



County of Los Angeles, California Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2020
Arlene Barrera • Auditor - Controller

**County of Los Angeles, California
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2020**

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

COUNTY OF LOS ANGELES, CALIFORNIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2020
 TABLE OF CONTENTS

Page

I. INTRODUCTORY SECTION:

Auditor-Controller’s Letter of Transmittal.....	i
Certificate of Achievement for Excellence in Financial Reporting.....	ix
Board of Supervisors and Principal County Officials	x
Organization Chart.....	xi

II. FINANCIAL SECTION:

Independent Auditor’s Report	1
Management’s Discussion and Analysis (Unaudited).....	4

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position	25
Statement of Activities	26

Fund Financial Statements:

Balance Sheet - Governmental Funds.....	28
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	30
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	32
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	34
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual on Budgetary Basis:	
General Fund	35
Fire Protection District	36
Flood Control District	37
LA County Library	38
Regional Park and Open Space District	39
Mental Health Services Act.....	40
Statement of Net Position - Proprietary Funds.....	42
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds.....	44
Statement of Cash Flows - Proprietary Funds	46
Statement of Fiduciary Net Position - Fiduciary Funds	50
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	51
Statement of Net Position - Discretely Presented Component Units.....	52
Statement of Activities - Discretely Presented Component Units	53

Notes to the Basic Financial Statements	55
---	----

Required Supplementary Information (Unaudited):

Schedule of the County’s Proportionate Share of the Net Pension Liability and Related Ratios - Last 10 Fiscal Years.....	162
Schedule of County’s Pension Contributions - Last 10 Fiscal Years	162

COUNTY OF LOS ANGELES, CALIFORNIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2020
 TABLE OF CONTENTS

	Page
Schedule of Changes in Net RHC OPEB Liability and Related Ratios - Last 10 Fiscal Years	164
Schedule of County's RHC OPEB Contributions - Last 10 Fiscal Years	165
Schedule of Changes in the Total LTD OPEB Liability and Related Ratios - Last 10 Fiscal Years	166
Combining and Individual Fund Statements and Schedules:	
Major Governmental Fund - General Fund - Schedule of Expenditures - Budget and Actual on Budgetary Basis	169
Nonmajor Governmental Funds:	
Combining Balance Sheet - Nonmajor Governmental Funds - Summary	171
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds - Summary	172
Combining Balance Sheet - Nonmajor Governmental Funds - Special Revenue.....	174
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds - Special Revenue	178
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual on Budgetary Basis - Nonmajor Governmental Funds – Special Revenue:	
Totals	181
Road.....	182
Other Streets, Highways, Roads, and Bridges.....	183
Street Lighting Districts	184
Garbage Disposal Districts	185
Sewer Maintenance Districts	186
Health Services Measure B	187
Health and Sanitation	188
Safe, Clean Water Program Measure W.....	189
Other Public Protection.....	190
Public Assistance.....	191
Homeless and Housing Measure H	192
Recreation	193
Courthouse Temporary Construction	194
Criminal Justice Temporary Construction.....	195
Registrar-Recorder Improvement	196
Other Special Revenue	197
Combining Balance Sheet - Nonmajor Governmental Funds - Debt Service	198
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds - Debt Service.....	199
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual on Budgetary Basis - Nonmajor Governmental Funds - Debt Service - Regional Park and Open Space District.....	200
Combining Balance Sheet - Nonmajor Governmental Funds - Capital Projects.....	201
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds - Capital Projects	202
Combining Balance Sheet - Nonmajor Governmental Funds - Permanent Funds	203

COUNTY OF LOS ANGELES, CALIFORNIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2020
 TABLE OF CONTENTS

	Page
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds - Permanent Funds	204
Internal Service Funds:	
Combining Statement of Net Position - Internal Service Funds	205
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Internal Service Funds	206
Combining Statement of Cash Flows - Internal Service Funds	207
Fiduciary Funds:	
Combining Statement of Fiduciary Net Position - Fiduciary Funds - Pension and Other Postemployment Benefit Trust Funds	209
Combining Statement of Changes in Fiduciary Net Position - Fiduciary Funds - Pension and Other Postemployment Benefit Trust Funds	210
Combining Statement of Fiduciary Net Position - Fiduciary Funds - Investment Trust Funds.....	211
Combining Statement of Changes in Fiduciary Net Position - Fiduciary Funds - Investment Trust Funds.....	212
Statement of Changes in Assets and Liabilities - Fiduciary Funds - Agency Funds	213
 III. STATISTICAL SECTION (Not covered by Independent Auditor's Report):	
Statistical Section - Contents	215
 Schedules of Financial Trends Information:	
Net Position by Category - Last Ten Fiscal Years	217
Changes in Net Position - Last Ten Fiscal Years	218
Fund Balances, Governmental Funds - Last Ten Fiscal Years	220
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years	222
Bar Chart-Governmental Funds Expenditures and Revenues - Last Ten Fiscal Years	223
 Schedules of Revenue Capacity Information:	
Assessed Value and Actual Value of Taxable Property - Last Ten Fiscal Years	224
Property Tax Rates - Direct and Overlapping Rates for Tax Area #4 - Last Ten Fiscal Years.....	225
Principal Property Taxpayers - Current Year and Nine Years Ago	226
Property Tax Levies and Collections - Last Ten Fiscal Years	227

COUNTY OF LOS ANGELES, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020
TABLE OF CONTENTS

	Page
Schedules of Debt Capacity Information:	
Ratio of Outstanding Debt by Type - Last Ten Fiscal Years	228
Ratio of Net General Bonded Debt - Last Ten Fiscal Years	229
Estimated Direct and Overlapping Bonded Debt	230
Computation of Legal Debt Margin - Last Ten Fiscal Years	232
Pledged-Revenue Coverage - Last Ten Fiscal Years	233
Schedules of Demographic and Economic Information:	
Demographic and Economic Statistics - Last Ten Fiscal Years	234
Ten Largest Industries – Current Year and Nine Years Ago	235
Schedules of Operating Information:	
Full-Time Equivalent County Employees by Function/Program - Last Ten Fiscal Years	236
Operating Indicators by Function/Program - Last Ten Fiscal Years	237
Capital Asset Statistics by Function/Program - Last Ten Fiscal Years	238



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

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

ARLENE BARRERA
AUDITOR-CONTROLLER

OSCAR VALDEZ
CHIEF DEPUTY AUDITOR-CONTROLLER

ASSISTANT AUDITOR-CONTROLLERS

PETER HUGHES
KAREN LOQUET
CONNIE YEE

December 11, 2020

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 of the County of Los Angeles (County) for the year ended June 30, 2020. 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 Employees Retirement Association
Regional Park and Open Space District	Los Angeles County Facilities, Inc.
Sewer Maintenance Districts	Los Angeles County Securitization Corporation
Street Lighting Districts	Los Angeles County Development Authority
	First 5 LA

These entities are component units of the County and are included in the County's basic financial statements because the County Board of Supervisors (Board) 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, and the Los Angeles County Development Authority (LACDA) 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 eighty cities, one hundred 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 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. The affected officials are limited to three consecutive terms, a total of 12 years, commencing December 2002.

