoing annual payments of \$18.00 million for indigent care support, and \$50.00 million of intergovernmental transfers for the benefit of the MLK Hospital.

15. INTERFUND TRANSACTIONS

Interfund Receivables/Payables

Interfund receivables and payables have been eliminated in the government-wide financial statements, except for "internal balances" that are reflected between the governmental and business-type activities. The majority of the interfund balances resulted from the time lag between the time that (1) goods and services were provided; (2) the recording of those transactions in the accounting system; and (3) payments between the funds were made. Interfund receivables and payables have been recorded in the fund financial statements. Such amounts arise due to the exchange of goods or services (or subsidy transfers) between funds that were pending the transfer of cash as of June 30, 2019.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

15. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

Cash transfers related to interfund receivables/payables are generally made within 30 days after year-end. Amounts due to/from other funds at June 30, 2019 are as follows (in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Fire Protection District	\$ 16,513
	Flood Control District	12,919
	LA County Library	3,674
	Regional Park and Open Space District	5,321
	Mental Health Services Act	279,696
	Nonmajor Governmental Funds	156,357
	Harbor-UCLA Medical Center	84,093
	Olive View-UCLA Medical Center	50,609
	LAC+USC Medical Center	110,613
	Rancho Los Amigos Nat'l Rehab Center	27,960
	Waterworks Enterprise Funds	548
	Nonmajor Aviation Funds	599
	Internal Service Funds	8,623
	<u>757,525</u>	
Fire Protection District	General Fund	1,241
	Nonmajor Governmental Funds	4,312
	<u>5,553</u>	
Flood Control District	General Fund	799
	Nonmajor Governmental Funds	1,904
	Waterworks Enterprise Funds	299
	Nonmajor Aviation Funds	50
	Internal Service Funds	14,201
	<u>17,253</u>	
LA County Library	General Fund	7,486
	Fire Protection District	8
	Nonmajor Governmental Funds	415
	<u>7,909</u>	

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

15. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

Receivable Fund	Payable Fund	Amount
Regional Park and Open Space District	General Fund	\$ 128
Mental Health Services Act	General Fund	17,281
Nonmajor Governmental Funds	General Fund	4,183
	Fire Protection District	1,998
	Flood Control District	3
	LA County Library	411
	Nonmajor Governmental Funds	18,052
	Internal Service Funds	18,791
		<u>43,438</u>
Harbor-UCLA Medical Center	General Fund	49,524
	Fire Protection District	28
	Nonmajor Governmental Funds	22,900
	Olive View-UCLA Medical Center	414
	LAC+USC Medical Center	1,950
	Rancho Los Amigos Nat'l Rehab Center	160
	Internal Service Funds	4
		<u>74,980</u>
Olive View-UCLA Medical Center	General Fund	41,245
	Fire Protection District	113
	Nonmajor Governmental Funds	14,578
	Harbor-UCLA Medical Center	116
	LAC+USC Medical Center	66
	Rancho Los Amigos Nat'l Rehab Center	20,964
		<u>77,082</u>
LAC+USC Medical Center	General Fund	52,663
	Fire Protection District	35
	Nonmajor Governmental Funds	66,784
	Harbor-UCLA Medical Center	132,697
	Olive View-UCLA Medical Center	43,584
	Rancho Los Amigos Nat'l Rehab Center	18,361
		<u>314,124</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

15. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

Receivable Fund	Payable Fund	Amount
Rancho Los Amigos Nat'l Rehab Center	General Fund	\$ 4,686
	Fire Protection District	13
	Harbor-UCLA Medical Center	42
	Olive View-UCLA Medical Center	3
	LAC+USC Medical Center	45
		<u>4,789</u>
Waterworks Enterprise Funds	General Fund	51
	Internal Service Funds	2,191
		<u>2,242</u>
Nonmajor Aviation Funds	Fire Protection District	15
	Internal Service Funds	24
		<u>39</u>
Internal Service Funds	General Fund	33,013
	Fire Protection District	109
	Flood Control District	34,266
	LA County Library	5
	Nonmajor Governmental Funds	42,758
	Harbor-UCLA Medical Center	1,974
	Olive View-UCLA Medical Center	2
	LAC+USC Medical Center	20
	Rancho Los Amigos Nat'l Rehab Center	1,608
	Waterworks Enterprise Funds	6,685
Nonmajor Aviation Funds	398	
		<u>120,838</u>
Total Interfund Receivables/Payables		<u>\$ 1,443,181</u>

Interfund Transfers

Transfers were made during the year from the General Fund to subsidize the operations of the LA County Library and the four hospitals. Other transfers primarily consisted of payments from the various operating funds (principally the General Fund) to debt service funds in accordance with long-term debt covenants. In addition, special revenue funds that are statutorily restricted made transfers to other funds to augment funding for programs operated in the General Fund and hospitals.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

15. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

Interfund transfers to/from other funds for the year ended June 30, 2019 are as follows (in thousands):

Transfer From	Transfer To	Amount
General Fund	Fire Protection District	\$ 37,324
	LA County Library	47,173
	Nonmajor Governmental Funds	105,885
	Harbor-UCLA Medical Center	76,652
	Olive View-UCLA Medical Center	7,706
	LAC+USC Medical Center	461,633
	Rancho Los Amigos Nat'l Rehab Center	86,045
	Internal Service Funds	138
		<u>822,556</u>
Fire Protection District	Nonmajor Governmental Funds	<u>7,874</u>
Flood Control District	Nonmajor Governmental Funds	3
	Internal Service Funds	7,915
		<u>7,918</u>
LA County Library	General Fund	3,199
	Nonmajor Governmental Funds	737
		<u>3,936</u>
Mental Health Services Act	General Fund	<u>643,721</u>
Nonmajor Governmental Funds	General Fund	322,874
	Fire Protection District	1,948
	LA County Library	578
	Nonmajor Governmental Funds	377,469
	Harbor-UCLA Medical Center	50,166
	Olive View-UCLA Medical Center	44,996
	LAC+USC Medical Center	122,241
	Rancho Los Amigos Nat'l Rehab Center	2,279
	Internal Service Funds	9,636
		<u>932,187</u>
Harbor-UCLA Medical Center	Nonmajor Governmental Funds	339
	Rancho Los Amigos Nat'l Rehab Center	491
		<u>830</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

15. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

Transfer From	Transfer To	Amount
Olive View-UCLA Medical Center	LAC+USC Medical Center	\$ 9,654
	Rancho Los Amigos Nat'l Rehab Center	822
		<u>10,476</u>
LAC+USC Medical Center	General Fund	<u>5,047</u>
Rancho Los Amigos Nat'l Rehab Center	Harbor-UCLA Medical Center	4,174
	Olive View-UCLA Medical Center	915
	LAC+USC Medical Center	5
		<u>5,094</u>
Waterworks Enterprise Funds	Nonmajor Governmental Funds	224
	Internal Service Funds	1,472
		<u>1,696</u>
Nonmajor Aviation Funds	Internal Service Funds	<u>143</u>
Internal Service Funds	General Fund	2,948
	Nonmajor Governmental Funds	1,033
		<u>3,981</u>
Total Interfund Transfers		<u>\$ 2,445,459</u>

Interfund Advances

The General Fund, along with other funds that receive services from the Public Works Internal Service Fund, makes short-term advances to ensure sufficient cash is available to fund operations. In addition, the General Fund makes short-term advances to assist the Hospital Funds in meeting their cash flow requirements.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

15. INTERFUND TRANSACTIONS-Continued

Interfund Advances-Continued

Advances from/to other funds at June 30, 2019 are as follows (in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Harbor-UCLA Medical Center	\$ 235,317
	Olive View-UCLA Medical Center	58,732
	LAC+USC Medical Center	336,473
	Rancho Los Amigos Nat'l Rehab Center	1,265
	Internal Service Funds	3,061
		<hr/> 634,848 <hr/>
Flood Control District	Internal Service Funds	6,339
		<hr/>
Nonmajor Governmental Funds	Internal Service Funds	11,232
		<hr/>
Waterworks Enterprise Funds	Internal Service Funds	1,368
		<hr/>
Total Interfund Advances		<hr/> <u>\$ 653,787</u> <hr/>

16. BUDGETARY ACCOUNTING DIFFERENCES/RECONCILIATIONS BETWEEN THE BUDGETARY BASIS AND GAAP

The County's statement of revenues, expenditures and changes in fund balances-budget and actual on budgetary basis for the major governmental funds has been prepared on the budgetary basis of accounting, which is different from GAAP.

The amounts presented for the governmental funds statements are based on the modified accrual basis of accounting and differ from the amounts presented on a budgetary basis of accounting. The major areas of difference are as follows:

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

16. BUDGETARY ACCOUNTING DIFFERENCES/RECONCILIATIONS BETWEEN THE BUDGETARY BASIS AND GAAP-Continued

- Under the budgetary basis, revenues (primarily intergovernmental) are recognized at the time encumbrances are established for certain programs and capital improvements. The intent of the budgetary policy is to match the use of budgetary resources (for amounts encumbered, but not yet expended) with funding sources that will materialize as revenues when actual expenditures are incurred. Under the modified accrual basis, revenues are not recognized until the qualifying expenditures are incurred and amounts are collected within the County’s availability period.
- For the General Fund, obligations for accrued compensated absences and estimated liabilities for litigation and self-insurance are recorded as budgetary expenditures to the extent that they are estimated to be payable within one year after year-end. Under the modified accrual basis of accounting, such expenditures are not recognized until they become due and payable in accordance with GASB Interpretation 6.
- In conjunction with the sale of Tobacco Settlement Asset-Backed bonds in FY 2005-2006, the County sold 25.9% of its future tobacco settlement revenues. Under the budgetary basis, the proceeds were recognized as revenues. Under the modified accrual basis, the proceeds were recorded as deferred inflows of resources and are being recognized over the duration of the sale agreement, in accordance with GASB 48 and 65. This matter is also discussed in Note 11, under the caption, “Tobacco Settlement Asset-Backed Bonds.”
- Under the budgetary basis, property tax revenues are recognized to the extent that they are collectible within one year after year-end. Under the modified accrual basis, property tax revenues are recognized only to the extent that they are collectible within 60 days.
- For budgetary purposes, investment income is recognized prior to the effect of changes in the fair value of investments. Under the modified accrual basis, the effects of such fair value changes have been recognized.
- The County determined that certain assets were held by LACERA (the OPEB administrator) in an OPEB Agency Fund. For budgetary purposes, any excess payments (beyond the pay-as-you-go amount) are recognized as expenditures. Under the modified accrual basis, the expenditures are adjusted to recognize the OPEB Agency assets at June 30, 2019.

The following schedule is a reconciliation of the budgetary and GAAP fund balances for the major governmental funds (in thousands):

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

16. BUDGETARY ACCOUNTING DIFFERENCES/RECONCILIATIONS BETWEEN THE BUDGETARY BASIS AND GAAP-Continued

	General Fund	Fire Protection District	Flood Control District	LA County Library	Regional Park and Open Space District	Mental Health Services Act
Fund balance - budgetary basis	\$ 2,089,840	\$ 20,163	\$ 60,099	\$ 41,347	\$ 181,758	\$ 213,628
Budgetary fund balances	2,153,044	134,977	432,997	46,917	222,536	726,037
Subtotal	<u>4,242,884</u>	<u>155,140</u>	<u>493,096</u>	<u>88,264</u>	<u>404,294</u>	<u>939,665</u>
Adjustments:						
Accrual of estimated liability for litigation and self-insurance claims	197,462	824		356		
Accrual of compensated absences	92,574					
Unamortized balance of sale of tobacco settlement revenue	(217,518)					
Change in revenue accruals	(51,427)	(18,569)	(5,487)	(2,699)	(231)	(1,170)
Change in OPEB Agency Fund	170,034	9,733		1,628		
Subtotal	<u>191,125</u>	<u>(8,012)</u>	<u>(5,487)</u>	<u>(715)</u>	<u>(231)</u>	<u>(1,170)</u>
Fund balance - GAAP basis	<u>\$ 4,434,009</u>	<u>\$ 147,128</u>	<u>\$ 487,609</u>	<u>\$ 87,549</u>	<u>\$ 404,063</u>	<u>\$ 938,495</u>

17. OTHER COMMITMENTS

Construction and Other Significant Commitments

At June 30, 2019, there were contractual commitments of approximately \$2.00 million for a general government construction project and approximately \$74.22 million for various hospital construction projects that were financed by bonds and lease revenue obligation notes.

LACERA Capital Commitments

At June 30, 2019, LACERA had outstanding capital commitments to various investment managers, approximating \$5.300 billion.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

17. OTHER COMMITMENTS-Continued

Encumbrances

The County uses “encumbrances” to control expenditure commitments for the year. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve applicable appropriations. Depending on the source(s) of funding, encumbrances are reported as part of restricted, committed or assigned fund balance on the governmental funds balance sheet. As of June 30, 2019, the encumbrance balances for the governmental funds (in thousands) are reported as follows:

	Restricted	Committed	Assigned	Total
General Fund	\$	\$	\$ 583,488	\$ 583,488
Fire Protection District	38,468			38,468
Flood Control District	147,259			147,259
LA County Library			24,742	24,742
Regional Park and Open Space District	53,827			53,827
Mental Health Services Act	925			925
Nonmajor Governmental Funds	113,521	5,243	702	119,466
Total Encumbrances	<u>\$ 354,000</u>	<u>\$ 5,243</u>	<u>\$ 608,932</u>	<u>\$ 968,175</u>

18. RISK MANAGEMENT

The County purchases insurance for certain risk exposures such as property, aviation, employee fidelity, boiler and machinery, cyber, catastrophic workers’ compensation, art objects, volunteers, special events, public official bonds, crime, safety reserve employee death and disability, and fiduciary liability for the deferred compensation plans. There have been settlements related to these programs that exceeded self-insured retention in the last three years. Losses did not exceed coverage in FY 2016-2017, FY 2017-2018 or FY 2018-2019.

The County retains the risk for all other loss exposures. Major areas of risk include workers' compensation, medical malpractice, law enforcement, natural disasters, inverse condemnation, non-tort and tort liability. Expenditures are accounted for in the fund whose operations resulted in the loss. Claims expenditures and liabilities are reported when it is probable that a loss has been incurred and the amount of that loss, including those incurred but not reported, can be reasonably estimated. The County utilizes actuarial studies, historical data, and individual claims reviews to estimate these liabilities. The liabilities include estimable incremental claim adjustment expenses, net of salvage, and recovery/subrogation of approximately 10% of the total liability expenditures. They do not include other claim adjustment costs because the County does not believe it is practical or cost effective to estimate them.

As indicated in the following table, the County’s workers’ compensation balance as of June 30, 2019 was approximately \$2.990 billion. This amount is undiscounted and is based on an actuarial study of the County’s self-insured program as of June 30, 2019. Approximately \$111.87 million of the total liabilities pertain to salary continuation payments and other related costs mandated by the State Labor Code.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

18. RISK MANAGEMENT-Continued

As of June 30, 2019, the County's estimate of these liabilities is \$3.337 billion. Changes in the reported liability since July 1, 2017 resulted from the following (in thousands):

	Beginning of Fiscal Year Liability	Current Year Claims and Changes In Estimates	Claim Payments	Balance At Fiscal Year- End
<u>2017-2018</u>				
Workers' Compensation	\$ 2,639,553	\$ 679,229	\$ (460,354)	\$ 2,858,428
Other	301,519	86,925	(89,171)	299,273
Total	<u>\$ 2,941,072</u>	<u>\$ 766,154</u>	<u>\$ (549,525)</u>	<u>\$ 3,157,701</u>
<u>2018-2019</u>				
Workers' Compensation	\$ 2,858,428	\$ 633,766	\$ (502,377)	\$ 2,989,817
Other	299,273	146,178	(97,821)	347,630
Total	<u>\$ 3,157,701</u>	<u>\$ 779,944</u>	<u>\$ (600,198)</u>	<u>\$ 3,337,447</u>

In addition to the above estimated liabilities, the County has determined that claims seeking damages of approximately \$174.26 million are reasonably possible of creating adverse judgments against the County. Because of the uncertainty of their outcome, no loss has been accrued for these claims.

The County receives substantial federal revenues and operates many programs which are subject to federal rules and regulations. Federal assistance is especially critical to the County's ability to operate its four County hospitals and health care network. The County is carefully monitoring State and federal policy developments to determine the future impacts, if any, on its ability to administer federal programs and deliver County services that rely upon federal funding.

19. POLLUTION REMEDIATION

The County is involved in several remediation actions to clean up pollution sites within its boundaries. These matters generally coincide with the County's ownership of land, buildings and infrastructure assets. In some cases, regulatory agencies (e.g., Regional Water Quality Board, State Department of Toxic Control, California Coastal Commission) notified the County of the need for remedial action. In addition, the County conducts its own environmental monitoring and this activity identifies pollution sites and matters requiring further investigation and possible remediation. Once the County is aware of these conditions, it commences monitoring, assessment, testing and/or cleanup activities, and recognizes a pollution remediation obligation when estimates can reasonably be determined. The pollution remediation obligation is an estimate and is subject to revision because of price increases or reductions, changes in technology, or changes in applicable laws or regulations. The types of pollution that have been identified include leaking underground storage tanks, water, groundwater and soil contamination, asbestos and lead paint contamination, methane gas detection and excessive levels of other contaminants. Remediation efforts include developing remediation and feasibility studies, source identification studies, site testing, sampling and analysis, ground water cleanup, and removal of storage tanks, asbestos tiles and other hazardous materials.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

19. POLLUTION REMEDIATION-Continued

As of June 30, 2019, the County's estimated pollution remediation obligation totaled \$44.11 million. This obligation was associated with the County's governmental activities. Obligations of enterprise and internal service funds were immaterial. The estimated liability was determined by project managers, based on historical cost information for projects of the same type, size and complexity and measured at their current value. In subsequent periods, the County will adjust the estimated obligation when new information indicates that such changes are required. At this time, the County has determined there are no estimated recoveries reducing the obligation.

20. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows and inflows of resources balances in the government-wide and the proprietary funds statement of net position as of June 30, 2019 are described as follows:

- The deferred outflows of resources, included on the government-wide statement of net position, relate to the unamortized losses on refunding of debt, changes in the net pension liability as discussed in Note 8, and changes in the net OPEB liability as discussed in Note 9. The unamortized losses on refunding of debt are a deferred charge on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.
- The deferred inflows of resources, included on the government-wide statement of net position, relate to the future installment payments of service concession arrangements as discussed in Note 7, from changes in the net pension liability as discussed in Note 8, and from changes in the net OPEB liability as discussed in Note 9.

Government-wide
Statement of Net Position (in thousands)

	Governmental Activities	Business-type Activities	Total
Deferred outflows of resources:			
Unamortized losses on refunding of debt	\$ 14,452		\$ 14,452
Pensions	3,741,547	660,040	4,401,587
OPEB	1,235,058	173,808	1,408,866
Total government-wide deferred outflows of resources	<u>\$ 4,991,057</u>	<u>833,848</u>	<u>\$ 5,824,905</u>
Deferred inflows of resources:			
Service concession arrangements	\$ 82,853		\$ 82,853
Pensions	1,175,234	166,766	1,342,000
OPEB	4,099,744	793,728	4,893,472
Total government-wide deferred inflows of resources	<u>\$ 5,357,831</u>	<u>960,494</u>	<u>\$ 6,318,325</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

20. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES-Continued

Proprietary Funds
Statement of Net Position (in thousands):

	H-UCLA	OV-UCLA	LAC+USC	Rancho	Total	ISF Funds
Deferred outflows of resources:						
Pensions	\$ 203,635	131,936	269,909	54,560	\$ 660,040	\$ 140,146
OPEB	54,790	41,078	66,173	11,767	173,808	33,134
Total proprietary funds deferred outflows of resources	<u>\$ 258,425</u>	<u>173,014</u>	<u>336,082</u>	<u>66,327</u>	<u>\$ 833,848</u>	<u>\$ 173,280</u>
Deferred inflows of resources:						
Pensions	\$ 49,449	32,569	67,811	16,937	\$ 166,766	\$ 39,827
OPEB	221,880	149,072	336,141	86,635	793,728	164,202
Total proprietary funds deferred inflows of resources	<u>\$ 271,329</u>	<u>181,641</u>	<u>403,952</u>	<u>103,572</u>	<u>\$ 960,494</u>	<u>\$ 204,029</u>

Deferred outflows and inflows of resources balances in the governmental funds balance sheet as of June 30, 2019 are described as follows:

- The intra-entity sales of future tobacco settlement revenues are reported as deferred inflows of resources in the General Fund and deferred outflows of resources in the nonmajor governmental funds.
- Under the modified accrual basis of accounting, earning revenues during the current period is not sufficient for revenue recognition in the current period. Revenue must also be susceptible to accrual (i.e., measurable and available to finance expenditures of the current period). Governmental funds report revenues not susceptible to accrual as deferred inflows of resources. The County has included two such items, which are property tax revenues to be collected beyond the 60 day accrual period, plus other long-term receivables, related mostly to SB90 claims, expected to be collected beyond the 12 month accrual period.