Under the County's governance structure, all non-elected department heads report directly to the Board. County departments 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 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 \$861 billion in 2019, 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 calendar year 2019, with estimated increases of 4.4% in personal income and 2.9% in total taxable sales. Prior to the Coronavirus Disease 2019 (COVID-19) pandemic, the economic recovery was expected to continue, with several sectors of the local economy experiencing growth. However, as elaborated below, COVID-19 has caused significant economic uncertainties that make recovery difficult to predict.

In 2019, the County's unemployment rate fell to 4.5%, which reflected ongoing improvement in the job market and the lowest rate of the post-recession period. The COVID-19 related closure of many businesses in the spring 2019, drove up the County's unemployment rate to a high of 21.1% in May 2020. With businesses reopening, the County's unemployment rate declined to 12.3% in October 2020. However, a second closure of businesses, the recession, and financial crisis caused by COVID-19 has resulted in a significant decrease in economic activity, which will have a profound adverse impact on employment and job growth.

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. 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 under way 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.

The County enjoys a diverse industrial base, with employment in wholesale and retail trade, health care, manufacturing, and leisure and hospitality being the leading employment sectors in the private economy. 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 217,300 workers in 2019.

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 Sections 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 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. 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 2020-21 Budget of \$34.9 billion assumes COVID-19 related revenue losses of approximately \$935 million. To help achieve a balanced budget, the County implemented departmental curtailments of \$453.5, management cost reductions of \$59.3 million, and used \$351.6 million in one-time funding from departmental reserve accounts. The Board also approved a freeze on non-essential services, supplies, equipment, training, and travel to help mitigate revenue losses.

The leisure and hospitality sectors have been hit the hardest by COVID-19 closures, causing increased unemployment in the County, reducing locally generated taxes such as sales and transient occupancy taxes, and increasing the demand for County services. The County continually monitors and plans for reduced revenues and increased costs caused by closures in these industries.

In November 2020, the voters approved Measure J, which dedicates no less than 10% of the County's locally generated unrestricted funding to address the disproportionate impact of racial injustice through community investments such as youth development, job training, small business development, supportive housing services, and alternatives to incarceration.

NEWLY FUNDED PROGRAM INITIATIVES

Outlined below are examples of significant program initiatives that were funded or augmented by the FY 2020-21 Budget process:

- The Affordable Housing Programs Budget Unit included additional funding of \$120 million. The Coronavirus Aid, Relief, and Economic Security (CARES) Act funded \$100 million for rent relief for those affected by COVID-19. The remaining \$20 million enabled the Board to meet their goal set in October 2015 to increase funding by \$20 million annually for the development and preservation of affordable housing until FY 2020-21, when the budget would achieve the desired annual funding of \$100 million.
- Funding of \$33.6 million for the Body-Worn Camera Project to increase the level of accountability for law enforcement.
- The Department of Workforce Development, Aging and Community Services received \$20.7 million to fund The Youth@Work Program, which is committed to the

development and success of our youth, providing them with first-time work experience and developing them into the future workforce.

- Establishes an Alternatives to Incarceration (ATI) Initiative with a reserve balance of \$72 million.

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 2020-21 Budget provides ongoing funding of over \$1 billion for initiatives in progress as well as new projects.

The County continues to refurbish and construct new facilities to promote the effective delivery of services to the public. On November 3, 2020, as previously authorized by the Board, Lease Revenue Bonds in the amount of \$363.2 million were issued, resulting in proceeds of over \$425 million to finance the Los Angeles County Museum of Art (LACMA) Building. The bond proceeds were used to refinance \$125 million of outstanding lease revenue commercial paper obligation notes previously issued by the County, and to provide \$300 million to finance the LACMA building project costs. 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 bond issuance also marked the County's first issuance of "green bonds," which involves projects with positive environmental and or climate benefits.

STRATEGIC PLANNING INITIATIVES

On November 15, 2016, the Board 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 CEO 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.

Under GAAP, the County's policies for the use of the Reserve are not within the definition of a stabilization arrangement for purposes of reporting the fund balance as committed or assigned. Therefore, the Reserve is classified as General Fund unassigned fund balance in the GAAP financial statements. As of June 30, 2020, the Reserve balance was \$642.4 million, and it was not used as a financing source for purposes of balancing the FY 2019-20 County Budget. On September 29, 2020, the Board added \$53.5 million to the County's Reserve for Rainy Day, bringing the total balance to \$695.9 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 2019-20. The County's single audit for FY 2018-19 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 Comprehensive Annual Financial Report for the past 38 fiscal years.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, 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.