Governmental Funds
Balance Sheet (in thousands):

	General Fund	Fire Protection District	Flood Control District	LA County Library	Regional Park and Open Space District	Nonmajor Funds	Total
Deferred outflows of resources -							
Tobacco settlement revenues	<u>\$</u>					<u>217,518</u>	<u>\$ 217,518</u>
Deferred inflows of resources:							
Tobacco settlement revenues	\$ 217,518						\$ 217,518
Property tax revenues	130,973	28,624	8,539	4,558	3,098	7,725	183,517
Other long-term receivables	235,272	9,446				4,033	248,751
Total governmental funds deferred inflows of resources	<u>\$ 583,763</u>	<u>38,070</u>	<u>8,539</u>	<u>4,558</u>	<u>3,098</u>	<u>11,758</u>	<u>\$ 649,786</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

21. FUND BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned as described in Note 1. A detailed schedule of fund balances for all the major and nonmajor governmental funds at June 30, 2019 (in thousands) is as follows:

	General Fund	Fire Protection District	Flood Control District	LA County Library	Regional Park and Open Space District	Mental Health Services Act	Nonmajor Governmental Funds
Fund Balances:							
Nonspendable:							
Inventories	\$ 58,050	13,229	1	664			1
Long-term receivables	253,908						
Permanent fund principal							2,145
Total Nonspendable	311,958	13,229	1	664			2,146
Restricted for:							
Purpose of fund		133,899	487,509	21,495	404,063	938,495	1,328,092
Purpose of utility user tax	69,634						
Grand Avenue project	4,600						
Sheriff Pitchess landfill	2,976						
La Alameda project	2,000						
Capital projects							337,259
Debt service							337,173
Endowments and annuities							132
Total Restricted	79,210	133,899	487,509	21,495	404,063	938,495	2,002,656
Committed to:							
Purpose of fund							48,227
Capital projects and extraordinary maintenance	142,946						79,602
Affordable housing	11,877						
Assessor tax system	1,494						
Board budget policies and priorities	16,228						
Budget uncertainties	91,959						
Consolidated correctional treatment facility debt service	149,676						
Department of children and family services	8,840						
Financial system	11,714						
Health services future financial requirements	5,328						
Health services-tobacco settlement	120,104						
Interoperable and countywide communication	1,740						
Information technology enhancements	78,184						

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

21. FUND BALANCES-Continued

	General Fund	Fire Protection District	Flood Control District	LA County Library	Regional Park and Open Space District	Mental Health Services Act	Nonmajor Governmental Funds
Library services	\$ 5,370						
Live scan	2,000						
Office of Diversion and Re-Entry Permanent Supportive Housing	80,084						
Public works-permit tracking system	3,549						
Services to unincorporated areas	4,015						
Sheriff unincorporated patrol	90						
TTC remittance processing and mailroom equipment	3,877						
TTC unsecured property tax system	463						
Voting solutions for all people	40,979						
Total Committed	780,517						127,829
Assigned to:							
Purpose of fund			99	65,390			120,649
Future purchases	620,773						
Capital projects							40,330
Total Assigned	620,773		99	65,390			160,979
Unassigned	2,641,551						
Total Fund Balances	\$4,434,009	147,128	487,609	87,549	404,063	938,495	2,293,610

Reserve for "Rainy Day" Fund

On June 22, 2009, the Board established a Reserve for "Rainy Day" fund. The Reserve for "Rainy Day" fund was established and maintained to protect essential County programs against unforeseen emergencies and economic downturns. The Reserve cap should be 10.00% of on-going locally generated revenue. Transfers, at a minimum of ten percent (10.00%) of excess fund balance, less Board approved carryovers, will be set aside in the Rainy Day Fund and/or OPEB trust fund each year until the 10.00% cap is met. Excess fund balance is defined as the difference between the actual year-end fund balance amount as determined by the Auditor-Controller, less the estimated fund balance amount included in the Adopted Budget. Board approved carryover is defined as unspent funding that was previously approved by the Board for critical programs and/or uncompleted projects.

When the Reserve cap of 10.00% is reached, the annual 10.00% of excess fund balance amount should be deposited into the OPEB trust fund to be made available for unfunded retiree health obligations. The objective is to avoid on-going commitments with funding that may not be sustainable in an economic downturn.

The County's "Rainy-Day" fund does not meet the criteria for a stabilization arrangement for reporting the funds as either restricted or committed. As such, the Reserve for "Rainy Day" funds in the amount of \$562.94 million is reported as unassigned fund balance in the General Fund.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

22. SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes (TRANS)

On July 1, 2019, the County issued \$700.00 million in 2019-2020 TRANS, which will mature on June 30, 2020. The TRANS are collateralized by taxes and other revenues attributable to FY 2019-2020 and were issued in the form of Fixed Rate Notes at an effective interest rate of 1.24%.

Mental Health Treatment Center (MHTC) - Termination of Design-Build Agreement

On August 13, 2019, the Board authorized the termination of the entire Design-Build Agreement with McCarthy Building Companies, Inc. (McCarthy) for the design and construction of the MHTC which was to replace the Men's Central Jail. The design for the original scope of the MHTC will need to substantially change once ongoing analysis regarding a care-first treatment model is complete and all facts are known for the Board to make the best decision on the right-sizing and configuration of the MHTC. The total contractual commitment was for \$12.94 million. As of June 30, 2019, the total capitalized costs for the MHTC construction in progress was \$41.84 million, of which \$3.37 million was for the McCarthy agreement. On September 15, 2019, the County made a payment of \$5.99 million. There are additional close out items and the final financial impact has yet to be quantified.

Public Works Financing Authority - Lease Revenue Bonds 2019 Series E-1 and E-2

On August 29, 2019, the Authority issued \$251.89 million of lease revenue bonds, which includes \$219.34 million (Series E-1) and \$32.55 million (Series E-2), maturing from 2020 to 2049, with yields from 0.82% to 2.11%. Proceeds from the sale of the Series E-1 and Series E-2 bonds were used to redeem LRON for various capital improvement projects.

Lease Revenue Obligation Notes (LRON)

On October 23, 2019, the County redeemed \$24.78 million of LRON, which included \$24.38 million for the 1060 North Vignes Lot Acquisition and \$400,000 for the Music Center Plaza Refinements.

On November 5, 2019, LACCAL issued an additional \$30.00 million in LRON with an interest rate of 1.06%. The proceeds are being used to fund capital requirements of various capital projects. LRON issuances are supported and secured by four separate series of letters of credit and pledged County properties.

COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Los Angeles County Employees Retirement Association
Schedule of the County's Proportionate Share of the Net Pension Liability and Related Ratios
Last 10 Fiscal Years^{1,2}
(Dollar amounts in thousands)

	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Pension Plan's fiduciary net position as percentage of total pension liability	83.960%	82.370%	81.749%	86.296%	86.804%
County's proportionate share of the collective net pension liability	\$ 10,345,209	\$ 10,849,931	\$ 10,272,671	\$ 7,448,374	\$ 6,957,082
County's proportion as percentage of the collective net pension liability	96.169%	96.119%	96.170%	96.081%	95.897%
Covered payroll	\$ 7,631,381	\$ 7,320,575	\$ 6,986,004	\$ 6,948,738	\$ 6,672,228
County's proportionate share of the collective net pension liability as a percentage of its covered payroll	135.561%	148.211%	147.046%	107.190%	104.269%

Schedule of County's Pension Contributions
Last 10 Fiscal Years^{1,3}
(Dollar amounts in thousands)

	2019	2018	2017	2016	2015
Actuarially Determined Contribution (ADC)	\$ 1,605,150	\$ 1,466,411	\$ 1,300,711	\$ 1,389,628	\$ 1,437,555
Less: Contributions in relation to the ADC	1,605,150	1,466,411	1,300,711	1,389,628	1,437,555
Contribution Deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered payroll	\$ 8,031,454	\$ 7,631,381	\$ 7,320,575	\$ 6,986,004	\$ 6,948,738
Contributions as a percentage of total covered payroll	19.986%	19.216%	17.768%	19.892%	20.688%

- (1) Historical information is required only for measurement periods for which GASB 68 is applicable. Eventually, 10 years of data will be shown.
- (2) Reflects data as of the measurement date.
- (3) Reflects data as of the reporting date.

COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Los Angeles County Employees Retirement Association
Notes to Required Supplementary Information

Changes of benefit terms

There were no plan changes after June 30, 2013.

Changes of assumptions

There were no changes of assumptions used to determine the Total Pension Liability.

There were no changes of assumptions in determining the ADC since FY 2014-2015.

COUNTY OF LOS ANGELES
 REQUIRED SUPPLEMENTARY INFORMATION
 (Unaudited)

Los Angeles County Employees Retirement Association
 Schedule of the County's Proportionate Share of the Net RHC OPEB Liability
 Last 10 Fiscal Years^{1,2}
 (Dollar amounts in thousands)

	<u>6/30/2018</u>	<u>6/30/2017</u>
County's proportion as a percentage of the collective net OPEB liability	95.392%	95.391%
County's proportionate share of the collective net OPEB liability	\$ 23,590,686	\$ 25,249,103
Covered-employee payroll	\$ 8,571,345	\$ 8,176,831
County's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	275.227%	308.788%
Plan fiduciary net position as a percentage of the total OPEB liability	3.670%	2.730%

Schedule of County's RHC OPEB Contributions
 Last 10 Fiscal Years^{1,3}
 (Dollar amounts in thousands)

	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution (ADC)	\$ 1,549,500	\$ 1,901,000
Less: Contributions in relation to the ADC	787,366	679,872
Contribution Deficiency (excess)	<u>\$ 762,134</u>	<u>\$ 1,221,128</u>
Covered-employee payroll	\$ 9,071,329	\$ 8,571,345
Contributions as a percentage of total covered-employee payroll	8.680%	6.523%

- (1) Historical information is required only for measurement periods for which GASB 75 is applicable. Eventually, 10 years of data will be shown.
- (2) Reflects data as of the measurement date.
- (3) Reflects data as of the reporting date.

COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Los Angeles County Employees Retirement Association
Notes to Required Supplementary Information

Changes of benefit terms

None

Changes of assumptions

The Discount rate increased from 4.69% as of June 30, 2017 to 5.11% as of June 30, 2018.

The Investment rate of return decreased from 6.66% as of June 30, 2017 to 6.30% as of June 30, 2018.

COUNTY OF LOS ANGELES
 REQUIRED SUPPLEMENTARY INFORMATION
 (Unaudited)

Schedule of Changes in the Total LTD OPEB Liability and Related Ratios
 Last 10 Fiscal Years¹
 (Dollar amounts in thousands)

	6/30/2018	6/30/2017
Total OPEB Liability		
Service cost	\$ 43,162	\$ 49,068
Interest	38,818	33,546
Changes of benefit terms		
Differences between expected and actual experience	1,111	589
Changes of assumptions or other inputs	(43,574)	(106,200)
Benefit payments	(64,313)	(63,430)
Net Change in Total OPEB Liability	(24,796)	(86,427)
Total LTD OPEB Liability - beginning	1,073,040	1,159,467
Total LTD OPEB Liability - ending	\$ 1,048,244	\$ 1,073,040
Covered-employee payroll	\$ 9,071,329	\$ 8,571,345
Total LTD OPEB Liability as a percentage of covered-employee payroll	11.556%	12.519%

Notes to schedule:

Changes of benefit terms: No changes to benefit terms

Changes of assumptions:

Changes of Assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

As of June 30, 2017	3.58%
As of June 30, 2018	3.87%

(1) Historical information is required only for measurement periods for which GASB 75 is applicable. Eventually, 10 years of data will be shown.

COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Total LTD OPEB Liability
Notes to Required Supplementary Information

Changes of benefit terms

None

Changes of assumptions

The Discount rate increased from 3.58% as of June 30, 2018 to 3.87% as of June 30, 2019.

No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4 to pay related benefits.



COUNTY OF LOS ANGELES
MAJOR GOVERNMENTAL FUND
GENERAL FUND

The General Fund is the general operating fund of the County. It is used to account for and report all financial resources not accounted for and reported in another fund. Revenues are derived from Taxes; Licenses, permits and franchises; Fines, forfeitures and penalties; Revenue from use of money and property; Intergovernmental revenues; Charges for services and Miscellaneous. Expenditures are expended for functions of General government; Public protection; Public ways and facilities; Health and sanitation; Public assistance; Education; Recreation and cultural services; Debt service and Capital outlay.

COUNTY OF LOS ANGELES
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET POSITIVE (NEGATIVE)
GENERAL GOVERNMENT:				
Salaries and employee benefits	\$ 1,237,716	1,147,808	1,038,344	109,464
Services and supplies	1,717,411	1,638,831	810,458	828,373
Other charges	140,959	167,503	122,188	45,315
Capital assets	64,939	29,418	10,690	18,728
Intrafund transfers	(825,520)	(835,397)	(712,162)	(123,235)
TOTAL GENERAL GOVERNMENT	2,335,505	2,148,163	1,269,518	878,645
PUBLIC PROTECTION:				
Salaries and employee benefits	4,638,026	4,836,122	4,739,603	96,519
Services and supplies	1,016,505	977,691	893,634	84,057
Other charges	374,485	412,414	394,962	17,452
Capital assets	45,142	20,863	19,971	892
Intrafund transfers	(120,966)	(130,057)	(125,400)	(4,657)
TOTAL PUBLIC PROTECTION	5,953,192	6,117,033	5,922,770	194,263
HEALTH AND SANITATION:				
Salaries and employee benefits	2,158,324	2,151,133	2,043,869	107,264
Services and supplies	3,735,693	3,626,963	2,949,758	677,205
Other charges	482,427	544,623	466,555	78,068
Capital assets	23,065	36,743	27,992	8,751
Intrafund transfers	(545,930)	(551,395)	(394,868)	(156,527)
TOTAL HEALTH AND SANITATION	5,853,579	5,808,067	5,093,306	714,761
PUBLIC ASSISTANCE:				
Salaries and employee benefits	2,591,049	2,644,706	2,504,680	140,026
Services and supplies	1,382,926	1,390,383	1,170,229	220,154
Other charges	3,233,958	3,248,638	2,954,730	293,908
Capital assets	6,711	6,711	3,710	3,001
Intrafund transfers	(84,184)	(86,184)	(73,576)	(12,608)
TOTAL PUBLIC ASSISTANCE	7,130,460	7,204,254	6,559,773	644,481
RECREATION AND CULTURAL SERVICES:				
Salaries and employee benefits	185,662	184,036	181,205	2,831
Services and supplies	191,411	198,912	188,106	10,806
Other charges	32,829	46,760	32,019	14,741
Capital assets	6,332	7,270	6,792	478
Intrafund transfers	(11,749)	(15,083)	(13,352)	(1,731)
TOTAL RECREATION AND CULTURAL SERVICES	404,485	421,895	394,770	27,125
DEBT SERVICE-				
Interest	11,916	11,916	11,916	
CAPITAL OUTLAY	968,878	1,006,061	193,880	812,181
TOTAL GENERAL FUND	\$ 22,658,015	22,717,389	19,445,933	3,271,456



NONMAJOR GOVERNMENTAL FUNDS

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR SPECIAL REVENUE FUNDS

The Road Fund is used to account for the maintenance and construction of streets, roads, highways, and bridges. Revenue consists primarily of the County's share of State highway users' taxes as supplemented by federal funds, vehicle code fines and charges for services provided to cities.

The Other Streets, Highways, Roads and Bridges Funds: Article 3-Bikeway, Off-Street Parking, Proposition C Local Return, Proposition C Local Return Capital Reserve, Special Road Districts, Construction Fee Districts, Transit Operations, Paratransit Operations, Measure M and Measure R Local Returns are used to account for transportation and road related services or functions. Revenues are derived from local sales tax revenue, parking meter receipts, Districts' share of the countywide tax levy, State and other intergovernmental revenues and service charges to parking lots.

The Street Lighting Districts Funds are used to account for the installation and maintenance of street lighting systems. Revenues are derived primarily from the countywide tax levy and benefit assessments.

The Garbage Disposal Districts Funds are used to account for the provisions of the Health and Safety Code to provide garbage and refuse collection and disposal services within the boundaries of each District. Revenues are mostly from charges for services and property taxes.

The Sewer Maintenance Districts Funds are used to account for the Health and Safety Code for the administration, maintenance, operation and repair of sanitary sewers, appurtenances, pumping plants, sewer treatment plants and related services. These Districts are financed through sewer service charges.

The Health Services Measure B Fund is used to account for a countywide system of Trauma Centers and Emergency Medical Services, for bioterrorism preparedness and response, and for related administrative costs. Revenues are derived primarily from a voter approved special tax.

The Health and Sanitation Funds: Hospital Services, Physician Services, Statham Alcohol, Alcohol and Drug Problem, Proposition 36, Driving Under the Influence, AIDS Education, Air Quality Improvement, Bicycle Safety Helmet, Hazardous Waste Enforcement, Mission Canyon Closure, Solid Waste Management Funds, Cancer Patient Welfare, SoCal Gas Settlement, and EMS Vehicle Replacement are used to account for the cost of emergency services for the indigent, County alcoholism programs and services, AIDS education, air quality improvements, bicycle safety, hazardous waste enforcement, solid waste management, cancer patient services, lead paint abatement, a health study on the long-term effects of exposure to natural gas, and replacement of vehicles. Revenues are from patient collections, court fines, State-assessed vehicle fees, penalties assessed for hazardous waste violations, sanitation services, and legal settlement funds.

Continued...

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR SPECIAL REVENUE FUNDS

The Other Public Protection Funds: Jail Store, Inmate Welfare, Narcotic Enforcement, Vehicle Theft Prevention, Countywide Warrant System, Sheriffs Processing Fees, Training and Automation, Automated Fingerprint Identification System, DNA Identification Fund, District Attorney Asset Forfeiture, Fire Department Developer Fees, Forest Mitigation, Information Systems Advisory Body, Drug Abuse Gang Diversion, Jury Operations Improvement, Dependency Court Facilities, Small Claims Advisor Program, and Fire Department Helicopter Accumulative Capital Outlay are used to account for certain services and supplies to inmates, to supplement the cost of various law enforcement, prosecutorial investigation, fire protection activities, and to finance vehicle and helicopter replacement, facilities improvement, equipment maintenance and automated systems. Child Seat Restraint Loaner is used to account for the operation of a child restraint low-cost purchase and loan program. Fish and Game is used to account for the preservation and propagation of fish and wildlife. Revenues are derived from sale of minor supplies, fines related to controlled substance convictions, benefit assessments, forfeiture of assets used in connection with transportation or possession of a controlled substance, court fines and revenues and local fish and game fines. Probation Community Corrections Performance Incentives fund is used to account for the improvement of public safety outcomes at the community level utilizing evidence-based services geared towards maintaining offenders within the community. Revenues are derived principally from State revenues. The Consumer Protection Settlement Fund is used to account for the County's consumer protection, enforcement, and education programs. Revenues are derived from settlements from businesses that engage in unfair businesses practices. The Sativa Water System Fund is used to account for the operation and maintenance of the former Sativa Water District's accounting and budgetary activities. Revenues are derived from charges for services and contributions from the County.

The Public Assistance Funds: Child Abuse/Neglect Prevention Program, Alternate Dispute Resolution Program, Alcohol and Drug Abuse Education Program, Domestic Violence Program, and Linkages Support Program are used to account for a variety of public assistance services. The programs are financed from special fees collected for birth certificates, marriage licenses, confidential marriage certificates, and court fines for driving under the influence of alcohol or drugs, and disabled parking violation assessments.

The Homeless and Housing Measure H Fund is used to account for providing homeless prevention programming for families and individuals; expanding rapid re-housing; developing interim/bridge housing for those exiting institutions; increasing employment opportunities for homeless adults via social and/or subsidized employment; expanding the Jail In Reach Program; providing services and rental subsidies for permanent supportive housing; implementing a coordinated countywide outreach and engagement system; establishing a decriminalization policy and first responders training to effectively address homeless encampments and unsheltered homeless individuals; enhancing the emergency shelter system; preserving and promoting the development of affordable housing for homeless families and individuals; and implementing other strategies and efforts that seek to coordinate a seamless homeless services system to better combat homelessness among single adults, families, and youth. Revenues are derived primarily from a voter approved local sales tax.

Continued...

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR SPECIAL REVENUE FUNDS

The Recreation Funds: Golf Course, Park Improvement, Recreation and Development, Tesoro Adobe Park, San Gabriel Canyon, and Ford Theatres are used to account for the maintenance and improvements to County parks and golf courses, public recreation areas, and Ford Theatres. Civic Art Special fund is used to account for civic art projects. The Cable TV Franchise fund is used to account for cable-related activities. The Off-Highway Vehicle fund is used to account for the development, construction, operation, and maintenance of off-highway vehicle recreation facilities. Revenues are derived from a percentage of golf course green fees, vehicle entrance fees collected from the regional parks, and percentage of the design and construction costs.

The Courthouse Temporary Construction Fund is used to temporarily account for monies ultimately to be used for various courthouse construction projects. Revenues are derived principally from surcharges included in fines for criminal convictions.

The Criminal Justice Temporary Construction Fund is used to temporarily account for monies ultimately to be used for the improvement of criminal justice facilities and automated information systems. Revenues are derived principally from surcharges on criminal fines.

The Registrar-Recorder Improvement Funds: Modernization and Improvement, Micrographics, Social Security Truncation, Vitals and Health Statistics, and Multi-County e-Recording Project funds are used to account for the improvement of Registrar-Recorder automated information systems. Revenues are derived principally from recording and filing fees.

The Other Special Revenue Funds: Information Technology Infrastructure and the Accumulative Capital Outlay (ACO) are used to account for the replacement of motor vehicles, printing, information technology, and communications equipment. Asset Development Implementation fund is used to account for short to intermediate financing for County asset development activities. Productivity Investment is used to account for the start-up and incidental costs associated with productivity improvement projects. Civic Center Employee parking is used to account for providing parking services and alternative means of transportation for County employees. County Library Developer Fees are used to account for the acquisition of land, construct library facilities, and purchase equipment and library materials. Various funds are used to account for resources that are legally restricted and the principal and earnings may be used for purposes that support general government and education.

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR DEBT SERVICE FUNDS

The Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Regional Park and Open Space District receives long-term debt proceeds and also receives voter-approved benefit assessments in the form of charges for services. Joint Powers Authorities-Public Works Financing Authority and Public Buildings receive their funds primarily from the General Fund in the form of operating transfers. The Los Angeles County Securitization Corporation receives funding primarily from the collection of the County's future tobacco settlement payments and from long-term debt proceeds secured by the County's Tobacco Assets.

Joint Powers Authorities

Public Works Financing Authority

Public Buildings

Disney Parking Project
2010 Multiple Capital Projects I - Series A
2010 Multiple Capital Projects I - Series B
2012 Disney Concert Hall Parking Garage Project Refunding
2012 Multiple Capital Projects II - Series 2012
2015 Multiple Capital Projects - Series A
Lease Revenue Refunding Bonds, 2015 Series B
Lease Revenue Refunding Bonds, 2015 Series C
Lease Revenue Bonds, 2016 Series D
Lease Revenue Bonds, Series 2018A (LACF)
Lease Revenue Bonds, Series 2018B (LACF)
Lease Revenue Obligation Notes

Los Angeles County Securitization Corporation

Continued...

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR CAPITAL PROJECTS FUNDS

The Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets.

Accumulative Capital Outlay Funds are used to account for specific capital projects in accordance with Government Code Section 53731.

Improvement Districts are used to account for the projects financed by contributions from property owners.

Public Buildings projects are used to account for capital projects financed by bonds, lease revenue obligation notes and operating transfers.

Gap Loan Fund is used to account for the County's proceeds from sale of "Gap Loan" receivables that are restricted for capital spending purposes.

Continued...

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR PERMANENT FUNDS

Permanent Funds are used to account for and report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support various County programs.

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SUMMARY
 JUNE 30, 2019 (in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS					
Pooled cash and investments:					
Operating	\$ 1,682,721	66,442	172,074	2,303	\$ 1,923,540
Other	52,701	1	311	1	53,014
Total pooled cash and investments	<u>1,735,422</u>	<u>66,443</u>	<u>172,385</u>	<u>2,304</u>	<u>1,976,554</u>
Other investments		53,106	285,524		338,630
Taxes receivable	10,478				10,478
Interest receivable	4,284	106	976	6	5,372
Other receivables	189,531		4		189,535
Due from other funds	32,636		10,802		43,438
Advances to other funds	11,232				11,232
Inventories	1				1
TOTAL ASSETS	<u>1,983,584</u>	<u>119,655</u>	<u>469,691</u>	<u>2,310</u>	<u>2,575,240</u>
DEFERRED OUTFLOWS OF RESOURCES		<u>217,518</u>			<u>217,518</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,983,584</u>	<u>337,173</u>	<u>469,691</u>	<u>2,310</u>	<u>\$ 2,792,758</u>
LIABILITIES					
Accounts payable	\$ 102,739		810		\$ 103,549
Accrued payroll	87				87
Due to other funds	316,376		11,651	33	328,060
Advances payable	55,409		39		55,448
Third party payor	246				246
TOTAL LIABILITIES	<u>474,857</u>		<u>12,500</u>	<u>33</u>	<u>487,390</u>
DEFERRED INFLOWS OF RESOURCES	<u>11,758</u>				<u>11,758</u>
FUND BALANCES					
Nonspendable	1			2,145	2,146
Restricted	1,328,092	337,173	337,259	132	2,002,656
Committed	48,227		79,602		127,829
Assigned	120,649		40,330		160,979
TOTAL FUND BALANCES	<u>1,496,969</u>	<u>337,173</u>	<u>457,191</u>	<u>2,277</u>	<u>2,293,610</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 1,983,584</u>	<u>337,173</u>	<u>469,691</u>	<u>2,310</u>	<u>\$ 2,792,758</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - SUMMARY
 FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES					
Taxes	\$ 790,054				\$ 790,054
Licenses, permits and franchises	20,811				20,811
Fines, forfeitures and penalties	44,512				44,512
Revenue from use of money and property:					
Investment income	47,034	3,591	13,304	69	63,998
Rents and concessions	27,895				27,895
Royalties	5				5
Intergovernmental revenues:					
Federal	24,024				24,024
State	321,286		68		321,354
Other	15,297				15,297
Charges for services	137,235	262	7,029		144,526
Miscellaneous	151,110	26,088	444		177,642
TOTAL REVENUES	1,579,263	29,941	20,845	69	1,630,118
EXPENDITURES					
Current:					
General government	14,521			60	14,581
Public protection	69,534				69,534
Public ways and facilities	406,019				406,019
Health and sanitation	172,265				172,265
Public assistance	206,805				206,805
Recreation and cultural services	8,475				8,475
Debt service:					
Principal		138,923			138,923
Interest and other charges		100,777			100,777
Capital outlay			235,466		235,466
TOTAL EXPENDITURES	877,619	239,700	235,466	60	1,352,845
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	701,644	(209,759)	(214,621)	9	277,273
OTHER FINANCING SOURCES (USES)					
Transfers in	22,326	114,831	356,407		493,564
Transfers out	(548,113)	(360,969)	(23,105)		(932,187)
Issuance of debt		377,869	163,686		541,555
Bond premium proceeds		44,179			44,179
Sales of capital assets	900		12		912
TOTAL OTHER FINANCING SOURCES (USES)	(524,887)	175,910	497,000		148,023
NET CHANGE IN FUND BALANCES	176,757	(33,849)	282,379	9	425,296
FUND BALANCES, JULY 1, 2018	1,320,212	371,022	174,812	2,268	1,868,314
FUND BALANCES, JUNE 30, 2019	\$ 1,496,969	337,173	457,191	2,277	\$ 2,293,610



COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 JUNE 30, 2019 (in thousands)

	Streets, Highways, Roads and Bridges		Street Lighting Districts	Garbage Disposal Districts	Sewer Maintenance Districts	Health Services Measure B
	Road	Other				
ASSETS						
Pooled cash and investments:						
Operating	\$ 102,582	176,560	96,709	56,270	47,436	191,527
Other	28,687	9,479	474	440	507	3,449
Total pooled cash and investments	<u>131,269</u>	<u>186,039</u>	<u>97,183</u>	<u>56,710</u>	<u>47,943</u>	<u>194,976</u>
Taxes receivable		352	1,336	956	709	7,099
Interest receivable	368	459	249	152	126	462
Other receivables	25,742	7,691	9	861	934	
Due from other funds	18,534	1,917	3,239		2,174	
Advances to other funds	8,101	1,034	177		1,243	
Inventories	1					
TOTAL ASSETS	<u>\$ 184,015</u>	<u>197,492</u>	<u>102,193</u>	<u>58,679</u>	<u>53,129</u>	<u>202,537</u>
LIABILITIES						
Accounts payable	\$ 5,496	6,516	1,952	137	340	4,956
Accrued payroll						
Due to other funds	36,064	6,973	3,561	38	7,505	115,855
Advances payable	44,858	9,147				
Third party payor	246					
TOTAL LIABILITIES	<u>86,664</u>	<u>22,636</u>	<u>5,513</u>	<u>175</u>	<u>7,845</u>	<u>120,811</u>
DEFERRED INFLOWS OF RESOURCES		<u>240</u>	<u>909</u>	<u>1,232</u>	<u>1,016</u>	<u>4,289</u>
FUND BALANCES						
Nonspendable	1					
Restricted	97,350	174,616	95,771	57,272	44,268	77,437
Committed						
Assigned						
TOTAL FUND BALANCES	<u>97,351</u>	<u>174,616</u>	<u>95,771</u>	<u>57,272</u>	<u>44,268</u>	<u>77,437</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 184,015</u>	<u>197,492</u>	<u>102,193</u>	<u>58,679</u>	<u>53,129</u>	<u>202,537</u>

Health and Sanitation	Other Public Protection	Public Assistance	Homeless and Housing Measure H	Recreation	
					ASSETS
					Pooled cash and investments:
\$ 80,069	553,167	9,387	128,390	28,641	Operating
2,152	3,346	544	218	682	Other
<u>82,221</u>	<u>556,513</u>	<u>9,931</u>	<u>128,608</u>	<u>29,323</u>	Total pooled cash and investments
26					Taxes receivable
227	1,441	4	360	52	Interest receivable
11,568	249	463	141,013	519	Other receivables
4,179	1,999	1		271	Due from other funds
677					Advances to other funds
					Inventories
<u>\$ 98,898</u>	<u>560,202</u>	<u>10,399</u>	<u>269,981</u>	<u>30,165</u>	TOTAL ASSETS
					LIABILITIES
\$ 8,973	6,848	639	66,538	268	Accounts payable
					Accrued payroll
3,576	61,578	456	60,470	302	Due to other funds
1,404					Advances payable
					Third party payor
<u>13,953</u>	<u>68,426</u>	<u>1,095</u>	<u>127,008</u>	<u>570</u>	TOTAL LIABILITIES
<u>4,072</u>					DEFERRED INFLOWS OF RESOURCES
					FUND BALANCES
					Nonspendable
80,177	443,784	9,304	142,973	4,684	Restricted
	40,745				Committed
696	7,247			24,911	Assigned
<u>80,873</u>	<u>491,776</u>	<u>9,304</u>	<u>142,973</u>	<u>29,595</u>	TOTAL FUND BALANCES
<u>\$ 98,898</u>	<u>560,202</u>	<u>10,399</u>	<u>269,981</u>	<u>30,165</u>	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET - Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 JUNE 30, 2019 (in thousands)

	Courthouse Temporary Construction	Criminal Justice Temporary Construction	Registrar- Recorder Improvement	Other Special Revenue	Total
ASSETS					
Pooled cash and investments:					
Operating	\$ 11,021	72,750	16,220	111,992	\$ 1,682,721
Other	880	1,041	654	148	52,701
Total pooled cash and investments	<u>11,901</u>	<u>73,791</u>	<u>16,874</u>	<u>112,140</u>	<u>1,735,422</u>
Taxes receivable					10,478
Interest receivable	71	187		126	4,284
Other receivables			180	302	189,531
Due from other funds		1		321	32,636
Advances to other funds					11,232
Inventories					1
TOTAL ASSETS	<u>\$ 11,972</u>	<u>73,979</u>	<u>17,054</u>	<u>112,889</u>	<u>\$ 1,983,584</u>
LIABILITIES					
Accounts payable				76	\$ 102,739
Accrued payroll				87	87
Due to other funds	105	277	2,643	16,973	316,376
Advances payable					55,409
Third party payor					246
TOTAL LIABILITIES	<u>105</u>	<u>277</u>	<u>2,643</u>	<u>17,136</u>	<u>474,857</u>
DEFERRED INFLOWS OF RESOURCES					
					11,758
FUND BALANCES					
Nonspendable					1
Restricted	11,867	73,702	14,411	476	1,328,092
Committed				7,482	48,227
Assigned				87,795	120,649
TOTAL FUND BALANCES	<u>11,867</u>	<u>73,702</u>	<u>14,411</u>	<u>95,753</u>	<u>1,496,969</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 11,972</u>	<u>73,979</u>	<u>17,054</u>	<u>112,889</u>	<u>\$ 1,983,584</u>



COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	Streets, Highways, Roads and Bridges		Street Lighting Districts	Garbage Disposal Districts	Sewer Maintenance Districts	Health Services Measure B
	Road	Other				
REVENUES						
Taxes	\$ 4,379	75,067	25,161	7,014		276,553
Licenses, permits and franchises	5,432					
Fines, forfeitures and penalties		20	80	272	163	867
Revenue from use of money and property:						
Investment income	4,905	5,553	2,812	1,714	1,444	4,872
Rents and concessions	100	146				
Royalties						
Intergovernmental revenues:						
Federal	20,312	3,711				
State	258,660	361	128	35		
Other	1,172	12,139	307	1	41	
Charges for services	13,652	4,139	3,407	19,775	37,344	200
Miscellaneous	400	440	5		40	8,391
TOTAL REVENUES	309,012	101,576	31,900	28,811	39,032	290,883
EXPENDITURES						
Current:						
General government						
Public protection						
Public ways and facilities	305,190	82,027	18,802			
Health and sanitation				23,083	35,734	60,174
Public assistance						
Recreation and cultural services						
TOTAL EXPENDITURES	305,190	82,027	18,802	23,083	35,734	60,174
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,822	19,549	13,098	5,728	3,298	230,709
OTHER FINANCING SOURCES (USES)						
Transfers in					1,033	
Transfers out	(7,222)	(5,681)	(5)		(854)	(227,633)
Sales of capital assets	35	1				
TOTAL OTHER FINANCING SOURCES (USES)	(7,187)	(5,680)	(5)		179	(227,633)
NET CHANGE IN FUND BALANCES	(3,365)	13,869	13,093	5,728	3,477	3,076
FUND BALANCES, JULY 1, 2018	100,716	160,747	82,678	51,544	40,791	74,361
FUND BALANCES, JUNE 30, 2019	\$ 97,351	174,616	95,771	57,272	44,268	77,437

Health and Sanitation	Other Public Protection	Public Assistance	Homeless and Housing Measure H	Recreation	
			401,880		REVENUES
\$					Taxes
10,188		1,291		16	Licenses, permits and franchises
13,062	5,175	2,201			Fines, forfeitures and penalties
					Revenue from use of money and property:
1,982	15,913	38	2,896	638	Investment income
6	19,888			2,090	Rents and concessions
					Royalties
					Intergovernmental revenues:
				1	Federal
878	61,099			125	State
1,455				182	Other
26,227	10,982	5,833		4,549	Charges for services
32,228	105,852	79		3,650	Miscellaneous
<u>86,026</u>	<u>218,909</u>	<u>9,442</u>	<u>404,776</u>	<u>11,251</u>	TOTAL REVENUES
					EXPENDITURES
					Current:
	61,562				General government
					Public protection
53,274					Public ways and facilities
		5,782	201,023		Health and sanitation
					Public assistance
				8,475	Recreation and cultural services
<u>53,274</u>	<u>61,562</u>	<u>5,782</u>	<u>201,023</u>	<u>8,475</u>	TOTAL EXPENDITURES
<u>32,752</u>	<u>157,347</u>	<u>3,660</u>	<u>203,753</u>	<u>2,776</u>	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
					OTHER FINANCING SOURCES (USES)
	5,998			640	Transfers in
(2,073)	(107,032)	(976)	(152,836)		Transfers out
	94			19	Sales of capital assets
<u>(2,073)</u>	<u>(100,940)</u>	<u>(976)</u>	<u>(152,836)</u>	<u>659</u>	TOTAL OTHER FINANCING SOURCES (USES)
<u>30,679</u>	<u>56,407</u>	<u>2,684</u>	<u>50,917</u>	<u>3,435</u>	NET CHANGE IN FUND BALANCES
<u>50,194</u>	<u>435,369</u>	<u>6,620</u>	<u>92,056</u>	<u>26,160</u>	FUND BALANCES, JULY 1, 2018
<u>\$ 80,873</u>	<u>491,776</u>	<u>9,304</u>	<u>142,973</u>	<u>29,595</u>	FUND BALANCES, JUNE 30, 2019

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	Courthouse Temporary Construction	Criminal Justice Temporary Construction	Registrar- Recorder Improvement	Other Special Revenue	Total
REVENUES					
Taxes	\$				\$ 790,054
Licenses, permits and franchises				3,884	20,811
Fines, forfeitures and penalties	10,730	11,942			44,512
Revenue from use of money and property:					
Investment income	576	2,260		1,431	47,034
Rents and concessions				5,665	27,895
Royalties				5	5
Intergovernmental revenues:					
Federal					24,024
State					321,286
Other					15,297
Charges for services			11,082	45	137,235
Miscellaneous				25	151,110
TOTAL REVENUES	11,306	14,202	11,082	11,055	1,579,263
EXPENDITURES					
Current:					
General government				14,521	14,521
Public protection	109	7,863			69,534
Public ways and facilities					406,019
Health and sanitation					172,265
Public assistance					206,805
Recreation and cultural services					8,475
TOTAL EXPENDITURES	109	7,863		14,521	877,619
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	11,197	6,339	11,082	(3,466)	701,644
OTHER FINANCING SOURCES (USES)					
Transfers in				14,655	22,326
Transfers out	(13,872)		(12,812)	(17,117)	(548,113)
Sales of capital assets				751	900
TOTAL OTHER FINANCING SOURCES (USES)	(13,872)		(12,812)	(1,711)	(524,887)
NET CHANGE IN FUND BALANCES	(2,675)	6,339	(1,730)	(5,177)	176,757
FUND BALANCES, JULY 1, 2018	14,542	67,363	16,141	100,930	1,320,212
FUND BALANCES, JUNE 30, 2019	\$ 11,867	73,702	14,411	95,753	\$ 1,496,969