ACKNOWLEDGEMENTS

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, 2019

Christopher P. Morill

Executive Director/CEO

COUNTY OF LOS ANGELES
BOARD OF SUPERVISORS AND PRINCIPAL COUNTY OFFICIALS
AS OF JUNE 30, 2020

BOARD OF SUPERVISORS

Kathryn Barger, Chair
Fifth District

Hilda L. Solis
First District

Sheila Kuehl
Third District

Mark Ridley-Thomas
Second District

Janice Hahn
Fourth 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

Keith Knox
Treasurer and Tax Collector

Arlene Barrera
Auditor-Controller

Mary C. Wickham
County Counsel

COUNTY OF LOS ANGELES

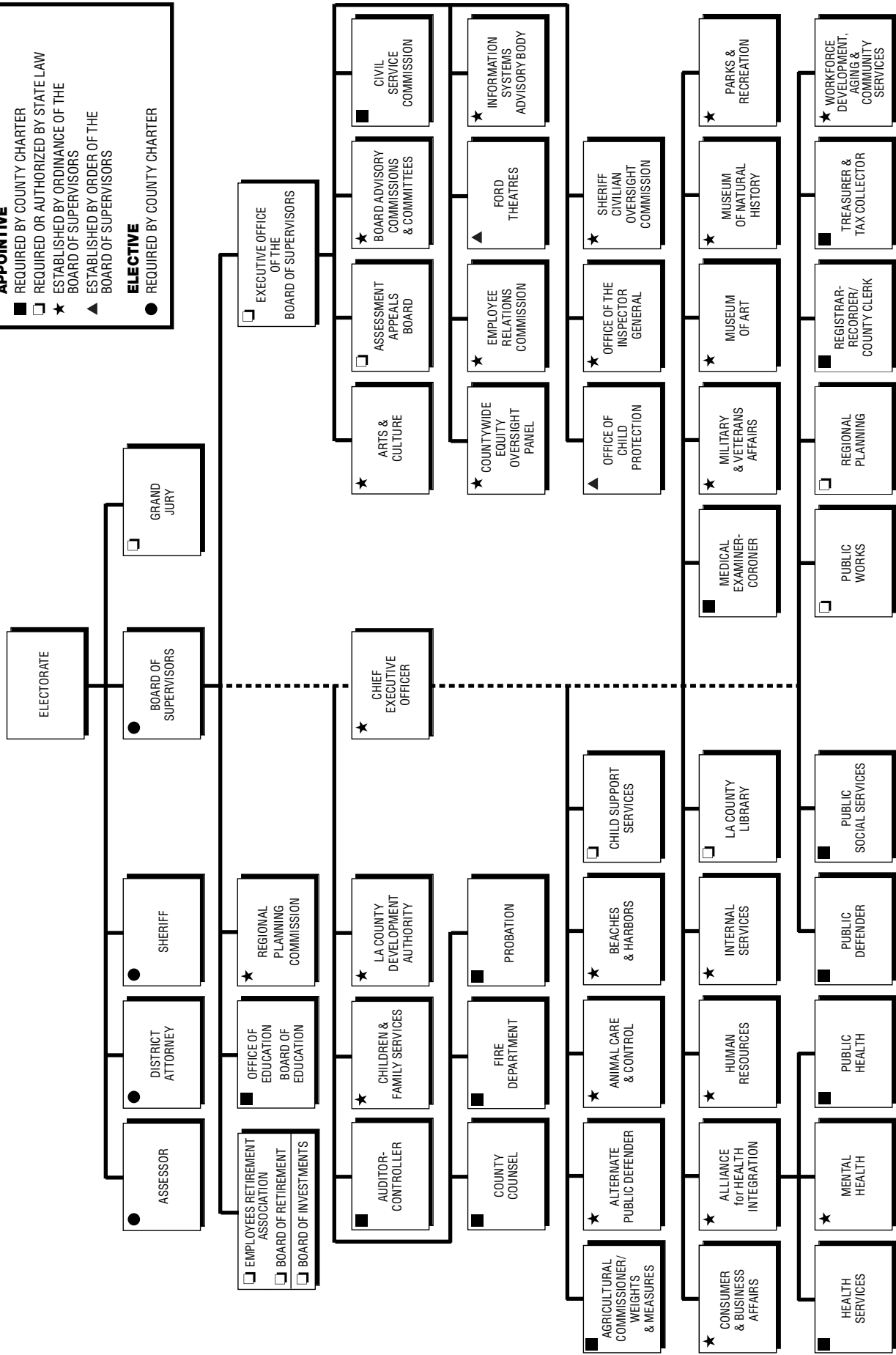
LEGEND

APPOINTIVE

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

ELECTIVE

- 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, 2020, 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%	8%

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, 2020, 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.

Emphasis of a Matter

As discussed in Note 22 to the financial statements, in March 2020, a presidential emergency was declared due to the Coronavirus Disease 2019 (COVID-19) pandemic. The County was advanced federal and State disaster assistance funding to supplement the County's recovery efforts. As of June 30, 2020, the County reported \$1.10 billion in advances payable (unearned revenues) related to these advances. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 changes in net RHC OPEB liability and related ratios, 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 11, 2020

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020. 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 \$12.437 billion. Net position is classified into three categories and the unrestricted component is negative \$33.831 billion.

During the current year, the County's net position increased by \$1.056 billion. Net position related to governmental activities increased by \$786 million, while net position related to business-type activities increased by \$270 million.

At the end of the current year, the County's General Fund reported a total fund balance of \$4.519 billion. The fund balance categories and amounts consisted of nonspendable fund balance of \$127 million, restricted fund balance of \$83 million, committed fund balance of \$594 million, assigned fund balance of \$697 million, and \$3.018 billion of unassigned fund balance.

The County's capital asset balances were \$19.990 billion at year-end and increased by \$246 million during the year.

During the current year, the County's total long-term debt decreased by \$28 million. Newly issued and accreted long-term debt of \$1.041 billion was more than the long-term debt maturities of \$1.069 billion.

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, 2020

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 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, 2020

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 enterprise 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, 2020**

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 schedule of changes in net Retiree Healthcare (RHC) OPEB Liability and related ratios, the County's contributions to RHC 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 \$12.437 billion at the close of the most recent fiscal year.

Summary of Net Position
As of June 30, 2020 and 2019 (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 14,602,673	\$ 12,857,626	\$ 2,797,820	\$ 2,638,388	\$ 17,400,493	\$ 15,496,014
Capital assets	16,905,953	16,676,242	3,083,994	3,067,230	19,989,947	19,743,472
Total assets	<u>31,508,626</u>	<u>29,533,868</u>	<u>5,881,814</u>	<u>5,705,618</u>	<u>37,390,440</u>	<u>35,239,486</u>
Deferred outflows of resources	7,735,216	4,991,057	1,106,895	833,848	8,842,111	5,824,905
Current and other liabilities	4,755,867	3,414,482	861,869	643,334	5,617,736	4,057,816
Long-term liabilities	39,445,607	36,141,322	7,705,603	8,039,108	47,151,210	44,180,430
Total liabilities	<u>44,201,474</u>	<u>39,555,804</u>	<u>8,567,472</u>	<u>8,682,442</u>	<u>52,768,946</u>	<u>48,238,246</u>
Deferred inflows of resources	4,645,118	5,357,831	1,255,100	960,494	5,900,218	6,318,325
Net position:						
Net investment in capital assets	15,304,410	15,166,340	2,095,825	2,109,416	17,400,235	17,275,756
Restricted	3,926,849	3,811,405	67,499	138,686	3,994,348	3,950,091
Unrestricted (deficit)	(28,834,009)	(29,366,455)	(4,997,187)	(5,351,572)	(33,831,196)	(34,718,027)
Total net position	<u>\$ (9,602,750)</u>	<u>\$ (10,388,710)</u>	<u>\$ (2,833,863)</u>	<u>\$ (3,103,470)</u>	<u>\$ (12,436,613)</u>	<u>\$ (13,492,180)</u>

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2020

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 \$1.745 billion for governmental activities. There was an increase of \$1.081 billion in pooled cash and investments, largely due to the improved cash position of the County's General Fund and the Safe, Clean Water Program Measure W fund. The County's General Fund pooled cash and investments increase was mainly attributable to the receipt of \$1.057 billion from the Coronavirus Aid, Relief, and Economic Security (CARES) Act to assist the County in responding to the Coronavirus Disease 2019 (COVID-19) pandemic. In addition, the Safe, Clean Water Program Measure W became effective this fiscal year and had a \$263 million year-end cash balance. Other receivables were higher by \$1.137 billion from the prior year. General fund receivables were higher for the ambulatory care network by \$572 million, children and family services by \$137 million, community health programs by \$113 million, and public health programs by \$100 million due to higher year-end federal and State revenue accruals. The County also recognized \$218 million of COVID-19 receivables at year-end.

For business-type activities, current and other assets increased by \$159 million. The business-type activities pooled cash and investments and internal balances increased by \$234 million and \$433 million, respectively, from the prior year. This was offset by a decrease in accounts receivable and other receivables of \$103 million and \$406 million, respectively, over the prior year.