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL ON BUDGETARY BASIS
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	TOTALS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 736,036	737,061	789,932	52,871
Licenses, permits and franchises	18,898	18,898	20,811	1,913
Fines, forfeitures and penalties	46,468	46,468	44,512	(1,956)
Revenue from use of money and property:				
Investment income	11,772	13,129	29,489	16,360
Rents and concessions	26,665	26,665	27,895	1,230
Royalties	3	3	5	2
Intergovernmental revenues:				
Federal	64,706	64,706	24,024	(40,682)
State	318,088	318,088	321,286	3,198
Other	29,764	29,304	15,297	(14,007)
Charges for services	145,779	146,108	137,372	(8,736)
Miscellaneous	26,084	27,211	151,110	123,899
TOTAL REVENUES	1,424,263	1,427,641	1,561,733	134,092
EXPENDITURES				
Current:				
General government	15,623	19,905	14,496	5,409
Public protection	344,558	344,356	83,049	261,307
Public ways and facilities	620,564	618,591	416,265	202,326
Health and sanitation	257,556	263,234	182,967	80,267
Public assistance	242,419	246,226	209,384	36,842
Education	7,662	6,759	3	6,756
Recreation and cultural services	35,222	35,196	8,986	26,210
TOTAL EXPENDITURES	1,523,604	1,534,267	915,150	619,117
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(99,341)	(106,626)	646,583	753,209
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	268	268	900	632
Transfers in	23,594	26,396	25,427	(969)
Transfers out	(665,665)	(670,020)	(537,342)	132,678
Appropriations for contingencies	(192,108)	(192,018)		192,018
Changes in fund balances	(67,423)	(58,675)	(35,494)	23,181
TOTAL OTHER FINANCING SOURCES (USES)	(901,334)	(894,049)	(546,509)	347,540
NET CHANGE IN FUND BALANCES	(1,000,675)	(1,000,675)	100,074	1,100,749
FUND BALANCES, JULY 1, 2018	1,000,675	1,000,675	1,000,675	
FUND BALANCES, JUNE 30, 2019	\$		1,100,749	1,100,749

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	ROAD			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 4,207	4,379	4,379	
Licenses, permits and franchises	5,743	5,743	5,432	(311)
Revenue from use of money and property:				
Investment income	2,426	2,427	3,156	729
Rents and concessions	100	100	100	
Intergovernmental revenues:				
Federal	41,547	41,547	20,312	(21,235)
State	255,233	255,233	258,660	3,427
Other	3,121	2,661	1,172	(1,489)
Charges for services	17,840	17,840	13,652	(4,188)
Miscellaneous	246	706	400	(306)
TOTAL REVENUES	330,463	330,636	307,263	(23,373)
EXPENDITURES				
Current-Public ways and facilities:				
Services and supplies	302,715	300,661	287,456	13,205
Other charges	13,003	12,123	1,294	10,829
Capital assets	3,639	3,639	598	3,041
Capital Outlay	27,810	29,959	19,419	10,540
TOTAL EXPENDITURES	347,167	346,382	308,767	37,615
DEFICIENCY OF REVENUES OVER EXPENDITURES	(16,704)	(15,746)	(1,504)	14,242
OTHER FINANCING SOURCES (USES)				
Sales of capital assets			35	35
Transfers in	1,560	1,560		(1,560)
Transfers out	(11,645)	(12,430)	(7,222)	5,208
Appropriations for contingencies		(173)		173
Changes in fund balance	16,352	16,352	25,735	9,383
TOTAL OTHER FINANCING SOURCES (USES)	6,267	5,309	18,548	13,239
NET CHANGE IN FUND BALANCE	(10,437)	(10,437)	17,044	27,481
FUND BALANCE, JULY 1, 2018	10,437	10,437	10,437	
FUND BALANCE, JUNE 30, 2019	\$		27,481	27,481

Continued....

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	OTHER STREETS, HIGHWAYS, ROADS, AND BRIDGES			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 69,522	69,522	75,076	5,554
Fines, forfeitures and penalties	22	22	20	(2)
Revenue from use of money and property:				
Investment income	2,274	2,274	3,560	1,286
Rents and concessions	166	166	146	(20)
Intergovernmental revenues:				
Federal	23,159	23,159	3,711	(19,448)
State	112	112	361	249
Other	23,399	23,399	12,139	(11,260)
Charges for services	15,209	15,209	4,139	(11,070)
Miscellaneous	5	1,005	440	(565)
TOTAL REVENUES	133,868	134,868	99,592	(35,276)
EXPENDITURES				
Current-Public ways and facilities:				
Services and supplies	167,462	154,503	64,136	90,367
Other charges	2,223	13,891	10,737	3,154
Capital assets	3,520	3,520	561	2,959
Capital Outlay	61,701	61,806	12,876	48,930
TOTAL EXPENDITURES	234,906	233,720	88,310	145,410
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(101,038)	(98,852)	11,282	110,134
OTHER FINANCING SOURCES (USES)				
Sales of capital assets			1	1
Transfers in	131	131		(131)
Transfers out	(3,718)	(5,904)	(5,681)	223
Appropriations for contingencies	(19,926)	(19,926)		19,926
Changes in fund balance	2,834	2,834	8,612	5,778
TOTAL OTHER FINANCING SOURCES (USES)	(20,679)	(22,865)	2,932	25,797
NET CHANGE IN FUND BALANCE	(121,717)	(121,717)	14,214	135,931
FUND BALANCE, JULY 1, 2018	121,717	121,717	121,717	
FUND BALANCE, JUNE 30, 2019	\$		135,931	135,931

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	STREET LIGHTING DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 24,459	24,459	25,204	745
Fines, forfeitures and penalties	89	89	80	(9)
Revenue from use of money and property-				
Investment income	748	748	1,787	1,039
Intergovernmental revenues:				
State	132	132	128	(4)
Other	479	479	307	(172)
Charges for services	3,196	3,196	3,407	211
Miscellaneous			5	5
TOTAL REVENUES	29,103	29,103	30,918	1,815
EXPENDITURES				
Current-Public ways and facilities:				
Services and supplies	38,476	38,426	19,142	19,284
Other charges	5	53	46	7
Capital assets	10	10		10
TOTAL EXPENDITURES	38,491	38,489	19,188	19,301
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(9,388)	(9,386)	11,730	21,116
OTHER FINANCING SOURCES (USES)				
Transfers in	3,497	3,497	3,101	(396)
Transfers out	(3,526)	(3,528)	(3,106)	422
Appropriations for contingencies	(1,918)	(1,918)		1,918
Changes in fund balance	(8,954)	(8,954)	(8,698)	256
TOTAL OTHER FINANCING SOURCES (USES)	(10,901)	(10,903)	(8,703)	2,200
NET CHANGE IN FUND BALANCE	(20,289)	(20,289)	3,027	23,316
FUND BALANCE, JULY 1, 2018	20,289	20,289	20,289	
FUND BALANCE, JUNE 30, 2019	\$		23,316	23,316

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	GARBAGE DISPOSAL DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 6,751	6,751	7,015	264
Fines, forfeitures and penalties	301	301	272	(29)
Revenue from use of money and property-				
Investment income	623	623	1,073	450
Intergovernmental revenues:				
State	37	37	35	(2)
Other			1	1
Charges for services	19,857	19,857	19,893	36
TOTAL REVENUES	27,569	27,569	28,289	720
EXPENDITURES				
Current-Health and sanitation:				
Services and supplies	33,549	33,440	23,580	9,860
Other Charges		109	108	1
TOTAL EXPENDITURES	33,549	33,549	23,688	9,861
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,980)	(5,980)	4,601	10,581
OTHER FINANCING USES				
Appropriations for contingencies	(122)	(122)		122
Changes in fund balance	(1,681)	(1,681)	(1,561)	120
TOTAL OTHER FINANCING USES	(1,803)	(1,803)	(1,561)	242
NET CHANGE IN FUND BALANCE	(7,783)	(7,783)	3,040	10,823
FUND BALANCE, JULY 1, 2018	7,783	7,783	7,783	
FUND BALANCE, JUNE 30, 2019	\$		10,823	10,823

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	SEWER MAINTENANCE DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Fines, forfeitures and penalties	\$ 187	187	163	(24)
Revenue from use of money and property-				
Investment income	431	431	898	467
Intergovernmental revenues-				
Other	38	38	41	3
Charges for services	36,696	36,696	37,361	665
Miscellaneous			40	40
TOTAL REVENUES	37,352	37,352	38,503	1,151
EXPENDITURES				
Current-Health and sanitation:				
Services and supplies	68,874	68,860	35,690	33,170
Other charges	1,000	1,000	563	437
Capital assets	100	100		100
Capital Outlay	2,000	2,000		2,000
TOTAL EXPENDITURES	71,974	71,960	36,253	35,707
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(34,622)	(34,608)	2,250	36,858
OTHER FINANCING SOURCES (USES)				
Transfers in			1,033	1,033
Transfers out	(440)	(454)	(854)	(400)
Appropriations for contingencies	(3,438)	(3,438)		3,438
Changes in fund balance	48	48	373	325
TOTAL OTHER FINANCING SOURCES (USES)	(3,830)	(3,844)	552	4,396
NET CHANGE IN FUND BALANCE	(38,452)	(38,452)	2,802	41,254
FUND BALANCE, JULY 1, 2018	38,452	38,452	38,452	
FUND BALANCE, JUNE 30, 2019	\$		41,254	41,254

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	HEALTH SERVICES MEASURE B			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 275,525	276,378	276,378	
Fines, forfeitures and penalties			867	867
Revenue from use of money and property-				
Investment income	1,000	2,456	2,540	84
Charges for services			200	200
Miscellaneous	50	50	8,391	8,341
TOTAL REVENUES	276,575	278,884	288,376	9,492
EXPENDITURES				
Current-Health and sanitation:				
Services and supplies	28,395	30,186	25,628	4,558
Other charges	65,108	63,317	41,503	21,814
TOTAL EXPENDITURES	93,503	93,503	67,131	26,372
EXCESS OF REVENUES OVER EXPENDITURES	183,072	185,381	221,245	35,864
OTHER FINANCING SOURCES (USES)				
Transfers out	(227,634)	(227,634)	(227,633)	1
Appropriations for contingencies		(2,309)		2,309
Changes in fund balance			1	1
TOTAL OTHER FINANCING SOURCES (USES)	(227,634)	(229,943)	(227,632)	2,311
NET CHANGE IN FUND BALANCE	(44,562)	(44,562)	(6,387)	38,175
FUND BALANCE, JULY 1, 2018	44,562	44,562	44,562	
FUND BALANCE, JUNE 30, 2019	\$		38,175	38,175

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	HEALTH AND SANITATION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Licenses, permits and franchises	\$ 8,953	8,953	10,188	1,235
Fines, forfeitures and penalties	14,151	14,151	13,062	(1,089)
Revenue from use of money and property:				
Investment income	644	644	1,337	693
Rents and concessions	16	16	6	(10)
Intergovernmental revenues:				
State	1,726	1,726	878	(848)
Other	2,545	2,545	1,455	(1,090)
Charges for services	21,042	21,042	26,229	5,187
Miscellaneous		5,700	32,228	26,528
TOTAL REVENUES	49,077	54,777	85,383	30,606
EXPENDITURES				
Current-Health and sanitation:				
Services and supplies	57,963	58,655	55,551	3,104
Other charges		5,000		5,000
Capital assets	567	567	344	223
TOTAL EXPENDITURES	58,530	64,222	55,895	8,327
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(9,453)	(9,445)	29,488	38,933
OTHER FINANCING USES				
Transfers out	(4,986)	(4,994)	(2,073)	2,921
Appropriations for contingencies	(3,196)	(3,196)		3,196
Changes in fund balance	(15,226)	(15,226)	(12,457)	2,769
TOTAL OTHER FINANCING USES	(23,408)	(23,416)	(14,530)	8,886
NET CHANGE IN FUND BALANCE	(32,861)	(32,861)	14,958	47,819
FUND BALANCE, JULY 1, 2018	32,861	32,861	32,861	
FUND BALANCE, JUNE 30, 2019	\$		47,819	47,819

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	OTHER PUBLIC PROTECTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Fines, forfeitures and penalties	\$ 6,781	6,781	5,175	(1,606)
Revenue from use of money and property:				
Investment income	1,966	1,866	10,016	8,150
Rents and concessions	18,704	18,704	19,888	1,184
Intergovernmental revenues-				
State	60,723	60,723	61,099	376
Charges for services	11,372	11,701	10,982	(719)
Miscellaneous	22,393	16,360	105,852	89,492
TOTAL REVENUES	121,939	116,135	213,012	96,877
EXPENDITURES				
Current-Public protection:				
Services and supplies	191,426	191,924	50,005	141,919
Capital assets	50,054	49,354	15,316	34,038
TOTAL EXPENDITURES	241,480	241,278	65,321	175,957
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(119,541)	(125,143)	147,691	272,834
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	48	48	94	46
Transfers in	3,500	5,998	5,998	
Transfers out	(140,969)	(143,696)	(107,032)	36,664
Appropriations for contingencies	(130,142)	(129,979)		129,979
Changes in fund balance	(29,290)	(23,622)	(22,317)	1,305
TOTAL OTHER FINANCING SOURCES (USES)	(296,853)	(291,251)	(123,257)	167,994
NET CHANGE IN FUND BALANCE	(416,394)	(416,394)	24,434	440,828
FUND BALANCE, JULY 1, 2018	416,394	416,394	416,394	
FUND BALANCE, JUNE 30, 2019	\$		440,828	440,828

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	PUBLIC ASSISTANCE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Licenses, permits and franchises	\$ 1,378	1,378	1,291	(87)
Fines, forfeitures and penalties	1,937	1,937	2,201	264
Revenue from use of money and property-				
Investment income	5	5	29	24
Charges for services	5,013	5,013	5,833	820
Miscellaneous	58	58	79	21
TOTAL REVENUES	8,391	8,391	9,433	1,042
EXPENDITURES				
Current-Public assistance-				
Services and supplies	10,840	11,042	5,742	5,300
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,449)	(2,651)	3,691	6,342
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,048)	(1,048)	(976)	72
Appropriations for contingencies	(1,582)	(1,380)		1,380
Changes in fund balance	10	10	477	467
TOTAL OTHER FINANCING SOURCES (USES)	(2,620)	(2,418)	(499)	1,919
NET CHANGE IN FUND BALANCE	(5,069)	(5,069)	3,192	8,261
FUND BALANCE, JULY 1, 2018	5,069	5,069	5,069	
FUND BALANCE, JUNE 30, 2019	\$		8,261	8,261

COUNTY OF LOS ANGELES
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	HOMELESS AND HOUSING MEASURE H			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 355,572	355,572	401,880	46,308
Revenue from use of money and property-				
Investment income			2,045	2,045
TOTAL REVENUES	355,572	355,572	403,925	48,353
EXPENDITURES				
Current-Public assistance:				
Services and supplies		2,824	2,824	
Other Charges	231,579	232,360	200,818	31,542
TOTAL EXPENDITURES	231,579	235,184	203,642	31,542
EXCESS OF REVENUES OVER EXPENDITURES	123,993	120,388	200,283	79,895
OTHER FINANCING USES				
Transfers out	(177,582)	(177,057)	(152,836)	24,221
Changes in fund balance	(37,434)	(34,354)	(32,549)	1,805
TOTAL OTHER FINANCING USES	(215,016)	(211,411)	(185,385)	26,026
NET CHANGE IN FUND BALANCE	(91,023)	(91,023)	14,898	105,921
FUND BALANCE, JULY 1, 2018	91,023	91,023	91,023	
FUND BALANCE, JUNE 30, 2019	\$		105,921	105,921

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	RECREATION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Licenses, permits and franchises	\$ 24	24	16	(8)
Revenue from use of money and property:				
Investment income	80	80	390	310
Rents and concessions	1,734	1,734	2,090	356
Intergovernmental revenues:				
Federal			1	1
State	125	125	125	
Other	182	182	182	
Charges for services	5,258	5,258	4,549	(709)
Miscellaneous	3,319	3,319	3,650	331
TOTAL REVENUES	10,722	10,722	11,003	281
EXPENDITURES				
Current-Recreation and cultural services:				
Services and supplies	35,122	35,096	8,974	26,122
Capital assets	100	100	12	88
TOTAL EXPENDITURES	35,222	35,196	8,986	26,210
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(24,500)	(24,474)	2,017	26,491
OTHER FINANCING SOURCES (USES)				
Sales of capital assets			19	19
Transfers in	336	640	640	
Transfers out	(865)	(1,195)		1,195
Appropriations for contingencies	(60)	(60)		60
Changes in fund balance	5,918	5,918	6,652	734
TOTAL OTHER FINANCING SOURCES (USES)	5,329	5,303	7,311	2,008
NET CHANGE IN FUND BALANCE	(19,171)	(19,171)	9,328	28,499
FUND BALANCE, JULY 1, 2018	19,171	19,171	19,171	
FUND BALANCE, JUNE 30, 2019	\$		28,499	28,499

Continued...

COUNTY OF LOS ANGELES
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	COURTHOUSE TEMPORARY CONSTRUCTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Fines, forfeitures and penalties	\$ 11,000	11,000	10,730	(270)
Revenue from use of money and property- Investment income	200	200	391	191
TOTAL REVENUES	11,200	11,200	11,121	(79)
EXPENDITURES				
Current-Public protection:				
Services and supplies	10,923	10,923	109	10,814
Other charges	15,014	15,014	13,872	1,142
TOTAL EXPENDITURES	25,937	25,937	13,981	11,956
DEFICIENCY OF REVENUES OVER EXPENDITURES	(14,737)	(14,737)	(2,860)	11,877
NET CHANGE IN FUND BALANCE	(14,737)	(14,737)	(2,860)	11,877
FUND BALANCE, JULY 1, 2018	14,737	14,737	14,737	
FUND BALANCE, JUNE 30, 2019	\$		11,877	11,877

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	CRIMINAL JUSTICE TEMPORARY CONSTRUCTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Fines, forfeitures and penalties	\$ 12,000	12,000	11,942	(58)
Revenue from use of money and property- Investment income	1,000	1,000	1,395	395
TOTAL REVENUES	13,000	13,000	13,337	337
EXPENDITURES				
Current-Public protection:				
Services and supplies	72,850	72,850	3,747	69,103
Other charges	4,291	4,291		4,291
TOTAL EXPENDITURES	77,141	77,141	3,747	73,394
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(64,141)	(64,141)	9,590	73,731
OTHER FINANCING SOURCES				
Changes in fund balance			1	1
NET CHANGE IN FUND BALANCE	(64,141)	(64,141)	9,591	73,732
FUND BALANCE, JULY 1, 2018	64,141	64,141	64,141	
FUND BALANCE, JUNE 30, 2019	\$		73,732	73,732

Continued...