Deferred Outflows of Resources

In the current year, the County's deferred outflows of resources balances were \$8.842 billion. The deferred outflows of resources were \$7.735 billion and \$1.107 billion for governmental and business-type activities, respectively. The total deferred outflows of resources amounts and net increases of \$3.017 billion were mostly related to pension and OPEB RHC. The total OPEB related deferred outflows increased by \$2.462 billion and \$329 million for governmental and business-type activities, respectively, from the prior year. This increase was primarily due to the restructuring of the RHC plan from a cost-sharing to an agent plan, as discussed in Note 9. The net increases of \$2.340 billion and \$306 million for governmental and business-type activities, respectively, were primarily from the assumptions changes and changes in proportion. The total pension related deferred outflows increased by \$284 million and decreased by \$56 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 \$1.341 billion for governmental activities. Advances payable increased by \$1.250 billion. Of this amount, \$951 million was attributable to COVID-19 federal funds received in advance as an advance payable, as discussed in Note 22. There was also an increase of \$299 million, which was largely due to higher advances for health, mental health, public protection and social services programs. Accounts payable increased by \$155 million for amounts owed for the year-end expenditure accruals. Accrued payroll was higher by \$11 million due to increases in amounts owed for the year-end payroll accruals. For business-type activities, a net increase of \$219 million in current and other liabilities was largely associated with \$154 million for COVID-19 Provider Relief Funds received in advance and a \$64 million increase in accounts payable for the hospitals.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2020

Liabilities-Continued

Long-term liabilities increased by \$3.304 billion for governmental activities and decreased by \$334 million for business-type activities. Net OPEB liabilities significantly increased by \$1.516 billion for governmental and decreased by \$233 million for business-type activities, respectively. As previously stated, the increase in the Net OPEB liability was primarily a result of the restructuring of the plan from a cost-sharing to an agent plan. Net pension liabilities increased in the current year by \$1.217 billion and decreased by \$1 million for governmental and business-type activities, respectively, which was due to the investment earnings being lower than the actuarial assumptions. For governmental activities, liabilities for bonds payable, notes, loans, workers' compensation and compensated absences were higher by \$274 million. For business-type activities, amounts owed to third party payors by the County's hospitals were lower by \$107 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 \$5.900 billion. Deferred inflows of resources decreased by \$713 million and increased by \$295 million for governmental and business-type activities, respectively. The total OPEB RHC related deferred inflows decreased by \$419 million and increased by \$200 million for governmental and business-type activities, respectively, from the prior year and was mostly due to the change from a cost-sharing to an agent plan. The OPEB RHC 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. Pension related deferred inflows of resources decreased by \$448 million and increased by \$13 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 \$78 million of deferred inflows of resources recognized in the current year, which represents a decrease of \$4 million from the prior year in governmental activities. This amount represents the present value of installment payments associated with private operators of twenty County golf courses, as discussed in Note 7.

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, \$17.400 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 \$3.994 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, 2020**

Unrestricted Net Position (Deficit)

The County's total unrestricted net position is negative \$33.831 billion. Both governmental and business-type activities reported deficits in this category of \$28.834 billion and \$4.997 billion, respectively. OPEB related liabilities of \$25.921 billion, along with pension liabilities totaling \$11.561 billion, continued to be the most significant factors associated with the reported deficits.

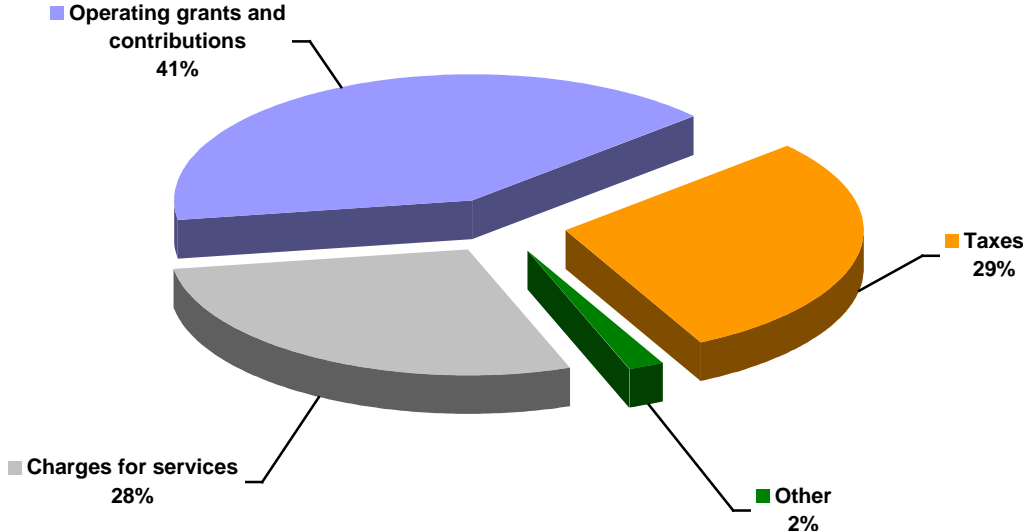
The following table details and identifies changes in net position for governmental and business-type activities:

Summary of Changes in Net Position
For the Years Ended June 30, 2020 and 2019
(in thousands)

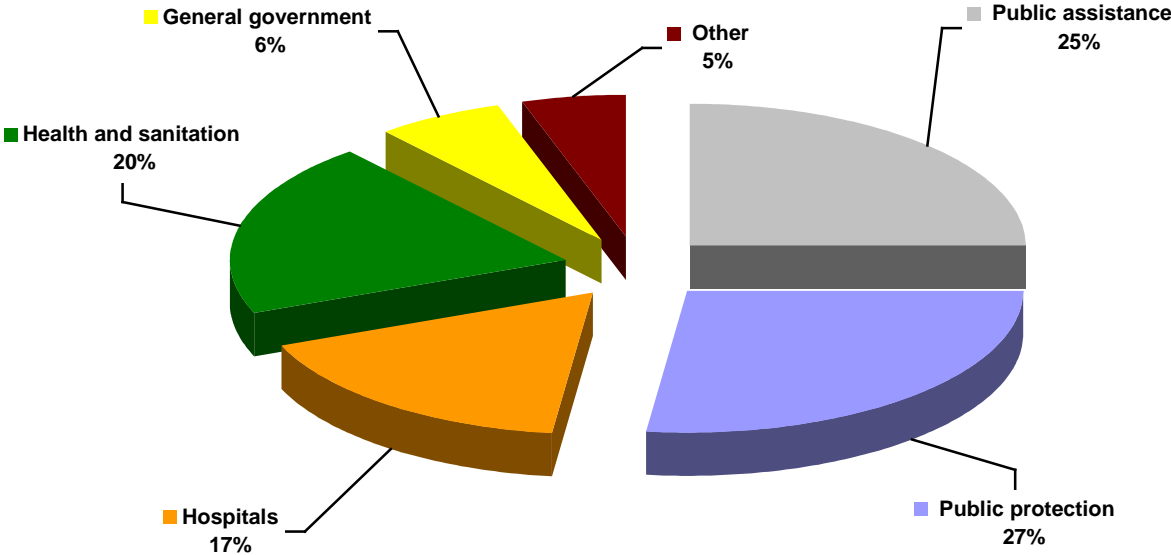
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 4,229,428	\$ 3,680,145	\$ 3,835,719	\$ 3,526,524	\$ 8,065,147	\$ 7,206,669
Operating grants and contributions	11,927,097	10,719,454	247,784	488,087	12,174,881	11,207,541
Capital grants and contributions	52,174	72,955	8,484	3,850	60,658	76,805
General revenues:						
Taxes	8,559,288	8,184,940	6,832	6,504	8,566,120	8,191,444
Unrestricted grants and contributions	85,688	473,800	459	32	86,147	473,832
Investment earnings	238,439	380,361	5,950	6,600	244,389	386,961
Miscellaneous	255,931	269,931	809	36	256,740	269,967
Total revenues	25,348,045	23,781,586	4,106,037	4,031,633	29,454,082	27,813,219
Expenses:						
General government	1,571,995	1,660,335			1,571,995	1,660,335
Public protection	7,648,073	7,772,364			7,648,073	7,772,364
Public ways and facilities	417,325	453,758			417,325	453,758
Health and sanitation	5,742,957	5,433,924			5,742,957	5,433,924
Public assistance	7,235,705	6,922,346			7,235,705	6,922,346
Education	146,480	161,012			146,480	161,012
Recreation and cultural services	476,798	320,838			476,798	320,838
Interest on long-term debt	199,528	124,549			199,528	124,549
Hospitals			4,844,797	4,827,429	4,844,797	4,827,429
Waterworks			109,259	104,906	109,259	104,906
Aviation			5,598	5,954	5,598	5,954
Total expenses	23,438,861	22,849,126	4,959,654	4,938,289	28,398,515	27,787,415
Excess (deficiency) before transfers	1,909,184	932,460	(853,617)	(906,656)	1,055,567	25,804
Transfers	(1,123,224)	(671,446)	1,123,224	671,446		
Change in net position	785,960	261,014	269,607	(235,210)	1,055,567	25,804
Net position - beginning	(10,388,710)	(10,649,724)	(3,103,470)	(2,868,260)	(13,492,180)	(13,517,984)
Net position - ending	\$ (9,602,750)	\$ (10,388,710)	\$ (2,833,863)	\$ (3,103,470)	\$ (12,436,613)	\$ (13,492,180)

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

**REVENUES BY SOURCE – ALL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**



**EXPENSES BY TYPE – ALL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**



COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2020

Governmental Activities

Revenues from governmental activities increased by \$1.566 billion (6.6%) when compared with the prior year. The most significant changes in specific revenue sources were experienced in the following areas:

- Program revenues recognized from operating grants and contributions increased by \$1.208 billion. For health and sanitation programs, there was net revenue growth of \$665 million which was from mental health and community health programs of \$264 million and \$233 million, respectively, which was primarily associated with revenues from the Whole Person Care (WPC) program and Public Health Redesign and Incentives in Medi-Cal (PRIME). State and federal funding for public health programs grew by \$149 million primarily from the Substance Abuse Prevention Control program and COVID-19 grants. Revenues for public assistance programs grew by \$210 million as there were higher levels of administrative and program reimbursable costs. Revenues for public protection programs increased by \$188 million, which was associated with \$84 million for the Probation Juvenile Justice Crime Prevention Act State funds, \$67 million for the federal and State disaster aid related to the CARES Act and Federal Emergency Management Agency (FEMA) funding, and \$24 million for the Diversion and Reentry program.
- Program revenues recognized from charges for services increased by \$549 million. The increase was primarily attributable to charges for services for public protection and health and sanitation programs which grew by \$267 million and \$315 million, respectively. As previously discussed, the Clean, Safe Water Program Measure W increased revenue by \$283 million for public protection programs. The County ambulatory care network charges for services increased by \$419 million and was offset by a decrease in community health programs Global Payment Program (GPP) revenues of \$83 million for health and sanitation programs.
- Taxes, the County's largest general revenue source, were \$374 million higher than the prior year and were mostly attributable to property taxes, which grew by \$393 million, and was offset by a decline in sales and other taxes of \$19 million. The County's total taxable assessed property tax value is \$1.626 trillion, which grew by 6.25% 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 \$364 million and increased by \$8 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 \$278 million, a decrease of \$12 million compared to the prior year. Revenues also declined by \$30 million from the Homeless and Housing Measure H program sales and use taxes.

Expenses related to governmental activities increased by \$590 million (2.6%) during the current year. There was an increase in general operating expenses of \$1.172 billion which was offset by a decrease in salary and employee benefit expenses of \$667 million. The increase in operating expenses was primarily from public assistance and health and sanitation by \$653 million and \$285 million, respectively. Public assistance operating expenses were higher for the Children and family and public social services and homeless and housing programs by \$311 million and \$342 million, respectively. Health and sanitation operating expenses were higher for the ambulatory network services by \$283 million. Recreation expenses were higher by \$178 million. The increase was associated with the capital assets adjustment that was made in the prior year. Salary and employee benefit expenses decrease was largely attributable to the change from a cost-sharing to an agent plan for the RHC OPEB program, as previously discussed, in all functional categories. Depreciation expense was \$457 million in the current year, an increase of \$9 million from the prior year amount of \$448 million.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2020

Business-type Activities

Revenues from business-type activities for the current year were \$4.106 billion, an increase of \$74 million (1.8%) from the previous year. The most significant increase was in charges for services by \$308 million which was offset by a decline in operating grants and contributions by \$241 million for the County's hospitals. The net increase of \$67 million can be attributed to an increase in GPP revenue of \$346 million and a decrease in PRIME revenue of \$259 million. As discussed in Note 14 to the basic financial statements, County hospital revenues are derived from a wide range of federal and State funding sources. GPP provides federal funding to the County for health-care programs that shift the focus from cost-based and hospital-centric models of care, to financial incentives to provide cost-effective primary and specialty care. Medi-Cal Managed Care Graduate Medical Education provides new revenue to help cover the Medi-Cal's share of the cost associated with interns and residents receiving training at public hospitals.

Expenses related to business-type activities increased from the previous year by a net total of \$21 million (0.4%), and were associated primarily with the County's hospitals, where expenses increased by \$17 million. As previously stated, the net change was primarily from the change from a cost sharing to an agent multiple employer RHC OPEB plan. RHC OPEB expenses were lower by \$424 million. This was offset by higher hospital payroll, pension, and compensated absences expenses of \$143 million, \$94 million, \$27 million, respectively. In addition, there was an increase in intergovernmental transfer expense of \$130 million. For all hospital facilities, the average daily inpatient census during the current year was 1,153 patients, which was slightly higher than the 1,145 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 \$9.103 billion, an increase of \$324 million in comparison with the prior year. Of the total fund balances, \$141 million is nonspendable to indicate the extent that funds are not in spendable form or are required to remain intact. An additional \$4.271 billion is classified as restricted, \$729 million as committed, and \$944 million as assigned. The remaining balance of \$3.018 billion is classified as unassigned and is entirely associated with the General Fund.

Revenues from all governmental funds for the current year were \$25.198 billion, an increase of \$1.688 billion (7.2%) from the previous year. Expenditures for all governmental funds in the current year were \$24.053 billion, an increase of \$1.727 billion (7.7%) from the previous year. In addition, other financing uses were \$821 million, an increase of \$552 million (204.9%) as compared to \$269 million in the prior year.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2020

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 \$85 million (1.9%). At the end of the current fiscal year, the General Fund's total fund balance was \$4.519 billion. Of this amount, \$127 million is classified as nonspendable, \$83 million as restricted, \$594 million as committed, \$697 million as assigned and the remaining \$3.018 billion is classified as unassigned.

General Fund revenues during the current year were \$20.978 billion, an increase of \$1.427 billion (7.3%) from the previous year. General Fund expenditures during the current year were \$20.699 billion, an increase of \$1.528 billion (8.0%) from the previous year. Other financing sources/uses-net was negative \$194 million in the current year as compared to positive \$159 million in the prior year.