COUNTY OF LOS ANGELES
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	REGISTRAR-RECORDER IMPROVEMENT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Charges for services	\$ 9,313	9,313	11,082	1,769
OTHER FINANCING SOURCES (USES)				
Transfers out	(11,455)	(13,662)	(12,812)	850
Appropriations for contingencies	(13,996)	(11,789)		11,789
Changes in fund balance			2	2
TOTAL OTHER FINANCING SOURCES (USES)	(25,451)	(25,451)	(12,810)	12,641
NET CHANGE IN FUND BALANCE	(16,138)	(16,138)	(1,728)	14,410
FUND BALANCE, JULY 1, 2018	16,138	16,138	16,138	
FUND BALANCE, JUNE 30, 2019	\$		14,410	14,410

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	OTHER SPECIAL REVENUE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Licenses, permits and franchises	\$ 2,800	2,800	3,884	1,084
Revenue from use of money and property:				
Investment income	375	375	872	497
Rents and concessions	5,945	5,945	5,665	(280)
Royalties	3	3	5	2
Charges for services	983	983	45	(938)
Miscellaneous	13	13	25	12
TOTAL REVENUES	10,119	10,119	10,496	377
EXPENDITURES				
Current:				
General government:				
Salaries and employee benefits	6,577	6,577	6,360	217
Services and supplies	7,902	12,202	7,770	4,432
Capital assets	1,144	1,126	366	760
Total general government	15,623	19,905	14,496	5,409
Education-				
Services and supplies	7,662	6,759	3	6,756
TOTAL EXPENDITURES	23,285	26,664	14,499	12,165
DEFICIENCY OF REVENUES OVER EXPENDITURES	(13,166)	(16,545)	(4,003)	12,542
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	220	220	751	531
Transfers in	14,570	14,570	14,655	85
Transfers out	(81,797)	(78,418)	(17,117)	61,301
Appropriations for contingencies	(17,728)	(17,728)		17,728
Changes in fund balance			235	235
TOTAL OTHER FINANCING SOURCES (USES)	(84,735)	(81,356)	(1,476)	79,880
NET CHANGE IN FUND BALANCE	(97,901)	(97,901)	(5,479)	92,422
FUND BALANCE, JULY 1, 2018	97,901	97,901	97,901	
FUND BALANCE, JUNE 30, 2019	\$		92,422	92,422

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
 JUNE 30, 2019 (in thousands)

	Regional Park and Open Space District	Joint Powers Authorities	Public Buildings	LA County Securitization Corporation	Total
ASSETS					
Pooled cash and investments:					
Operating	\$ 14,321		52,121		\$ 66,442
Other	1				1
Total pooled cash and investments	<u>14,322</u>		<u>52,121</u>		<u>66,443</u>
Other investments		13,620	1,421	38,065	53,106
Interest receivable	2		104		106
TOTAL ASSETS	<u>14,324</u>	<u>13,620</u>	<u>53,646</u>	<u>38,065</u>	<u>119,655</u>
DEFERRED OUTFLOWS OF RESOURCES				217,518	217,518
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 14,324</u>	<u>13,620</u>	<u>53,646</u>	<u>255,583</u>	<u>\$ 337,173</u>
FUND BALANCES - RESTRICTED	<u>\$ 14,324</u>	<u>13,620</u>	<u>53,646</u>	<u>255,583</u>	<u>\$ 337,173</u>
TOTAL FUND BALANCES	<u>\$ 14,324</u>	<u>13,620</u>	<u>53,646</u>	<u>255,583</u>	<u>\$ 337,173</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
 FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	Regional Park and Open Space District	Joint Powers Authorities	Public Buildings	LA County Securitization Corporation	Total
REVENUES					
Revenue from use of money and property-					
Investment income	\$ 489	1,039	1,305	758	\$ 3,591
Charges for services	262				262
Miscellaneous				26,088	26,088
TOTAL REVENUES	751	1,039	1,305	26,846	29,941
EXPENDITURES - Debt service					
Principal	12,955	12,955	105,073	7,940	138,923
Interest and other charges	1,039	1,039	79,485	19,214	100,777
TOTAL EXPENDITURES	13,994	13,994	184,558	27,154	239,700
DEFICIENCY OF REVENUES OVER EXPENDITURES	(13,243)	(12,955)	(183,253)	(308)	(209,759)
OTHER FINANCING SOURCES (USES)					
Transfers in			114,831		114,831
Transfers out			(355,740)	(5,229)	(360,969)
Issuance of debt			377,869		377,869
Bond premium proceeds			44,179		44,179
TOTAL OTHER FINANCING SOURCES (USES)			181,139	(5,229)	175,910
NET CHANGE IN FUND BALANCES	(13,243)	(12,955)	(2,114)	(5,537)	(33,849)
FUND BALANCES, JULY 1, 2018	27,567	26,575	55,760	261,120	371,022
FUND BALANCES, JUNE 30, 2019	\$ 14,324	13,620	53,646	255,583	\$ 337,173

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	REGIONAL PARK AND OPEN SPACE DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Revenue from use of money and property-				
Investment income	\$ 203	203	306	103
EXPENDITURES				
Debt service:				
Principal	12,955	12,955	12,955	
Interest	1,120	1,039	1,039	
TOTAL EXPENDITURES	14,075	13,994	13,994	
DEFICIENCY OF REVENUES OVER EXPENDITURES	(13,872)	(13,791)	(13,688)	103
OTHER FINANCING SOURCES (USES)				
Transfers in	14,122	14,122	262	(13,860)
Transfers out		(14,053)		14,053
Changes in fund balance	(331)	13,641	13,641	
TOTAL OTHER FINANCING SOURCES (USES)	13,791	13,710	13,903	193
NET CHANGE IN FUND BALANCE	(81)	(81)	215	296
FUND BALANCE, JULY 1, 2018	81	81	81	
FUND BALANCE, JUNE 30, 2019	\$		296	296

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
 JUNE 30, 2019 (in thousands)

	Accumulative Capital Outlay	Improvement Districts	Public Buildings	Gap Loan	Total
ASSETS					
Pooled cash and investments:					
Operating	\$ 110,896	13	14,891	46,274	\$ 172,074
Other	222		14	75	311
Total pooled cash and investments	<u>111,118</u>	<u>13</u>	<u>14,905</u>	<u>46,349</u>	<u>172,385</u>
Other investments			285,524		285,524
Interest receivable	300		554	122	976
Other receivables	4				4
Due from other funds	10,802				10,802
TOTAL ASSETS	<u>\$ 122,224</u>	<u>13</u>	<u>300,983</u>	<u>46,471</u>	<u>\$ 469,691</u>
LIABILITIES					
Accounts payable	\$ 810				\$ 810
Due to other funds	1,456		7,674	2,521	11,651
Advances payable	39				39
TOTAL LIABILITIES	<u>2,305</u>		<u>7,674</u>	<u>2,521</u>	<u>12,500</u>
FUND BALANCES					
Restricted			293,309	43,950	337,259
Committed	79,602				79,602
Assigned	40,317	13			40,330
TOTAL FUND BALANCES	<u>119,919</u>	<u>13</u>	<u>293,309</u>	<u>43,950</u>	<u>457,191</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 122,224</u>	<u>13</u>	<u>300,983</u>	<u>46,471</u>	<u>\$ 469,691</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
 FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	Accumulative Capital Outlay	Improvement Districts	Public Buildings	Gap Loan	Total
REVENUES					
Revenue from use of money and property-					
Investment income	\$ 3,734	1	7,997	1,572	\$ 13,304
Intergovernmental revenues-					
State	68				68
Charges for services	7,029				7,029
Miscellaneous	444				444
TOTAL REVENUES	11,275	1	7,997	1,572	20,845
EXPENDITURES - Capital outlay	18,472		216,994		235,466
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,197)	1	(208,997)	1,572	(214,621)
OTHER FINANCING SOURCES (USES)					
Transfers in	11,827		344,580		356,407
Transfers out	(66)		(20,518)	(2,521)	(23,105)
Issuance of debt			163,686		163,686
Sale of capital assets	12				12
TOTAL OTHER FINANCING SOURCES (USES)	11,773		487,748	(2,521)	497,000
NET CHANGE IN FUND BALANCES	4,576	1	278,751	(949)	282,379
FUND BALANCES, JULY 1, 2018	115,343	12	14,558	44,899	174,812
FUND BALANCES, JUNE 30, 2019	\$ 119,919	13	293,309	43,950	\$ 457,191

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUNDS
 JUNE 30, 2019 (in thousands)

	Annuities	Endowments	Total
ASSETS			
Pooled cash and investments:			
Operating	\$ 456	1,847	\$ 2,303
Other	1		1
Total pooled cash and investments	<u>457</u>	<u>1,847</u>	<u>2,304</u>
Interest receivable	2	4	6
TOTAL ASSETS	<u><u>\$ 459</u></u>	<u><u>1,851</u></u>	<u><u>\$ 2,310</u></u>
LIABILITIES			
Due to other funds	\$	33	\$ 33
FUND BALANCES			
Nonspendable	410	1,735	2,145
Restricted for annuities and endowments	49	83	132
TOTAL FUND BALANCES	<u>459</u>	<u>1,818</u>	<u>2,277</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 459</u></u>	<u><u>1,851</u></u>	<u><u>\$ 2,310</u></u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	Annuities	Endowments	Total
REVENUES			
Revenue from use of money and property-			
Investment income	\$ 15	54	\$ 69
EXPENDITURES - General government	24	36	60
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(9)	18	9
NET CHANGE IN FUND BALANCES	(9)	18	9
FUND BALANCES, JULY 1, 2018	468	1,800	2,268
FUND BALANCES, JUNE 30, 2019	\$ 459	1,818	\$ 2,277



INTERNAL SERVICE FUNDS

COUNTY OF LOS ANGELES
INTERNAL SERVICE FUNDS

The Public Works Fund is used to account for the cost of services provided by the Department of Public Works to the Road Fund, Flood Control District, County Engineer and various other special districts and agencies. Costs are recovered through billings for services.

The Equipment Acquisition Fund is used to account for the operations of the Los Angeles County Capital Asset Leasing Corporation. County departments are charged for equipment items acquired on their behalf. The charges represent recovery of equipment depreciation expense and bond interest expense.

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 JUNE 30, 2019 (in thousands)

	Public Works	Equipment Acquisition	Total
ASSETS			
Current assets:			
Pooled cash and investments:			
Operating	\$ 38,604	1,004	\$ 39,608
Other	9,185	27	9,212
Total pooled cash and investments	<u>47,789</u>	<u>1,031</u>	<u>48,820</u>
Interest receivable	110	43	153
Other receivables	8,788		8,788
Due from other funds	118,511	2,327	120,838
Inventories	10,220		10,220
Total current assets	<u>185,418</u>	<u>3,401</u>	<u>188,819</u>
Noncurrent assets:			
Restricted assets		14,869	14,869
Capital assets:			
Equipment	208,737	82,565	291,302
Less accumulated depreciation	(111,699)	(37,389)	(149,088)
Total capital assets - net	<u>97,038</u>	<u>45,176</u>	<u>142,214</u>
Total noncurrent assets	<u>97,038</u>	<u>60,045</u>	<u>157,083</u>
TOTAL ASSETS	<u>282,456</u>	<u>63,446</u>	<u>345,902</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>173,280</u>		<u>173,280</u>
LIABILITIES			
Current liabilities:			
Accounts payable	8,875	1,251	10,126
Accrued payroll	21,300		21,300
Other payables	2,969		2,969
Accrued interest payable		785	785
Due to other funds	43,821	13	43,834
Advances from other funds	22,000		22,000
Advances payable	16	3,906	3,922
Current portion of long-term liabilities	10,222	25,925	36,147
Total current liabilities	<u>109,203</u>	<u>31,880</u>	<u>141,083</u>
Noncurrent liabilities:			
Accrued compensated absences	57,640		57,640
Bonds and notes		30,615	30,615
Workers' compensation	50,536		50,536
Net pension liability	332,054		332,054
Net OPEB liability	877,840		877,840
Total noncurrent liabilities	<u>1,318,070</u>	<u>30,615</u>	<u>1,348,685</u>
TOTAL LIABILITIES	<u>1,427,273</u>	<u>62,495</u>	<u>1,489,768</u>
DEFERRED INFLOWS OF RESOURCES	<u>204,029</u>		<u>204,029</u>
NET POSITION			
Net investment in capital assets	97,038	10,100	107,138
Restricted-			
Debt service		5,131	5,131
Unrestricted (deficit)	(1,272,604)	(14,280)	(1,286,884)
TOTAL NET POSITION (DEFICIT)	<u>\$ (1,175,566)</u>	<u>951</u>	<u>\$ (1,174,615)</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	Public Works	Equipment Acquisition	Total
OPERATING REVENUES:			
Rentals	\$ 51	27,237	\$ 27,288
Charges for services	593,009		593,009
TOTAL OPERATING REVENUES	593,060	27,237	620,297
OPERATING EXPENSES:			
Salaries and employee benefits	508,459		508,459
Services and supplies	50,560	17	50,577
Other professional services	44,883		44,883
Depreciation and amortization	14,004	20,375	34,379
TOTAL OPERATING EXPENSES	617,906	20,392	638,298
OPERATING INCOME (LOSS)	(24,846)	6,845	(18,001)
NONOPERATING REVENUES (EXPENSES):			
Investment income	463	654	1,117
Interest expense		(1,908)	(1,908)
TOTAL NONOPERATING REVENUES (EXPENSES)	463	(1,254)	(791)
INCOME (LOSS) BEFORE TRANSFERS	(24,383)	5,591	(18,792)
Transfers in	19,304		19,304
Transfers out	(1,033)	(2,948)	(3,981)
CHANGE IN NET POSITION	(6,112)	2,643	(3,469)
TOTAL NET POSITION (DEFICIT), JULY 1, 2018	(1,169,454)	(1,692)	(1,171,146)
TOTAL NET POSITION (DEFICIT), JUNE 30, 2019	\$ (1,175,566)	951	\$ (1,174,615)

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	Public Works	Equipment Acquisition	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Rentals received	\$ 51		\$ 51
Rentals received from other funds		25,103	25,103
Cash received from charges for services	37,917		37,917
Cash received from charges for services to other funds	533,587		533,587
Cash paid for salaries and employee benefits	(482,474)		(482,474)
Cash paid for services and supplies	(45,305)	(17)	(45,322)
Other operating expenses	(44,883)		(44,883)
Net cash provided by (required for) operating activities	<u>(1,107)</u>	<u>25,086</u>	<u>23,979</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash advances returned to other funds	(54)	(4,944)	(4,998)
Transfers in	19,304		19,304
Transfers out	(1,033)	(2,948)	(3,981)
Net cash provided by (required for) noncapital financing activities	<u>18,217</u>	<u>(7,892)</u>	<u>10,325</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from bonds and notes		30,000	30,000
Interest paid on capital borrowing		(1,465)	(1,465)
Principal payments on bonds and notes		(19,545)	(19,545)
Acquisition and construction of capital assets	(14,088)	(34,824)	(48,912)
Net cash required for capital and related financing activities	<u>(14,088)</u>	<u>(25,834)</u>	<u>(39,922)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	439	680	1,119
Net increase (decrease) in cash and cash equivalents	<u>3,461</u>	<u>(7,960)</u>	<u>(4,499)</u>
Cash and cash equivalents, July 1, 2018	<u>44,328</u>	<u>23,860</u>	<u>68,188</u>
Cash and cash equivalents, June 30, 2019	<u>\$ 47,789</u>	<u>15,900</u>	<u>\$ 63,689</u>

Continued...

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF CASH FLOWS - Continued
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	Public Works	Equipment Acquisition	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES:			
Operating income (loss)	\$ (24,846)	6,845	\$ (18,001)
Adjustments to reconcile operating income (loss) to net cash provided by (required for) operating activities:			
Depreciation and amortization	14,004	20,375	34,379
Increase in:			
Other receivables	(316)		(316)
Due from other funds	(20,775)	(2,134)	(22,909)
Inventories	(1,602)		(1,602)
Increase (decrease) in:			
Accounts payable	924		924
Accrued payroll	1,042		1,042
Other payables	77		77
Accrued compensated absences	1,494		1,494
Due to other funds	5,933		5,933
Workers' compensation	1,489		1,489
Net pension liability and related changes in deferred outflows and inflows of resources	(6,429)		(6,429)
Net OPEB liability and related changes in deferred outflows and inflows of resources	27,898		27,898
TOTAL ADJUSTMENTS	23,739	18,241	41,980
NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES	\$ (1,107)	25,086	\$ 23,979
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:			
Pooled cash and investments	\$ 47,789	1,031	\$ 48,820
Restricted assets		14,869	14,869
TOTAL	\$ 47,789	15,900	\$ 63,689

FIDUCIARY FUNDS

COUNTY OF LOS ANGELES
FIDUCIARY FUNDS

PENSION TRUST FUND

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

OPEB TRUST FUND

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

POOLED INVESTMENT TRUST FUND

The Pooled Investment Trust Fund is used to account for net position of the County's external investment pool. The fund primarily consists of deposits held on behalf of School Districts and Sanitation Districts.

SPECIFIC INVESTMENT TRUST FUND

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

AGENCY

Property Tax Funds

This group of funds is used to account for the monies received from property and other taxes, which must be held pending authority for distribution to the appropriate recipients.

Departmental Funds

This group of funds is used to account for cash and other assets and related liabilities where the County holds money either in a custodial capacity for other entities, or as a clearing account to accumulate and hold certain monies until disbursement to the ultimate recipient.

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS
 JUNE 30, 2019 (in thousands)

	Pension Trust Fund	OPEB Trust Fund	Total
ASSETS			
Pooled cash and investments	\$ 96,221		\$ 96,221
Other investments:			
Short-term investments	1,307,560	14,491	1,322,051
Equity	25,836,066	624,039	26,460,105
Fixed income	18,028,747	479,773	18,508,520
Private equity	6,028,265		6,028,265
Real estate	6,192,619	120,247	6,312,866
Hedge funds	1,890,739		1,890,739
Cash collateral on loaned securities	814,829		814,829
Interest receivable	102,714	136	102,850
Other receivables	1,057,946	13	1,057,959
TOTAL ASSETS	61,355,706	1,238,699	62,594,405
LIABILITIES			
Accounts payable	2,162,819		2,162,819
Other payables	898,051	222	898,273
TOTAL LIABILITIES	3,060,870	222	3,061,092
NET POSITION			
Net position restricted for pension and other postemployment benefits	<u>\$ 58,294,836</u>	<u>1,238,477</u>	<u>\$ 59,533,313</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	Pension Trust Fund	OPEB Trust Fund	Total
ADDITIONS			
Contributions:			
Pension and OPEB trust contributions:			
Employer	\$ 1,668,151	863,028	\$ 2,531,179
Member	635,415	47,800	683,215
Total contributions	<u>2,303,566</u>	<u>910,828</u>	<u>3,214,394</u>
Investment earnings:			
Investment income	2,188,736	6,188	2,194,924
Net increase in the fair value of investments	1,215,625	56,670	1,272,295
Securities lending income	26,146		26,146
Total investment earnings	<u>3,430,507</u>	<u>62,858</u>	<u>3,493,365</u>
Less - Investment expenses:			
Expense from investing activities	233,126	742	233,868
Expense from securities lending activities	21,658		21,658
Total net investment expense	<u>254,784</u>	<u>742</u>	<u>255,526</u>
Net investment earnings	<u>3,175,723</u>	<u>62,116</u>	<u>3,237,839</u>
Miscellaneous	5,958		5,958
TOTAL ADDITIONS	<u>5,485,247</u>	<u>972,944</u>	<u>6,458,191</u>
DEDUCTIONS			
Administrative expenses:			
Salaries and employee benefits	63,116		63,116
Services and supplies	19,790	234	20,024
Total administrative expenses	<u>82,906</u>	<u>234</u>	<u>83,140</u>
Benefit payments	3,378,463	675,240	4,053,703
Miscellaneous	29,024		29,024
TOTAL DEDUCTIONS	<u>3,490,393</u>	<u>675,474</u>	<u>4,165,867</u>
CHANGE IN NET POSITION	1,994,854	297,470	2,292,324
NET POSITION, JULY 1, 2018	<u>56,299,982</u>	<u>941,007</u>	<u>57,240,989</u>
NET POSITION, JUNE 30, 2019	<u>\$ 58,294,836</u>	<u>1,238,477</u>	<u>\$ 59,533,313</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - INVESTMENT TRUST FUNDS
 JUNE 30, 2019 (in thousands)

	Pooled Investment Trust Fund	Specific Investment Trust Fund	Total
ASSETS			
Pooled cash and investments	\$ 20,529,670		\$ 20,529,670
Other investments		165,487	165,487
Interest receivable	48,338	681	49,019
TOTAL ASSETS	20,578,008	166,168	20,744,176
NET POSITION			
Net position restricted for pool participants and investment trust fund	<u>\$ 20,578,008</u>	<u>166,168</u>	<u>\$ 20,744,176</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - INVESTMENT TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	Pooled Investment Trust Fund	Specific Investment Trust Fund	Total
ADDITIONS			
Contributions to investment trust funds	\$ 47,793,918	55,943	\$ 47,849,861
Investment income	582,266	7,936	590,202
TOTAL ADDITIONS	48,376,184	63,879	48,440,063
DEDUCTIONS			
Distributions from investment trust funds	48,457,494	52,791	48,510,285
CHANGE IN NET POSITION	(81,310)	11,088	(70,222)
NET POSITION, JULY 1, 2018	20,659,318	155,080	20,814,398
NET POSITION, JUNE 30, 2019	\$ 20,578,008	166,168	\$ 20,744,176

COUNTY OF LOS ANGELES
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FIDUCIARY FUNDS - AGENCY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019 (in thousands)

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>PROPERTY TAX FUNDS</u>				
ASSETS				
Pooled cash and investments	\$ 386,676	68,772,142	68,785,227	\$ 373,591
TOTAL ASSETS	<u>\$ 386,676</u>	<u>68,772,142</u>	<u>68,785,227</u>	<u>\$ 373,591</u>
LIABILITIES				
Due to other governments	\$ 386,676	68,772,142	68,785,227	\$ 373,591
TOTAL LIABILITIES	<u>\$ 386,676</u>	<u>68,772,142</u>	<u>68,785,227</u>	<u>\$ 373,591</u>
<u>DEPARTMENTAL FUNDS</u>				
ASSETS				
Pooled cash and investments	\$ 1,293,875	101,734,401	101,448,105	\$ 1,580,171
Other investments	300	601	601	300
Taxes receivable	221,253	607,710	568,989	259,974
Interest receivable	117,625	123,862	119,062	122,425
TOTAL ASSETS	<u>\$ 1,633,053</u>	<u>102,466,574</u>	<u>102,136,757</u>	<u>\$ 1,962,870</u>
LIABILITIES				
Due to other governments	\$ 1,633,053	102,466,574	102,136,757	\$ 1,962,870
TOTAL LIABILITIES	<u>\$ 1,633,053</u>	<u>102,466,574</u>	<u>102,136,757</u>	<u>\$ 1,962,870</u>
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Pooled cash and investments	\$ 1,680,551	170,506,543	170,233,332	\$ 1,953,762
Other investments	300	601	601	300
Taxes receivable	221,253	607,710	568,989	259,974
Interest receivable	117,625	123,862	119,062	122,425
TOTAL ASSETS	<u>\$ 2,019,729</u>	<u>171,238,716</u>	<u>170,921,984</u>	<u>\$ 2,336,461</u>
LIABILITIES				
Due to other governments	\$ 2,019,729	171,238,716	170,921,984	\$ 2,336,461
TOTAL LIABILITIES	<u>\$ 2,019,729</u>	<u>171,238,716</u>	<u>170,921,984</u>	<u>\$ 2,336,461</u>



STATISTICAL SECTION

The information in this section is not covered by the Independent Auditor's Report, but is presented as supplemental data for the benefit of the readers of the comprehensive annual financial report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to better understand and assess the County's overall financial health.