Following are significant changes in General Fund revenues and expenditures:

- Intergovernmental revenues increased by \$708 million overall, and were primarily associated with State and federal revenue increases of \$11 million and \$707 million, respectively. The County recognized \$248 million of State and federal revenue related to the COVID-19 pandemic. Other State and federal revenue growth was attributable to higher levels of reimbursable program and administrative costs in the health administration programs of \$231 million, mental health programs of \$230 million, ambulatory care network programs of \$183 million, public social services programs of \$169 million, and public health programs of \$106 million. In addition, the AB85 amount owed was higher than the prior year which resulted in a \$400 million decrease in State realignment revenue. The remaining variance was a net decrease of \$59 million.
- Charges for services increased by a total of \$459 million. The significant increase was primarily associated with the GPP revenues for the ambulatory care network program and community health programs of \$337 million. Also, there was an increase in charges for services revenues from the managed care services program of \$123 million. The Sheriff's department law enforcement services revenues decreased by \$18 million due to lower level of security services provided to the hospitals. The remaining variance was a net increase of \$17 million from a variety of other programs.
- Revenues from taxes increased by \$287 million and property taxes comprised \$302 million of this increase which was offset by a decline in sales and other taxes by \$15 million. The property taxes increase was primarily associated with growth in assessed property values of \$311 million. Residual property tax revenues, which are associated with redevelopment dissolution, were \$233 million in the current year, \$11 million lower than the prior year. Property tax growth was also reflected in "pass through" property tax revenues, which were \$7 million higher in the current year. The sales tax and other taxes declines are a result of the disruption to the economy from the March 2020 stay-at-home orders in response to the COVID-19 pandemic.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2020

Governmental Funds-Continued

- General Fund expenditures increased by a total of \$1.528 billion, or 8.0%. Current expenditures increased by \$1.531 billion, and debt service and capital outlay expenditures remained nearly the same. The most significant increase in current expenditures was reflected in the health and sanitation programs, where expenditures grew by \$662 million. This was primarily due to an increase of \$381 million for ambulatory care network and community health programs. In addition, an increase of \$259 million was for mental health programs and \$121 million was for public health programs. Public protection program costs were higher by \$236 million, of which \$62 million was in response to the COVID-19 pandemic to purchase personal protective equipment (PPE) and COVID-19 testing kits. In addition, \$106 million, \$47 million, and \$10 million were associated with the Sheriff's department, the Diversion and Reentry Program, and the District Attorney's office, respectively. Public assistance expenditures were higher by \$392 million, of which \$72 million was for salary and employee benefit increases and \$274 million was for increased spending on public assistance, children and family assistance, the affordable housing program, and homelessness programs. General government spending increased by \$220 million and was associated with an increase of \$142 million for the Registrar-Recorder office to implement the Voting Solutions for All People (VSAP) election system for the March 2020 Presidential Primary election and \$127 million for costs associated with capital improvements.

The Fire Protection District reported a year-end fund balance of \$172 million, which represented an increase of \$25 million in fund balance compared to the previous year decrease of \$29 million, resulting in a net difference of \$54 million. The Fire Protection District responds to a number of major incidents and emergencies during the fiscal year, including the COVID-19 pandemic. Revenues increased by \$88 million, of which \$36 million was related to property taxes and primarily associated with growth in assessed property values, \$33 million was from federal and State revenue and primarily from the federal CARES Act funds, and \$21 million in contract cities services. Expenditures were higher by \$37 million, of which \$32 million was related to an increase in salaries and employee benefits and \$8 million was related to services and supplies, and the increase was offset by decreases of \$3 million in capital asset equipment costs.

The Flood Control District reported a year-end fund balance of \$483 million, which represented a decrease of \$5 million in fund balance compared to the previous year decrease of \$15 million, resulting in a net difference of \$10 million. The change in fund balance was primarily due to lower expenditures for infrastructure improvement projects to support flood protection and water conservation. Revenues were nearly the same as the previous year.

The LA County Library Fund reported a year-end fund balance of \$97 million, which represented an increase of \$10 million in fund balance which was the same increase as the previous year. The LA County Library operations were significantly impacted by the COVID-19 pandemic. Charges for services revenues declined by \$10 million due to the library closures and was offset by \$6 million in federal CARES Act funds. Overall, revenue and expenditures were higher by \$1 million.

The Regional Park and Open Space District reported a year-end fund balance of \$450 million, which represented an increase of \$46 million in fund balance compared to the previous year increase of \$84 million, resulting in a net difference of \$38 million. The net change in fund balance was primarily attributable to a reduction of revenue from the 1992 Proposition A Safe Neighborhood Parks Act, which had a sunset date of June 2019 and increased expenditures for new projects related to the Measure A Safe, Clean Neighborhood Parks, Open Space, Beaches, Rivers Protection, and Water Conservation. Overall, current year revenues were lower by \$19 million and expenditures were higher by \$19 million.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2020

Governmental Funds-Continued

The Mental Health Services Act (MHSA) Fund reported a year-end fund balance of \$882 million, which represented a decrease of \$57 million in fund balance compared to the previous decrease of \$112 million, resulting in a net difference of \$55 million. Current year revenues were lower by \$46 million, primarily from a decrease in State revenues, while transfers out were lower by \$65 million from a decrease in expenditures for 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 \$69 million for the Rancho Los Amigos National Rehabilitation Center to \$475 million for the LAC+USC Medical Center. The total subsidy amount was \$883 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 \$632 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 (\$128 million), Harbor-UCLA Medical Center (\$44 million), and Olive-View UCLA Medical Center (\$44 million). The total current year amount of \$216 million in Measure B transfers was slightly lower from the prior year amount of \$217 million.

Waterworks Funds reported year-end net position of \$780 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 higher by \$2 million, operating expenses were higher by \$4 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 160 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 \$107 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, 2020**

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	\$ 65,731	\$ 6,326,725	\$ 6,352,063	\$ 25,338
Intergovernmental revenues	(30,602)	11,657,616	11,052,133	(605,483)
Charges for services	369,256	3,276,357	2,931,403	(344,954)
All other revenues	85,142	679,306	737,951	58,645
Other sources and transfers in	80,794	1,379,040	978,292	(400,748)
Total	\$ 570,321	\$ 23,319,044	\$ 22,051,842	\$ (1,267,202)

Changes from Amounts Originally Budgeted

During the year, net increases in budgeted revenues and other financing sources were approximately \$570 million. The most significant changes occurred in the following areas:

- The estimated revenue for "Charge for Services" increased by \$369 million. The increase is primarily from the ambulatory care network, which is associated with improved managed care and GPP revenues from the redesign of the Patient Centered Medical Home staffing model of \$374 million. There were \$5 million of net budget decreases in charges for services.
- The budgeted "all other revenues" increased by \$85 million. Budgeted revenues were increased by \$62 million from the Southern California Edison Woolsey Fire settlement funds and \$12 million for tobacco settlement revenues. The remaining increases of \$11 million were associated with a wide variety of revenues.
- The budget for "other sources and transfers in" increased by \$81 million. Budgeted transfers in for information technology and capital projects increased by \$59 million from the nonmajor special revenue funds. Mental Health programs funded by the Mental Health Services Act Special Revenue Fund increased by \$8 million. Homeless housing programs funded by the Homeless and Housing Measure H nonmajor special revenue fund increased by \$6 million. There were net increases to budgeted "other sources and transfers in" of \$8 million.
- The budget for tax revenues increased by \$66 million. Of this increase, budgeted property taxes increased by \$42 million to backfill the potential loss of sales-tax based revenue and vehicle license fees due to the COVID-19 economic impact of \$40 million and a loss of animal licenses revenue of \$2 million. There was an increase of \$16 million that 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. Also, there was an increase of \$8 million from funds received from the redevelopment agency asset sales for affordable housing and economic development projects.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2020