CONTENTS	PAGE
FINANCIAL TRENDS	213
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
REVENUE CAPACITY	220
These schedules contain trend information to help the reader assess the County's most significant local revenue source, the property tax.	
DEBT CAPACITY	224
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	
DEMOGRAPHIC AND ECONOMIC INFORMATION	230
The schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	
OPERATING INFORMATION.....	232
These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



COUNTY OF LOS ANGELES
NET POSITION BY CATEGORY (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands)
(accrual basis of accounting)

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
						(2)			(3)	
Governmental activities										
Net investment in capital assets (1)	\$ 14,271,861	14,484,468	14,593,171	14,654,785	14,789,236	14,846,719	14,982,488	15,165,318	14,984,847	15,166,340
Restricted	1,861,498	2,925,662	2,908,564	2,655,717	2,727,379	3,098,677	3,320,163	3,391,358	3,524,215	3,811,405
Unrestricted (deficit)	(2,133,744)	(4,247,364)	(6,127,737)	(6,919,526)	(8,199,840)	(16,822,355)	(17,719,601)	(18,728,499)	(29,158,786)	(29,366,455)
Subtotal governmental activities net position	13,999,615	13,162,766	11,373,998	10,390,976	9,316,775	1,123,041	583,050	(171,823)	(10,649,724)	(10,388,710)
Business-type activities										
Net investment in capital assets (1)	2,293,147	2,242,340	2,241,059	2,218,647	2,271,730	2,298,915	2,269,835	2,305,050	2,320,256	2,109,416
Restricted	163,820	122,216	104,997	68,169	76,908	84,672	92,699	112,775	134,647	138,686
Unrestricted (deficit)	(1,373,660)	(1,336,706)	(1,588,985)	(1,721,419)	(1,930,232)	(3,220,744)	(3,446,986)	(3,383,795)	(5,323,163)	(5,351,572)
Subtotal business-type activities net position	1,083,307	1,027,850	757,071	565,397	418,406	(837,157)	(1,084,452)	(965,970)	(2,868,260)	(3,103,470)
Primary government										
Net investment in capital assets (1)	16,565,008	16,726,808	16,834,230	16,873,432	17,060,966	17,145,634	17,252,323	17,470,368	17,305,103	17,275,756
Restricted	2,025,318	3,047,878	3,013,561	2,723,886	2,804,287	3,183,349	3,412,862	3,504,133	3,658,862	3,950,091
Unrestricted (deficit)	(3,507,404)	(5,584,070)	(7,716,722)	(8,640,945)	(10,130,072)	(20,043,099)	(21,166,587)	(22,112,294)	(34,481,949)	(34,718,027)
Total primary government net position	\$ 15,082,922	14,190,616	12,131,069	10,956,373	9,735,181	285,884	(501,402)	(1,137,793)	(13,517,984)	(13,492,180)

Notes:

- (1) The County adopted GASB 63 in FY 2012-13. For FY 2009-10 through FY 2011-12, the amounts were reported as Invested in capital assets, net of related debt. Net assets were also renamed as net position.
- (2) The County adopted GASB 68 and 71 in FY 2014-15 and prior year amounts were not restated.
- (3) The County adopted GASB 75 in FY 2017-18 and prior year amounts were not restated.

COUNTY OF LOS ANGELES
 CHANGES IN NET POSITION (UNAUDITED)
 LAST TEN FISCAL YEARS (in thousands)
 (accrual basis of accounting)

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Expenses						(2)			(3)	
Governmental activities:										
General government	\$ 1,236,226	1,100,781	1,315,662	1,274,689	1,307,001	1,429,897	1,235,949	1,354,561	1,579,367	1,660,335
Public protection	6,163,910	6,081,466	6,608,319	6,309,193	6,682,960	6,638,192	7,098,459	7,532,191	7,841,468	7,772,364
Public ways and facilities	352,549	417,250	355,527	381,211	366,582	415,586	375,295	397,231	415,805	453,758
Health and sanitation	2,718,876	2,781,183	3,036,296	3,066,172	3,557,523	3,136,924	3,417,720	3,868,785	4,307,099	5,433,924
Public assistance	5,518,036	5,728,637	5,599,244	5,538,106	5,830,165	6,007,973	6,191,975	6,441,552	6,693,008	6,922,346
Education	101,397	104,159	112,497	119,680	119,037	107,336	141,195	127,901	160,097	161,012
Recreation and cultural services	319,000	311,422	310,369	316,372	278,459	365,755	388,284	276,625	487,173	320,838
Interest on long-term debt	139,824	134,429	110,541	105,491	97,777	99,400	93,022	104,899	106,425	124,549
Subtotal governmental activities expenses	16,549,818	16,659,327	17,448,455	17,110,914	18,239,504	18,201,063	18,941,899	20,103,745	21,590,442	22,849,126
Business-type activities:										
Hospitals	3,394,724	3,541,874	3,768,699	3,889,206	3,838,574	4,017,633	4,309,615	4,990,891	5,370,965	4,827,429
Waterworks	76,817	83,592	94,651	84,824	84,499	85,479	86,463	90,517	95,301	104,906
Aviation	4,743	4,658	5,022	5,332	6,402	6,675	5,661	2,776	11,148	5,954
Los Angeles County Development Authority (1)	294,785	284,048	289,924							
Subtotal business-type activities expenses	3,771,069	3,914,172	4,158,296	3,979,362	3,929,475	4,109,787	4,401,739	5,084,184	5,477,414	4,938,289
Total primary government expenses	20,320,887	20,573,499	21,606,751	21,090,276	22,168,979	22,310,850	23,343,638	25,187,929	27,067,856	27,787,415
Program Revenues										
Governmental activities:										
Charges for services										
General government	432,084	451,082	455,062	473,047	488,685	469,598	514,167	556,361	530,893	570,425
Public protection	1,342,970	1,308,388	1,304,650	1,248,402	1,222,157	1,246,654	1,276,055	1,311,858	1,263,462	1,281,280
Health and sanitation	639,602	635,950	665,863	615,531	784,997	535,836	620,468	715,414	762,326	1,606,315
Recreation and cultural services	178,935	179,705	183,151	200,827	200,639	206,794	149,032	154,686	251,160	160,111
Other charges for services	92,226	82,462	103,799	51,735	55,027	46,125	48,362	41,164	53,449	62,014
Subtotal governmental activities charges for services	2,685,817	2,657,587	2,712,525	2,589,542	2,751,505	2,505,007	2,608,084	2,779,483	2,861,290	3,680,145
Operating grants and contributions	7,636,509	7,939,142	7,715,282	8,186,681	8,579,502	8,976,986	9,296,996	9,795,607	10,263,315	10,719,454
Capital grants and contributions	115,640	149,569	38,352	104,486	12,850	35,685	24,860	64,055	26,310	72,955
Total governmental activities program revenues	10,437,966	10,746,298	10,466,159	10,880,709	11,343,857	11,517,678	11,929,940	12,639,145	13,150,915	14,472,554
Business-type activities:										
Charges for services										
Hospitals	2,099,010	2,210,619	2,181,405	2,371,130	2,455,940	2,960,080	3,161,974	3,877,494	4,064,523	3,437,056
Other charges for services	70,853	72,429	81,239	75,762	78,625	77,746	83,286	81,694	90,526	89,468
Subtotal business-type activities charges for services	2,169,863	2,283,048	2,262,644	2,446,892	2,534,565	3,037,826	3,245,260	3,959,188	4,155,049	3,526,524
Operating grants and contributions	317,162	681,471	776,779	522,112	485,888	500,840	315,070	457,686	651,303	488,087
Capital grants and contributions	2,018	437	1,311	47	3,156	2,353	5,582	1,195	8,291	3,850
Total business-type activities program revenues	2,489,043	2,964,956	3,040,734	2,969,051	3,023,609	3,541,019	3,565,912	4,418,069	4,814,643	4,018,461
Total primary government program revenues	12,927,009	13,711,254	13,506,893	13,849,760	14,367,466	15,058,697	15,495,852	17,057,214	17,965,558	18,491,015

Notes:
 (1) Due to the implementation of GASB 61, the Los Angeles County Development Authority became a discretely presented component unit and is no longer part of the primary government in FY 2012-13.
 (2) The County adopted GASB 68 and 71 in FY 2014-15 and prior year amounts were not restated.
 (3) The County adopted GASB 75 in FY 2017-18 and prior year amounts were not restated.

COUNTY OF LOS ANGELES
 CHANGES IN NET POSITION (UNAUDITED) - Continued
 LAST TEN FISCAL YEARS (in thousands)
(accrual basis of accounting)

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Net (expenses) / revenues:										
Governmental activities	(6,111,852)	(5,913,029)	(6,982,296)	(6,230,205)	(6,895,647)	(6,683,385)	(7,011,959)	(7,464,600)	(8,439,527)	(8,376,572)
Business-type activities	(1,282,026)	(949,216)	(1,117,562)	(1,010,311)	(905,866)	(568,768)	(835,827)	(666,115)	(662,771)	(919,828)
Total primary government net expenses	(7,393,878)	(6,862,245)	(8,099,858)	(7,240,516)	(7,801,513)	(7,252,153)	(7,847,786)	(8,130,715)	(9,102,298)	(9,296,400)
General Revenues and Transfers										
Governmental Activities:										
Taxes	5,061,595	5,046,783	5,192,668	5,570,043	5,840,175	6,161,188	6,415,494	6,826,908	7,475,813	8,184,940
Unrestricted grants and contributions	701,521	677,767	608,967	745,406	513,458	512,079	374,264	428,435	433,799	473,800
Investment income (loss)	105,878	80,746	82,271	(920)	64,354	74,220	122,763	53,363	101,730	380,361
Miscellaneous	132,856	129,963	134,827	150,957	134,611	181,119	141,146	178,922	149,384	269,931
Extraordinary items - Net position transferred to private-purpose trust fund			(6,282)							
Transfers (Net)	(895,250)	(859,079)	(818,923)	(913,686)	(731,152)	(603,762)	(581,699)	(777,901)	(747,863)	(671,446)
Subtotal governmental activities	5,106,600	5,076,180	5,193,528	5,551,800	5,821,446	6,324,844	6,471,968	6,709,727	7,412,863	8,637,586
Business-type activities:										
Taxes	4,415	4,265	4,382	4,347	4,681	4,919	5,309	5,676	6,013	6,504
Unrestricted grants and contributions	143	41	51	37	33					32
Investment income (loss)	2,693	2,142	1,770	(171)	3,908	1,289	1,463	898	675	6,600
Miscellaneous	35,463	28,232	21,657	13,171	19,101	26,012	61	122	110	36
Transfers (Net)	895,250	859,079	818,923	913,686	731,152	603,762	581,699	777,901	747,863	671,446
Subtotal business-type activities	937,964	893,759	846,783	931,070	758,875	635,982	588,532	784,597	754,661	684,618
Total primary government	6,044,564	5,969,939	6,040,311	6,482,870	6,580,321	6,960,826	7,060,500	7,494,324	8,167,524	9,322,204
Changes in Net Position										
Governmental activities	(1,005,252)	(836,849)	(1,788,768)	(678,405)	(1,074,201)	(358,541)	(539,991)	(754,873)	(1,026,664)	261,014
Business-type activities	(344,062)	(55,457)	(270,779)	(79,241)	(146,991)	67,214	(247,295)	118,482	91,890	(235,210)
Total primary government	\$ (1,349,314)	(892,306)	(2,059,547)	(757,646)	(1,221,192)	(291,327)	(787,286)	(636,391)	(934,774)	25,804

COUNTY OF LOS ANGELES
 FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)
 LAST TEN FISCAL YEARS (in thousands)
(modified accrual basis of accounting)

	2009-10	(1)	2010-11	(3)	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
General Fund												
Reserved for:												
Encumbrances	\$ 373,511											
Inventories	44,279											
Assets unavailable for appropriation	366,638											
Total Reserved Balance	<u>784,428</u>											
Unreserved, designated for:												
Program expansion	305,831											
Health services	168,702											
Capital projects	144,366											
Unreserved, undesignated, reported in:												
General fund	1,592,484											
Total Unreserved Balance	<u>2,211,383</u>											
Nonspendable	259,127		259,597		253,836	272,007	272,384	324,555	212,281	136,890	311,958	
Restricted	35,377		55,115		59,786	40,577	55,694	67,880	70,157	77,406	79,210	
Committed			332,255		528,865	482,740	334,346	364,679	429,440	704,954	780,517	
Assigned	763,038		405,285		376,181	538,078	491,954	446,579	494,783	480,065	620,773	
Unassigned	1,664,901		1,589,699		1,660,982	1,769,406	2,035,445	2,180,549	2,444,312	2,495,876	2,641,551	
Total General Fund	<u>2,995,811</u>		<u>2,641,951</u>		<u>2,879,650</u>	<u>3,102,808</u>	<u>3,189,823</u>	<u>3,384,242</u>	<u>3,650,973</u>	<u>3,895,191</u>	<u>4,434,009</u>	
All Other Governmental Funds (2)												
Reserved for:												
Encumbrances	383,683											
Inventories	44,039											
Housing programs	2,026											
Debt service	448,391											
Endowments & annuities	2,826											
Assets unavailable for appropriation	15,484											
Total Reserved Balance	<u>896,449</u>											
Unreserved, designated for:												
Special revenue funds	731,996											
Unreserved, undesignated, reported in:												
Special revenue funds	1,096,078											
Capital projects special funds	193,410											
Total Unreserved Balance	<u>2,021,484</u>											
Nonspendable	54,082		46,371		11,191	11,953	14,047	12,817	13,859	15,979	16,040	
Restricted	3,173,112		3,181,643		2,920,249	2,856,062	3,240,873	3,362,644	3,462,658	3,609,170	3,974,497	
Committed	111,363		125,838		123,956	115,116	112,034	109,538	119,251	122,379	127,829	
Assigned	143,704		147,775		171,992	190,659	202,283	197,022	213,021	220,586	226,468	
Total All Other Governmental Funds	<u>2,917,933</u>		<u>3,501,627</u>		<u>3,227,388</u>	<u>3,173,790</u>	<u>3,569,237</u>	<u>3,682,021</u>	<u>3,808,789</u>	<u>3,968,114</u>	<u>4,344,834</u>	
Total Governmental Fund Balance	<u>\$ 5,913,744</u>		<u>\$ 6,204,704</u>		<u>\$ 6,107,038</u>	<u>\$ 6,276,598</u>	<u>\$ 6,759,060</u>	<u>\$ 7,066,263</u>	<u>\$ 7,459,762</u>	<u>\$ 7,863,305</u>	<u>\$ 8,778,843</u>	

Notes:

- (1) FY 2009-10 has not been restated for the implementation of GASB 54.
- (2) "All Other Governmental Funds" consists of the following funds: Fire Protection District, Flood Control District, LA County Library, Regional Park and Open Space District, Mental Health Services Act and Nonmajor Governmental Funds.
- (3) The County implemented GASB 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned. The governmental funds are reported in the new required format beginning FY 2010-11.