Actual Revenues/Financing Sources Compared with Final Budget Amounts

Actual revenues and other financing sources recognized by the General Fund were approximately \$22.052 billion. This amount was \$1.267 billion, or 5.4%, 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 \$605 million lower than the amount budgeted. Approximately \$486 million of intergovernmental revenues were 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. Budgeted intergovernmental revenues of \$288 million were not realized for various capital improvements and disaster recovery programs, as these initiatives were not completed prior to year-end. Probation programs accounted for approximately \$44 million of this variance, which experienced lower than anticipated reimbursable costs and correspondingly lower than expected revenues. This was offset by higher revenue for public health and ambulatory care network programs. Public health related programs experienced budgeted revenue increases of \$107 million, most of which was associated with federal and State grants related to the COVID-19 pandemic. The ambulatory care network services increased by \$98 million primarily from the PRIME revenues. The remaining difference of \$8 million was related to a variety of other programs.
- Actual charges for services were \$345 million lower than the amount budgeted. The decrease was primarily attributable to \$143 million of costs associated with public health programs which experienced lower than anticipated reimbursable costs for charges for services due to the shift of resources to respond to the COVID-19 pandemic. Net reductions in revenues of \$119 million were from the ambulatory care network and community health programs. Sheriff's department experienced a reduction in collections for their law enforcement services from contract cities and other governmental agencies by \$30 million. Approximately \$25 million was associated with the Internal Services Department (ISD), which experienced lower reimbursable expenditures. There were net decreases of \$28 million related to a variety of other programs.
- The actual amount of "other sources and transfers in" was \$401 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 \$234 million lower than budgeted. In addition, "transfers in" totaling \$60 million were assumed in the budget for capital improvements and extraordinary building maintenance projects, which did not incur expected costs. The "transfers in" for the housing for health program, funded by the Homeless and Housing Measure H nonmajor special revenue fund, were \$49 million less than budgeted. Costs associated with Probation, Sheriff, and Consumer Protection departmental programs funded by the Other Public Protection Special Revenue Funds were \$41 million less than budgeted. There were various other sources and transfers that comprised the remaining variance of \$17 million.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2020**

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	\$ (279,888)	\$ 2,610,867	\$ 1,553,384	\$ 1,057,483
Public protection	387,625	6,484,520	6,208,853	275,667
Health and sanitation	(64,022)	6,030,102	5,779,553	250,549
Public assistance	72,281	7,661,921	6,984,870	677,051
All other expenditures	207,040	1,733,310	664,417	1,068,893
Transfers out	183,660	994,937	993,232	1,705
Contingencies	(47,683)	(9,908)		(9,908)
Fund balance changes-net	111,308	(96,865)	(239,501)	142,636
Total	\$ 570,321	\$ 25,408,884	\$ 21,944,808	\$ 3,464,076

Changes from Amounts Originally Budgeted

During the year, net increases in General Fund appropriations and fund balance component changes were approximately \$570 million. The most significant changes occurred in the following areas:

- Public protection appropriations were increased by \$388 million. The federal and State disaster budget increased by \$160 million to respond to the COVID-19 pandemic. Law enforcement appropriations were increased by \$124 million which was funded by provisional financing uses for the Sheriff's department operations and to respond to the COVID-19 pandemic. There was also an increase of \$74 million for Sheriff salaries and employee benefits appropriations to fund salary increases and overtime expenditures. Probation appropriation were increased by \$15 million to help respond to the wildfire damages at the probation camps. There were net increases of \$15 million for other public protection programs.
- The category referred to as "All other expenditures" appropriation increased by \$207 million. Of this amount, \$199 million represented increases in capital improvement projects. The most significant increase within the capital projects was related to facilities for mental health treatment and restorative care villages by \$128 million. The remaining variance of \$8 million was for recreation and cultural services.
- Appropriations for "Transfers out" were increased by \$184 million. The increase was primarily attributable to augmenting the amount of fund transfers from the General Fund to the various Hospital Enterprise Funds by \$189 million. The remaining variance of \$5 million was from transfers out to various other funds.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2020

Changes from Amounts Originally Budgeted-Continued

- Net fund balance budgetary changes of \$111 million had the effect of reducing the available (unassigned) fund balance component. At the end of the year, the restricted fund balance increased by \$61 million for utility users' taxes that were not expended and remained obligated for programs in unincorporated areas. Committed fund balance was increased by \$40 million for the reserve for rainy day funds, \$24 million for the Woolsey Fire recovery effort, and \$17 million for Board Budget Policies and Priorities. This was offset by a decrease of \$30 million in the committed fund balance for System of Care. The remaining variance of \$1 million was attributable to various other fund balance accounts.
- General government appropriations decreased by \$280 million. The decrease was largely attributable to appropriations not associated with specific County departments. Provisional appropriations decreased by \$189 million and were transferred to fund the Sheriff's department operation costs and COVID-19 related expenditures, legal settlements, community programs, and unspent User Utility Tax funds to obligated fund balance and to other functional categories. In addition, \$73 million shifted funds for extraordinary maintenance to capital projects. Nondepartmental special accounts appropriations decreased by \$34 million to fund salaries and employee benefits increases for the cost of living adjustments to employees. There were net increases of \$16 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 \$3.464 billion lower (13.6%) than the final total budget of \$25.409 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 category referred to as "all other expenditures" reflected actual spending of \$1.069 billion less than the budgeted amount. Of this variance, \$1.034 billion 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.
- The general government function reported actual expenditures that were \$1.057 billion less than the amount budgeted. Of this amount, \$735 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 \$153 million were due to the hiring freeze and vacancies. The Board of Supervisors had budgetary savings of \$104 million to be spent in future years for various community projects. The Registrar-Recorder had budgetary savings of \$29 million due to lower than anticipated costs associated with election services. The Internal Services Department budget had budgetary savings of \$26 million from the continued implementation of the Countywide energy efficiency programs. The remaining \$10 million was spread across County departments comprising general government and was mostly related to savings in the areas of services and supplies.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2020**

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

- Actual public assistance expenditures were \$677 million lower than the final budget. Vendor and assistance payments for social services and children and family programs were lower than budgeted by \$415 million. Administrative cost savings in these areas were due to lower than anticipated costs for professional, contracted, and information technology services and the hiring freeze. There were also direct program savings associated with lower than anticipated caseloads. Salaries and employee benefits savings of \$170 million were due to the hiring freeze, hiring delays and vacancies. There were \$64 million of savings related to homeless and housing programs due to delays in carrying out multi-year projects. The remaining variance of \$28 million was related to other public assistance programs.
- Actual public protection expenditures were \$276 million less than the budgeted amount. Salaries and employee benefits savings of \$114 million were due to the hiring freeze and vacancies. The federal and State Disaster budget unit had budgetary savings of \$120 million to be spent on the COVID-19 pandemic projects which were carried over to the following fiscal year. The Probation department had budgetary savings of \$18 million due to a delay in purchasing non-essential expenditures. The remaining variance of \$24 million was related to other public protection programs.
- Overall expenditures for the health and sanitation category were \$251 million less than the budgeted amount. Specifically, the budgetary savings of \$155 million was from mental health programs. There were also \$90 million from salaries and employee benefits savings from the hiring freeze and vacancies. The remaining variance of \$6 million was due to lower than expected services and supplies and contracted costs related to other health and sanitation programs.