COUNTY OF LOS ANGELES
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)
 LAST TEN FISCAL YEARS (in thousands)
 (modified accrual basis of accounting)

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Revenues (by source)										
Taxes	\$ 4,960,714	4,955,254	5,104,498	5,486,739	5,772,589	6,078,449	6,350,290	6,736,037	7,380,450	8,073,428
Licenses, permits and franchises	69,440	80,278	83,252	91,833	91,160	92,079	93,069	98,554	98,800	102,365
Fines, forfeitures and penalties	353,432	341,143	300,310	302,310	284,318	279,246	251,321	242,837	222,072	236,611
Revenue from use of money and property:										
Investment income (loss)	105,618	80,584	81,947	(551)	64,097	73,966	122,423	57,043	102,130	379,249
Rents and concessions	94,101	111,659	114,178	118,224	124,664	133,208	134,627	157,590	149,423	161,772
Royalties	1,006	1,285	3,446	3,029	2,435	1,503	900	801	804	824
Intergovernmental revenues:										
Federal	3,582,396	3,480,705	3,234,009	3,205,637	3,259,773	3,412,218	3,540,477	3,712,553	3,926,753	3,969,350
State	4,544,074	4,981,043	4,970,871	5,456,853	5,700,379	6,012,662	6,002,364	6,390,825	6,651,035	7,127,912
Other	169,268	162,385	131,217	215,145	83,587	69,212	69,237	86,281	53,958	69,878
Charges for services	2,172,974	2,136,897	2,207,558	2,088,029	2,274,997	2,023,074	2,142,415	2,326,217	2,375,460	3,037,629
Miscellaneous	273,309	218,607	224,000	283,518	210,090	259,466	215,413	256,217	230,346	351,554
Total Revenues	16,326,332	16,549,840	16,455,286	17,250,766	17,868,089	18,435,083	18,922,536	20,064,955	21,191,231	23,510,572
Expenditures (by function)										
Current:										
General government	877,098	898,099	999,962	997,690	1,026,961	1,172,098	1,057,069	1,175,868	1,274,231	1,299,405
Public protection	5,600,679	5,516,837	5,649,097	5,842,286	6,030,388	6,353,892	6,737,132	6,934,740	7,103,012	7,514,418
Public ways and facilities	332,036	340,886	324,449	326,159	338,953	378,345	322,182	361,137	347,713	406,019
Health and sanitation	2,567,715	2,628,816	2,840,532	2,929,151	3,359,430	3,074,411	3,282,130	3,635,865	4,176,280	5,302,669
Public assistance	5,194,752	5,387,205	5,252,926	5,255,655	5,437,728	5,688,513	5,900,845	6,042,952	6,369,468	6,708,517
Education	107,963	110,550	109,159	115,750	121,237	123,723	132,397	130,056	150,032	152,112
Recreation and cultural services	300,199	302,924	299,663	319,863	346,690	357,458	376,270	401,564	447,846	441,641
Debt services:										
Principal	196,941	218,856	186,951	123,581	350,393	463,680	393,501	114,661	91,083	134,225
Interest and other charges	246,461	269,895	110,998	101,089	99,038	97,877	133,261	113,274	111,179	129,598
Capital outlay	32,799	101,592	176,197	397,807	218,498	139,228	61,518	19,997	69,646	237,052
Total Expenditures	15,456,643	15,775,660	15,949,934	16,409,031	17,329,316	17,849,225	18,396,305	18,930,114	20,140,490	22,325,656
Excess of Revenues over Expenditures	869,689	774,180	505,352	841,735	538,773	585,858	526,231	1,134,841	1,050,741	1,184,916
Other Financing Sources (Uses)										
Transfers in	565,138	639,472	719,565	782,464	664,819	757,897	572,677	662,781	927,210	1,558,376
Transfers out	(1,454,259)	(1,510,310)	(1,542,578)	(1,696,268)	(1,404,311)	(1,353,746)	(1,151,110)	(1,441,818)	(1,670,819)	(2,418,192)
Issuance of debt	36,977	326,363	192,281	293,284	366,957	461,811	305,527	34,642	75,489	541,555
Refunding bonds issued			50,675				199,885			
Payment to refunded bonds escrow agent				3,848			(199,885)			
Bond premium proceeds	2,333	43,523	15,128	2,780	1,736	866	547	404	17,661	1,586
Proceeds from capital leases	2,235	17,732	4,733	1,365	1,586	2,422	3,031	2,649	3,261	3,118
Sales of capital assets	(847,576)	(483,220)	(560,196)	(612,527)	(369,213)	(103,396)	(219,028)	(741,342)	(647,198)	(269,378)
Total other financing sources (uses)	(847,576)	(483,220)	(560,196)	(612,527)	(369,213)	(103,396)	(219,028)	(741,342)	(647,198)	(269,378)
Extraordinary Item - Net position transferred to private-purpose trust fund			(6,282)							
Net change in fund balances	\$ 22,113	290,960	(61,126)	229,208	169,560	482,462	307,203	393,499	403,543	915,538
Debt service as a percentage of noncapital expenditures (1)	2.91%	3.17%	1.92%	1.41%	2.69%	3.23%	2.93%	1.25%	1.02%	1.21%

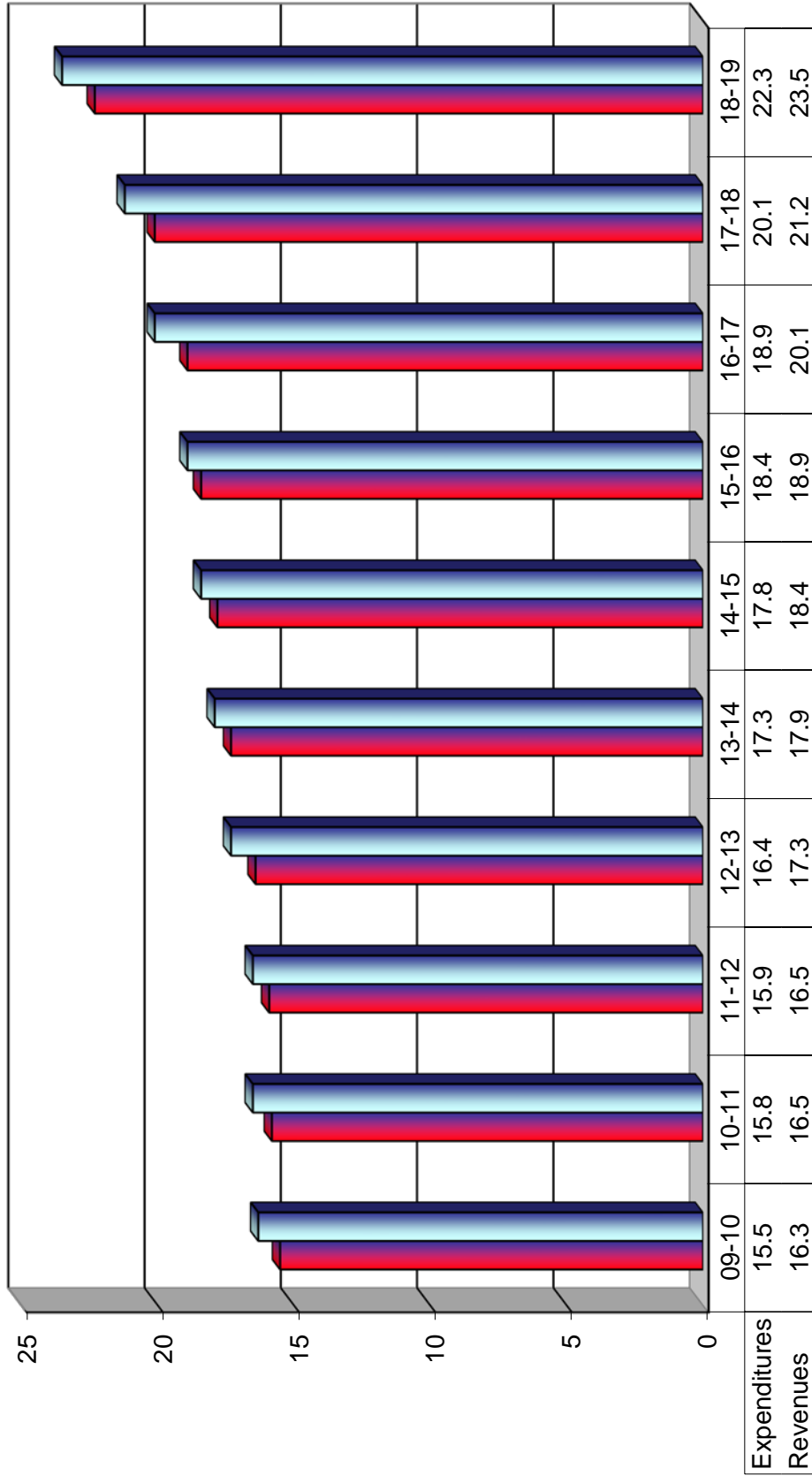
Note:
 (1) The debt service percentage calculations make use of the capital outlay expenditure balances as presented on the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

Amount from GW to FB reconciliation for Capital Outlay \$ 234,040 366,201 457,331 432,727 631,200 454,502 416,575 693,502 233,447 569,861

COUNTY OF LOS ANGELES

Governmental Funds Expenditures and Revenues (UNAUDITED)

Last Ten Fiscal Years



In Billions of Dollars



COUNTY OF LOS ANGELES
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY (UNAUDITED) (1)
 LAST TEN FISCAL YEARS (in thousands)

Fiscal Year	(2) Secured	(3) Unsecured	(4) Unitary	(5) Exempt	Total Taxable Assessed Value	Total Direct Tax Rate
2009 - 2010	\$ 1,055,807,331	53,193,853	11,891,981	(45,881,461)	1,075,011,704	1.000000%
2010 - 2011	1,040,789,623	49,744,044	12,120,596	(47,184,173)	1,055,470,090	1.000000%
2011 - 2012	1,058,615,951	48,214,334	12,950,932	(49,248,993)	1,070,532,224	1.000000%
2012 - 2013	1,082,301,717	49,215,524	13,244,954	(50,875,260)	1,093,886,935	1.000000%
2013 - 2014	1,134,707,829	49,662,548	13,989,870	(53,103,768)	1,145,256,479	1.000000%
2014 - 2015	1,197,665,178	50,777,030	14,325,069	(54,911,046)	1,207,856,231	1.000000%
2015 - 2016	1,270,136,487	52,284,478	15,846,612	(55,760,332)	1,282,507,245	1.000000%
2016 - 2017	1,337,673,405	54,868,734	17,308,742	(55,392,206)	1,354,458,675	1.000000%
2017 - 2018	1,417,559,668	57,596,412	17,864,439	(57,634,568)	1,435,385,951	1.000000%
2018 - 2019	1,509,708,740	61,244,751	18,739,669	(59,810,665)	1,529,882,495	1.000000%

Notes:

- (1) Due to the 1978 passage of the property tax initiative Proposition 13 (Prop 13), the County does not track the estimated actual value of all County properties. Under Prop 13, property is assessed at the 1978 market value with an annual increase limited to the lesser of 2% or the CPI on property not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value of a parcel. As a result, similar properties can have substantially different assessed values based on the date of purchase. Additionally, Prop 13 limits the property tax rate to 1% of assessed value plus the rate necessary to fund local voter-approved bonds and special assessments.
- (2) Secured property is generally real property, as defined as land, mines, minerals, timber and improvements such as buildings, structures, crops, trees and vines.
- (3) Unsecured property is generally personal property including machinery, equipment, office tools and supplies.
- (4) Unitary properties are railroads, utilities and pipelines crossing the County and are assessed by the State Board of Equalization and the County Assessor. Effective FY 2012-13, Unitary pipelines previously reported under Secured, are now reported under Unitary.
- (5) Exempt properties include numerous full and partial exclusions/exemptions provided by the State Constitution and the legislature that relieve certain taxpayers from the burden of paying property taxes.
- (6) Effective FY 2012-13, secured property does not include the unitary pipelines assessed by the County Assessor.

Source:
 Auditor-Controller, County of Los Angeles Taxpayers' Guide

COUNTY OF LOS ANGELES
PROPERTY TAX RATES
DIRECT AND OVERLAPPING RATES FOR TAX AREA #4 (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year	Overlapping Rates (1) (2) (4)				Total Direct and Overlapping Rates
	County of Los Angeles Countywide Ad Valorem Tax (3)	Los Angeles City Tax District No. 1	School Districts	Metropolitan Water District	
2009 - 2010	1.000000	.041220	.174921	.004300	1.220441
2010 - 2011	1.000000	.038895	.227264	.003700	1.269859
2011 - 2012	1.000000	.038666	.203483	.003700	1.245849
2012 - 2013	1.000000	.037694	.224356	.003500	1.265550
2013 - 2014	1.000000	.029754	.190980	.003500	1.224234
2014 - 2015	1.000000	.028096	.187055	.003500	1.218651
2015 - 2016	1.000000	.023030	.165464	.003500	1.191994
2016 - 2017	1.000000	.021297	.167052	.003500	1.191849
2017 - 2018	1.000000	.021345	.168182	.003500	1.193027
2018 - 2019	1.000000	.023107	.169439	.003500	1.196046

Notes:

- (1) The tax rate for Tax Rate Area #4, which applies to most property within the City of Los Angeles, is used to illustrate the breakdown of a tax rate within the County.
- (2) The County is divided into 12,736 tax rate areas which are unique combinations of various jurisdictions servicing a specific geographic area.
- (3) Article XIII A (Proposition 13) limits the maximum ad valorem tax rate to 1% of "full cash value" except for indebtedness approved by the voters prior to July 1, 1978. All other rates are calculated per \$100 of assessed value.
- (4) An exception to the 1% limit was provided by Proposition 46 which was approved in June 1986 re-establishing authority of local governments to issue general obligation bonds for certain purposes.

Source:
Secured Tax Rate and Ratios Report from Auditor-Controller - Tax Division.

COUNTY OF LOS ANGELES
 PRINCIPAL PROPERTY TAXPAYERS (UNAUDITED)
 CURRENT YEAR AND NINE YEARS AGO
 JUNE 30, 2019 AND JUNE 30, 2010 (in thousands)

Taxpayer	2019			(1)		
	Net Assessed Secured Property Value	Rank	Percentage of Total Net Assessed Value	Net Assessed Secured Property Value	Rank	Percentage of Total Net Assessed Value
Southern California Edison Co.	\$ 8,896,922	1	0.61%	\$ 4,307,593	1	0.42%
Douglas Emmett Residential	3,868,454	2	0.26%	3,372,027	2	0.33%
Maguire Properties	3,747,885	3	0.26%	2,739,656	3	0.27%
Southern California Gas Co.	2,712,716	4	0.18%			
Universal Studios, LLC	2,624,240	5	0.18%			
Chevron USA Inc / Texaco / Unocal	2,269,506	6	0.15%	2,412,107	5	0.24%
Tesoro Refining and Marketing Co.	2,265,303	7	0.15%			
Tishman Speyer / Archstone Smith / ASN	2,216,024	8	0.15%			
Prologis / AMB	1,953,918	9	0.13%			
AT&T Communications	1,813,856	10	0.12%	1,599,066	9	0.16%
BP West Coast Products				2,690,566	4	0.26%
Trizecahn Colony Square GP LLC				1,946,675	6	0.19%
Exxon / Mobil Corporation				1,827,261	7	0.18%
Verizon California Inc.				1,696,048	8	0.17%
Conoco Phillips Company				1,530,205	10	0.15%
Total	\$ 32,368,824		2.19%	\$ 24,121,204		2.37%

Note:

(1) See schedule "Assessed Value & Actual Value of Taxable Property." Total assessed value, \$1,468,637,744 as of June 30, 2019 is based on Secured \$1,509,708,740 plus Unitary \$18,739,669 less exemptions of \$59,810,665. Total assessed value, \$1,021,817,851 as of June 30, 2010 is based on Secured \$1,055,807,331 plus Unitary \$11,891,981 less exemptions of \$45,881,461. (in thousands)

Source:

Los Angeles County Treasurer and Tax Collector

COUNTY OF LOS ANGELES
PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands)

Fiscal Year	Taxes Levied	Collections within the fiscal year of the levy		Collections in Subsequent Years (1)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009 - 2010	\$ 12,457,417	\$ 12,047,862	96.7%	\$ 409,555	\$ 12,457,417	100.0%
2010 - 2011	12,651,611	12,344,040	97.6%	307,571	12,651,611	100.0%
2011 - 2012	12,822,884	12,556,003	97.9%	266,881	12,822,884	100.0%
2012 - 2013	13,286,464	13,044,463	98.2%	219,929	13,264,392	99.8%
2013 - 2014	13,673,951	13,452,687	98.4%	200,285	13,652,972	99.8%
2014 - 2015	14,394,534	14,167,462	98.4%	175,345	14,342,807	99.6%
2015 - 2016	14,906,832	14,704,346	98.6%	164,630	14,868,976	99.7%
2016 - 2017	15,750,769	15,563,458	98.8%	150,606	15,714,064	99.8%
2017 - 2018	16,910,307	16,685,415	98.7%	123,479	16,808,894	99.4%
2018 - 2019	17,927,929	17,682,677	98.6%	(2)	17,682,677	98.6%

Note:

- (1) Reflects property taxes levied in prior years but collected in the current year.
- (2) No amounts are shown in FY 2018-19 because the property taxes levied will be collected in the following fiscal year.

Source:
Auditor-Controller-Accounting Division-Property Tax Section

COUNTY OF LOS ANGELES
RATIO OF OUTSTANDING DEBT BY TYPE (UNAUDITED)
LAST TEN FISCAL YEARS (In thousands, except per capita)

Governmental Activities

Fiscal Year	General Obligation Bonds	Assessment Bonds	Certificates of Participation and Bonds	Notes, Loans, and Other Debt	Accreted Interest	Unamortized Bond Premiums	Unamortized Loss on Advance Debt Refund	Pension Bonds Payable	Capital Leases
2009-10	\$	\$ 222,660	\$ 670,242	\$ 414,651	\$ 160,642	\$ 40,195	\$ (31,805)	\$ 256,717	\$ 148,073
2010-11		197,285	912,191	513,462	172,237	36,314	(28,942)		181,260
2011-12		170,725	863,211	563,381	172,662	32,259	(25,949)		190,746
2012-13	(1)	142,870	810,740	597,536	172,142	32,107	(23,165)		183,056
2013-14	(2)	113,615	770,872	681,090	170,583	27,908			174,121
2014-15		82,880	852,579	647,817	167,904	51,085			166,320
2015-16		50,610	1,031,590	389,706	164,005	85,091			158,410
2016-17		38,895	1,008,101	341,541	158,759	83,846			151,941
2017-18		26,575	964,557	393,882	152,040	82,158			162,606
2018-19		13,620	1,226,880	575,119	143,725	124,277			156,887

Business-Type Activities

Fiscal Year	General Obligation Bonds	Certificates of Participation and Bonds	Notes, Loans, and Other Debt	Unamortized Bond Premiums	Pension Bonds Payable	Capital Leases	Total Primary Government (3)	Per Personal Income (4)	Per Capita (4)
2009-10	\$	\$ 86,178	\$ 264,253	\$ 5,691	\$ 89,196	\$	\$ 2,326,760	0.57%	\$
2010-11	46	539,072	162,212	4,791			2,689,928	0.64%	273
2011-12	24	530,627	235,767	3,850			2,737,303	0.63%	276
2012-13	(1)	819,374	59,824	36,027			2,830,511	0.63%	283
2013-14		812,802	63,976	35,084			2,850,051	0.58%	283
2014-15		787,537	62,719	34,186			2,853,027	0.55%	280
2015-16		759,028	158,561	32,905			2,829,906	0.51%	276
2016-17		746,678	170,673	32,004			2,732,438	0.47%	266
2017-18		724,816	259,574	31,275	235		2,797,718	0.44%	277
2018-19		703,836	331,690	30,118	165		3,306,317	0.51%	322

Notes:

- (1) The outstanding debt was restated as a result of Los Angeles County Development Authority becoming a discretely presented component unit rather than a blended component unit due to the implementation of GASB 61 in FY 2012-13.
- (2) The unamortized loss on advance debt refund, which was previously reported under bonds payable, is now reported as deferred outflows of resources due to the implementation of GASB 65 in FY 2013-14.
- (3) Details regarding the County's outstanding debt can be found in the notes to the financial statements.
- (4) See the "Demographic and Economic Statistics" table for personal income and population.

Source:
Auditor-Controller, County of Los Angeles

COUNTY OF LOS ANGELES
 RATIO OF NET GENERAL BONDED DEBT (UNAUDITED)
 LAST TEN FISCAL YEARS (in thousands except ratio and per capita)

Fiscal Year	Population (1)	Assessed Value (1)	General Bonded Debt (2)	Ratio of General Bonded Debt to Assessed Value	General Bonded Debt per Capita
2009-10	10,441	\$ 1,075,011,704		0.000000	0.0000
2010-11	9,858	1,055,470,090		0.000000	0.0000
2011-12	9,912	1,070,532,224		0.000000	0.0000
2012-13	10,019	1,093,886,935		0.000000	0.0000
2013-14	10,069	1,145,256,479		0.000000	0.0000
2014-15	10,192	1,207,856,231		0.000000	0.0000
2015-16	10,240	1,282,507,245		0.000000	0.0000
2016-17	10,278	1,354,458,675		0.000000	0.0000
2017-18	10,106	1,435,385,951		0.000000	0.0000
2018-19	10,254	1,529,882,495		0.000000	0.0000

Notes:

- (1) See "Demographic & Economic Statistics" table for population and "Assessed Value and Actual Value of Taxable Property" table for assessed value.
- (2) There has been no long-term general bonded debt outstanding for the ten fiscal years presented here.

Source:

Los Angeles Economic Development Corporation Economic Forecast: [website:www.laedc.org](http://www.laedc.org)

COUNTY OF LOS ANGELES
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED)
June 30, 2019

2018-19 Net Assessed Valuation	\$ 1,529,882,494,903
Redevelopment Incremental Valuation	215,090,610,606
Full Cash Value (2018-19)	<u>1,314,791,884,297</u> (1)
Population - (2019)	10,254,000 (2)

	Percent Applicable	Debt June 30, 2019
OVERLAPPING TAX AND ASSESSMENT DEBT:		
Metropolitan Water District	48.499	\$ 23,303,770
Los Angeles Community College District	100	3,930,390,000
Other Community College Districts	Various (3)	3,694,214,236
Arcadia Unified School District	100	218,086,334
Beverly Hills Unified School District	100	520,178,542
Glendale Unified School District	100	283,409,986
Long Beach Unified School District	100	1,077,235,702
Los Angeles Unified School District	100	10,106,450,000
Pasadena Unified School District	100	318,355,000
Pomona Unified School District	100	316,875,310
Redondo Beach Unified School District	100	215,673,403
Santa Monica-Malibu Unified School District	100	459,369,497
Torrance Unified School District	100	449,513,325
Other Unified School Districts	Various (3)	3,914,793,137
High School and School Districts	Various (3)	2,102,515,545
City of Los Angeles	100	877,260,000
City of Industry	100	70,890,000
Other Cities	100	48,245,000
Community Facilities Districts	100	666,843,606
Los Angeles County Regional Park & Open Space Assessment District	100	13,620,000 (4)
1915 Act and Benefit Assessment Bonds - Estimate	100	101,397,102
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$ 29,408,619,495</u>
Less: Los Angeles Unified School District General Obligation Bonds, Election of 2005 Series J (2010) Qualified School Construction Bonds: Amount accumulated in Interest and Sinking Fund and Set Aside for Repayment		
		<u>(27,330,000)</u>
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$ 29,381,289,495</u>
DIRECT GENERAL FUND OBLIGATION DEBT:		
Los Angeles County General Fund Obligations	100	\$ 2,240,508,000 (5)
Subtotal Direct General Fund Obligation Debt		<u>\$ 2,240,508,000</u>
OVERLAPPING GENERAL FUND OBLIGATION DEBT:		
Los Angeles County Office of Education Certificates of Participation	100	\$ 5,827,868
Community College District Certificates of Participation	Various (6)	25,165,080
Baldwin Park Unified School District Certificates of Participation	100	28,575,000
Compton Unified School District Certificates of Participation	100	15,535,000
Los Angeles Unified School District Certificates of Participation	100	180,545,000
Paramount Unified School District Certificates of Participation	100	28,190,000
Other Unified School District Certificates of Participation	Various (6)	176,145,873

COUNTY OF LOS ANGELES
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED) - Continued
June 30, 2019

High School and Elementary School District General Fund Obligations	Various (6)	151,698,603
City of Beverly Hills General Fund Obligations	100	108,515,000
City of Los Angeles General Fund and Judgment Obligations	100	1,578,383,141
City of Long Beach General Fund Obligations	100	117,665,000
City of Long Beach Pension Obligation Bonds	100	19,315,000
City of Pasadena General Fund Obligations	100	417,658,414
City of Pasadena Pension Obligation Bonds	100	119,460,000
Other Cities' General Fund Obligations	100	1,648,620,522
Los Angeles County Sanitation Districts Financing Authority	100	85,074,031
Antelope Valley Hospital District General Fund Obligations	100	12,356,936
Subtotal Overlapping General Fund Obligation Debt		\$ 4,718,730,468
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$ 6,959,238,468
Less: Los Angeles Unified School District Qualified Zone Academy Bonds supported by investment funds and economically defeased certificates of participation		(7,400,000)
Cities' supported bonds		(392,445,649)
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$ 6,559,392,819
OVERLAPPING TAX INCREMENT DEBT (SUCCESSOR AGENCIES)		\$ 3,193,585,070
GROSS COMBINED TOTAL DEBT		\$ 39,561,443,033 (7)
NET COMBINED TOTAL DEBT		\$ 39,134,267,384
TOTAL GROSS DIRECT DEBT		\$ 2,240,508,000
TOTAL NET DIRECT DEBT		\$ 2,240,508,000
TOTAL GROSS OVERLAPPING DEBT		\$ 37,320,935,033
TOTAL NET OVERLAPPING DEBT		\$ 36,893,759,384
<u>RATIOS TO 2018-19 NET ASSESSED VALUATION</u>		
Total Overlapping Tax and Assessment Debt		1.92%
<u>RATIOS TO FULL CASH VALUE</u>		
Gross Combined Direct Debt (\$2,240,508,000)		0.17%
Net Combined Direct Debt (\$2,240,508,000)		0.17%
Gross Combined Total Debt		3.01%
Net Combined Total Debt		2.98%
<u>RATIOS TO REDEVELOPMENT INCREMENTAL VALUATION</u>		
Total Overlapping Tax Increment Debt		1.48%

Notes:

- (1) This balance is reduced by homeowners exemptions of \$7,258,758,365.
- (2) Yearly estimates from the California State Demographic Research Unit, California Department of Finance and the U.S. Census Bureau as of January 1 of each year.
- (3) 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.
- (4) Excludes refunding issue to be sold.
- (5) Includes Assessment Bonds, Certificates of Participation, Notes, Loans and Other Debt, and Capital Leases.
- (6) 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.
- (7) 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.

Source:

California Municipal Statistics - for general information purposes only.

COUNTY OF LOS ANGELES
 COMPUTATION OF LEGAL DEBT MARGIN (UNAUDITED)
 LAST TEN FISCAL YEARS (in thousands)

Fiscal Year	Assessed Value (1)	Legal Debt Limit (2)	Total Net Applicable Debt	Legal Debt Margin (3)	Legal Debt Margin / Debt Limit
2009 - 2010	\$ 1,075,011,704	\$ 13,437,646		\$ 13,437,646	100.00%
2010 - 2011	1,055,470,090	13,193,376		13,193,376	100.00%
2011 - 2012	1,070,532,224	13,381,653		13,381,653	100.00%
2012 - 2013	1,093,886,935	13,673,587		13,673,587	100.00%
2013 - 2014	1,145,256,479	14,315,706		14,315,706	100.00%
2014 - 2015	1,207,856,231	15,098,203		15,098,203	100.00%
2015 - 2016	1,282,507,245	16,031,341		16,031,341	100.00%
2016 - 2017	1,354,458,675	16,930,733		16,930,733	100.00%
2017 - 2018	1,435,385,951	17,942,324		17,942,324	100.00%
2018 - 2019	1,529,882,495	19,123,531		19,123,531	100.00%

COMPUTATION OF LEGAL DEBT MARGIN

June 30, 2019

Assessed valuation (net taxable)	1,529,882,495
Applicable percentage in computing capacity	1.25%
Total debt limit	\$ 19,123,531
Less: Total net applicable debt	
Legal debt margin, June 30, 2019	\$ 19,123,531

Notes:

- (1) Assessed Value does not include tax exempt property. Property value data can be found in the "Assessed Value and Actual Value of Taxable Property" schedule.
- (2) The Legal Debt Limit is 1.25% of assessed value.
- (3) The Legal Debt Margin is the County's available borrowing authority under state finance statutes and is calculated by subtracting the debt applicable from the Legal Debt Limit.

COUNTY OF LOS ANGELES
 PLEDGED-REVENUE COVERAGE (UNAUDITED)
 LAST TEN FISCAL YEARS

Fiscal Year	Calabasas Landfill Bond Fees						Regional Park and Open Space Special Assessment Bond								
	Revenue Collected		Debt Service		Coverage	Special Assessment Collection	Debt Service		Debt Service		Total Debt Service	Coverage			
			Principal	Interest			Principal	Interest	Principal	Interest					
2009-10	\$	1,003,124	\$	1,610,000	\$	1,484,784	\$	3,094,784	\$	24,215,000	\$	11,691,825	\$	35,906,825	2.23
2010-11		713,746		1,735,000		1,424,409		3,159,409		25,375,000		10,514,544		35,889,544	2.23
2011-12		679,673		1,860,000		1,359,346		3,219,346		26,560,000		9,270,388		35,830,388	2.22
2012-13		637,823		2,010,000		1,275,646		3,285,646		27,855,000		7,925,013		35,780,013	2.25
2013-14		591,361		2,165,000		1,182,721		3,347,721		29,255,000		6,497,263		35,752,263	2.25
2014-15		545,354		2,325,000		1,090,709		3,415,709		30,735,000		4,997,513		35,732,513	2.24
2015-16	(1)									32,270,000		3,422,388		35,692,388	0.81
2016-17										11,715,000		2,312,925		14,027,925	2.06
2017-18										12,320,000		1,691,856		14,011,856	8.96
2018-19										12,955,000		1,038,725		13,993,725	2.05

Notes:

(1) Disclosure for FY 2015-16 and thereafter is not necessary due to refunding of Calabasas Landfill Project Series 2005 on September 2, 2015 by the issuance of Lease Revenue Refunding Bonds, 2015 Series B.

COUNTY OF LOS ANGELES
 DEMOGRAPHIC AND ECONOMIC STATISTICS (UNAUDITED)
 LAST TEN FISCAL YEARS (in thousands)

Year	Population County of Los Angeles *	Personal Income *	Per Capita Personal Income (1)	School Enrollment (2) **	Unemployment Rate *
2010	10,441	\$ 405,000,000	\$ 38,789	1,575	12.3%
2011	9,858	420,900,000	42,696	1,590	12.3%
2012	9,912	435,300,000	43,916	1,578	11.1%
2013	10,019	451,100,000	45,024	1,564	9.8%
2014	10,069	487,900,000	48,456	1,553	8.2%
2015	10,192	521,900,000	51,207	1,539	6.9%
2016	10,240	557,382,000	54,432	1,523	5.1%
2017	10,278	585,515,000	56,968	1,511	4.6%
2018	10,106 (3)	628,809,000 (3)	62,221 (3)	1,493	4.6%
2019	10,254 (4)	646,400,000 (4)	63,039	1,464	4.4%

Notes:

- (1) Amounts shown are in actual dollars (not thousands).
- (2) Public school enrollment.
- (3) Amount revised from prior year.
- (4) Amount is a projection as of February 2019.

Sources:

- * 2010-2017: Los Angeles Economic Development Corporation Economic Forecast: website address: www.laedc.org.
- 2018: U.S. Department of Commerce, Bureau of Economic Analysis, Regional Economic Accounts, CA1 personal Income Summary.
- 2019: UCLA Anderson Los Angeles County Long Term Forecast as of July 2019.
- ** California Department of Education website address: www.cde.ca.gov.

COUNTY OF LOS ANGELES
 TEN LARGEST INDUSTRIES (1)
 CURRENT YEAR AND NINE YEARS AGO

Industry	June 30, 2019			June 30, 2010		
	Number of Employees	Rank	Percentage of Total	Number of Employees	Rank	Percentage of Total
Trade, Transportation and Utilities	844,200	1	17.44%	743,900	1	17.37%
Educational & Health Services	840,300	2	17.36%	666,000	2	15.55%
Professional & Business Services	627,300	3	12.96%	516,200	4	12.05%
Government	603,900	4	12.48%	599,200	3	13.99%
Leisure & Hospitality	555,400	5	11.47%	389,800	5	9.10%
Manufacturing	344,400	6	7.11%	382,600	6	8.93%
Financial Activities	219,900	7	4.54%	211,600	7	4.94%
Information	210,100	8	4.34%	190,800	8	4.45%
Other Services	164,600	9	3.40%	138,500	9	3.23%
Construction	157,900	10	3.26%	104,500	10	2.44%
Ten largest industries	4,568,000		94.36%	3,943,100		92.05%
All other industries	272,800		5.64%	340,300		7.95%
Total industries	4,840,800		100.00%	4,283,400		100.00%

Note:

(1) We are presenting employment by industry because we have been unable to obtain employment numbers for individual employers.

Source:

State of California Employment Development Department website address: www.edd.ca.gov/labormarketinfo.

COUNTY OF LOS ANGELES
 FULL-TIME EQUIVALENT COUNTY EMPLOYEES BY FUNCTION / PROGRAM (UNAUDITED)
 LAST TEN FISCAL YEARS

Function / Program (1) and (2)	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
General Government	11,100	10,831	10,680	10,578	10,528	10,571	10,764	10,902	11,093	11,378
Public Protection (3)	36,378	35,428	35,433	33,702	33,556	33,537	33,664	33,694	32,877	32,850
Health and Sanitation	26,826	26,133	26,029	25,839	26,431	27,144	27,703	28,639	30,351	31,457
Public Assistance	20,665	20,280	20,043	19,963	20,346	20,808	21,376	21,913	21,963	22,015
Education	1,622	1,481	1,431	1,459	1,442	1,432	1,475	1,496	1,467	1,480
Recreation and Cultural Services	2,861	2,761	2,812	2,811	2,853	2,839	2,898	2,931	2,991	2,996
Total	99,452	96,914	96,428	94,352	95,156	96,331	97,880	99,575	100,742	102,176

Notes:

- (1) Full time equivalent count is calculated by dividing the total number of man-months paid by 12. Full time equivalent employees include all employees on the County's payroll system.
- (2) Specific data for Public Ways and Facilities is not available.
- (3) Beginning with 2009-10, totals reflect the exclusion of Superior Court employees that are no longer on the County's payroll and are identified as State employees.
- (4) Restated FY 2012-13 and FY 2013-14 due to migration from CWTAPPS to TIMEI, which occurred in April 2012, to eliminate duplicate entries. Figures have been revised from previous publication.

Source:
 Employee Count study performed by the Auditor-Controller - Accounting Division.

COUNTY OF LOS ANGELES
OPERATING INDICATORS BY FUNCTION / PROGRAM (UNAUDITED)
LAST TEN FISCAL YEARS

Function / Program (1)	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
General Government										
Assessor - Number of re-appraisable transfers processed	164,464	158,643	149,864	146,369	150,006	138,322	137,918	137,818	137,842	122,658
Auditor-Controller - Number of warrants issued monthly (2)	221,097	220,649	230,243	222,142	215,210	189,729	177,203	177,256	170,648	177,148
Registrar-Recorder - Number of registered voters	7,963,267	5,877,366	6,026,350	6,328,413	6,293,102	6,394,639	6,517,088	6,611,486	6,726,161	7,010,957
Public Protection										
Sheriff - Inmate population (3)	18,000	15,300	16,400	18,710	18,951	19,041	16,740	16,713	17,114	16,797
Sheriff - Crime rate total (4)	249.44	246.84	252.13	252.20	231.93	235.60	250.30	262.34	242.17	230.23
Probation - Juvenile halls/camps population (5)	2,600	2,385	2,354	2,004	1,635	1,438	1,270	1,193	1,070	859
Health and Sanitation										
Health Services - Average daily inpatient census (6)	1,313	1,321	1,263	1,234	1,213	1,212	1,171	1,157	1,113	1,110
Health Services - Outpatient visits (7)	2,817,000	2,811,000	2,970,000	3,161,000	3,339,000	2,793,000	3,013,000	2,654,000	2,709,000	2,735,000
Mental Health - Number of outpatient services to children and youth (8)	61,835	62,732	69,708	73,513	73,062	61,111	78,930	27,204	36,589	38,523
Public Assistance										
Children and Family Services - Child protective services caseloads	498,100	521,600	539,700	533,500	540,200	533,400	507,900	504,700	502,500	502,500
Children and Family Services - Adoption caseloads	24,800	24,500	23,900	23,800	23,700	22,700	22,300	22,200	22,400	22,400
Public Social Services - Average persons aided monthly thru CalWorks (9)	409,100	442,200	438,400	428,100	422,800	410,100	397,200	325,600	310,600	287,200
Public Social Services - Average number of indigents aided monthly	91,700	106,600	108,100	104,800	104,800	97,100	93,100	79,800	87,900	90,900
Community and Senior Services - Number of vulnerable adults served	28,779	30,654	33,187	36,788	37,779	38,558	42,341	44,692	47,696	44,703
Education										
LA County Library - Number of items which circulate to the public (10)	6,817,165	6,795,552	6,788,216	6,048,903	5,839,322	4,930,145	4,799,808	4,743,720	4,715,099	4,621,535
Recreation and Culture										
Museum of Art - Total education program participants	307,121	423,560	487,297	512,658	502,269	530,163	526,919	554,799	512,343	524,206
Museum of Natural History - Annual attendance (11)	858,297	933,588	1,162,231	1,012,661	1,140,844	1,131,507	1,291,131	1,284,602	1,299,856	1,218,447
Parks and Recreation - Total passive and active park users (12)	11,405,713	11,020,797	11,290,652	11,403,559	11,517,595	11,626,319	11,824,089	11,883,209	14,249,371	13,954,419

Notes:

- Indicators are not available for the Public Ways and Facilities function.
 - Conversion of participants and vendors to electronic benefit transfer (EBT) and direct deposit in January 2009.
 - The average length of stay that the inmates spend in jail in FY 2018-19 has decreased to 59.7 days as compared to an average of 60.3 days in 2017-18.
 - Represents number of offenses per 10,000 residents and refers to most serious crimes.
 - Beginning FY 2012-13 figures reflects three camps that are temporarily closed.
 - In FY 2016-17, DHS completed its transition to utilize data from its new electronic health record system. The new system is called Online Real-Time Centralized Health Information Database (ORCHID) that can address the challenges posed by the Affordable Care Act (ACA) implemented on January 1, 2014.
 - FY 2012-13 expansion capacity of Community Clinic approved by the Board.
 - Data includes fee-for-service outpatient clients and costs. FY 2014-15 have lag times of data due to implementation of Integrated Behavioral Health Information System on October 16, 2015. FY 2016-17 reflects decline in statistics due to change in methodology and data refers only to children 11-15 years of age. However, FY 2015-16 and prior years, the data refers to children 0-15 years of age.
- (9) CalWorks is California's program to administer the Federal Temporary Assistance for Needy Families block grant that provides temporary financial support and supportive services to eligible adults with children to enable them to transition from welfare to work and to achieve economic self-sufficiency.
- (10) New system implemented in FY 2006-07, along with the new methodology for accumulating data. Revised holdings based on substantial collection review and catalog updating. FY 2014-15 data went down due to weeding process.
- (11) Reflects admission to Exposition Park, George C. Page Museum and William S. Hart Museum. Projected increase in attendance based on opening of renovated galleries and new exhibits.
- (12) Starting in FY 2017-18 information includes the reporting attendance of local community parks. Passive activities include walking, jogging, running, leisure and picnic activities.

* Figures have been revised from previous publications.
** FY 2018-19 data is an estimate.

Sources:
2019-2020 Recommended County Budget and Departments

COUNTY OF LOS ANGELES
 CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM (UNAUDITED)
 LAST TEN FISCAL YEARS

Function / Program (1)	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Public Protection										
Animal Shelters (2)	6	6	6	6	6	6	6	7	7	7
Public ways and facilities										
Mileage of maintained County roads	3,219	3,219	3,218	3,206	3,187	3,187	3,187	3,185	3,185	3,289
Miles of unincorporated County bikeways	145	148	148	162	171	182	175	179	186	203
Airports	5	5	5	5	5	5	5	5	5	5
Dams	14	14	14	15	14	14	14	14	14	14
Storm drains, in miles	3,010	3,070	3,100	3,200	3,331	3,348	3,357	3,380	3,399	3,399
Flood pump stations	45	45	48	48	48	48	48	48	48	48
Health and Sanitation										
Hospitals	4	4	4	4	4	4	4	4	4	4
Health centers (3)	18	18	17	17	17	17	17	17	17	19
Education										
Libraries (4)	85	85	84	85	85	86	86	87	87	87
Bookmobiles	5	5	4	3	3	3	3	3	3	3
Recreation and Cultural services										
Museums (5)	4	5	5	5	5	5	5	5	5	5
Arboretums and Botanic Gardens	4	4	4	4	4	4	4	4	4	4
Golf courses (6)	19	19	19	19	19	20	20	20	20	20
Beaches	15	15	15	15	15	15	15	15	15	15
Boat Slips	4,800	4,700	4,700	4,700	4,700	4,700	4,614	4,602	4,579	4,524

Note:

- (1) No capital asset indicators are available for the General Government or Public Assistance functions.
- (2) July 20, 2016, opening of Palmdale Animal Care Center.
- (3) Effective FY 2018-19, Department of Health Services restructured their ambulatory care services and included two additional health centers.
- (4) Los Padrinos Juvenile Hall Library was added in FY 2016-17.
- (5) April 2011, opening of La Plaza de Cultura y Artes Museum.
- (6) On May 12, 2015, the Board approved to occupy, operate and make improvements of Norwalk Golf Course.

Source:

2018-19 Recommended Budget book, Department of Public Works website, Sheriff's Department website and Department of Health Services website.