Capital Assets

The County's capital assets for its governmental and business-type activities as of June 30, 2020, were \$19.990 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 \$246 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	\$ 7,649,058	\$ 7,632,374	\$ 16,684
Buildings and improvements	5,724,949	5,629,127	95,822
Infrastructure	4,201,735	4,279,689	(77,954)
Equipment	638,867	661,062	(22,195)
Software	271,428	238,719	32,709
Capital assets, in progress	1,503,910	1,302,501	201,409
Total	\$ 19,989,947	\$ 19,743,472	\$ 246,475

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2020**

The most significant increase in capital assets was in Capital assets, in progress, which increased by \$201 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 health and sanitation of \$275 million, public protection of \$58 million, and recreation and cultural services of \$50 million. The governmental activities major projects included the Vermont Corridor County Administration Building, Martin Luther King, Jr. Behavioral Health Center, High Desert Mental Health Urgent Care Center, and the Ervin "Magic" Johnson Park projects. In addition, there were capitalized software-in-progress costs of \$11 million for the Assessor's Modernization Project Phase 4. The Mental Health Treatment Center project was cancelled by the Board on August 13, 2019 and resulted in a reduction of \$60 million in capital assets, in progress. For business-type activities, major construction-in-progress was \$23 million at the Rancho Los Amigos National Rehabilitation Campus for various projects, including the North Campus and Support Services Annex Building Renovation projects. There were also \$28 million of capitalized construction-in-progress costs at Harbor-UCLA Medical Center for various projects, including the new Outpatient/Support Building and Inpatient Building Replacement.

Buildings and improvements increased by \$96 million. Various projects were completed during the fiscal year, including the Music Center Plaza Renovation, with a net book value of \$39 million, Martin Luther King, Jr. Medical Campus Augustus F. Hawkins Building Air-Handler Units Phase One Replacement, with a net book value of \$7 million, and Fort Moore Pioneer Monument Refurbishment, with a net book value of \$5 million. In addition, the County acquired the 636 Maple Avenue Parking Structure Leasehold, with a net book value of \$8 million, and the South El Monte's Assessor's Office, with a net book value of \$7 million. As of June 30, 2020, there were \$227 million of capital asset commitments outstanding.

Debt Administration

During the current year, the County's liabilities for long-term debt, including accreted interest, decreased by \$28 million, as newly issued debt and accretions of \$1.041 billion were less than the debt maturities of \$1.069 billion. 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:

- New debt of \$382 million (including bond premium proceeds) was issued to refund the outstanding principal amount of \$392 million Tobacco Settlement Asset-Backed bonds Series 2006 through defeasance and redemption.
- Lease Revenue Obligation Notes (LRON) of \$325 million were issued for governmental and business-type activities in the amounts of \$225 million and \$100 million, respectively. For governmental activities, debt was issued to finance renovations for fire stations, beach and park facilities, parking structure, probation buildings and various public health centers. For business-type activities, debt was issued to finance hospital improvements.
- New debt of \$320 million (including bond premium proceeds) was issued to redeem LRON notes for various capital improvements.
- New debt of \$10 million was issued to finance the acquisition of equipment for governmental activities. Equipment debt totaling \$26 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.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2020**

The notes matured and were redeemed on June 30, 2020. The General Fund also relied upon periodic borrowing from available agency funds.

Bond Ratings

The County's debt is rated by Moody's, S&P Global Ratings (S&P), and Fitch. The following is a schedule of ratings assigned by the respective rating agencies:

	<u>Moody's</u>	<u>S&P</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 S&P for Certificates of Participation, Equipment Lease Revenue, Operating Leases, and Regional Park and Open Space District bonds were upgraded from the previous year. S&P revised its ratings outlook from stable to negative in June 2020.

Economic Conditions and Outlook

The County's 2020-2021 Budget reflects the County's values and vision, and provides a framework for the County's commitment to improving life for all County residents, especially the vulnerable and underserved. Throughout this year's budgetary process, the COVID-19 pandemic has driven economic uncertainty and a great humanitarian need in Los Angeles County. The Board of Supervisors adopted the County's 2020-2021 Budget on June 29, 2020. The Budget was adopted based on estimated fund balances that would be available at the end of 2019-2020. The Board updated the Budget on September 29, 2020, to reflect final 2019-2020 fund balances and other pertinent financial information. For the County's General Fund, the 2020-2021 Budget utilized \$2.197 billion of fund balance, which exceeded the previously estimated fund balance of \$1.582 billion. Of the additional fund balance of \$615 million, \$141 million was used to carryover lapsed appropriations and ensure the continuity of funded program initiatives. The remaining \$474 million was primarily used to fund programs for alternatives to incarceration; affordable housing and the continued fight against homeless; funding for health and public health programs to respond to the COVID-19 pandemic; support of youths, seniors, and resilient communities; meals for seniors and adults at high risk of COVID-19; jobs, workforce development and small business relief; investing in public assets; and increasing the County's Rainy Day fund by \$54 million.

The County's budget continues to reflect the County's long-standing commitment to responsible and sustainable fiscal practices. The COVID-19 pandemic has had a negative impact to the local economy and the County budget. County residents, families, and local businesses have all been hard hit during these unprecedented times. Specifically, the State and County have elevated unemployment rates compared to the rest of the nation and are experiencing a slower recovery as a result. This is a particular concern since the County has a large concentration of workers in industries devastated by the pandemic, including tourism, retail, dining, and entertainment. As such, elevated unemployment rates will likely increase demand for County services, hamper consumer spending, and negatively affect sales tax and other locally-generated revenues. Finally, slower than projected growth in the Consumer Price Index,

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2020

combined with potential challenges in the commercial and industrial section of the real estate market, could negatively impact the assessed valuation and property taxes as more people work from home. The County will continue to advocate for additional federal stimulus funding and closely monitor key economic indicators to guide our efforts in the development of future budget recommendations that support the needs of County residents and advance the Board's priorities. The County's budget also anticipates uncertainty with budget proposals from both the federal and State agencies that could create significant short and long-term budget challenges for the County.

The County's budget outlook continues to be influenced by the fiscal condition and outlook of the State of California. As part of the State of California's FY 2020-2021 budget, the County received \$163 million in federal CARES Act funds and \$239 million to backfill the revenue loss from realignment sales tax. The State's economy abruptly grounded to a halt when the COVID-19 pandemic was declared in March 2020. In this regard, the State Legislative Analyst's Office (LAO) reports that California's State economy has undergone rapid but uneven recovery, tax collections and expenditures have been consistent with a more positive economic factor, and a potential windfall of \$26 billion in the 2021-2022 budget, but the State also faces an operating deficit beginning in 2021-2022. For the longer term, the LAO recommends the State use half of the windfall to restore the State budget's fiscal resilience, address one-time COVID-19 pandemic needs to mitigate the adverse economic and health consequences of the public health emergency, and begin a multiyear effort to address the ongoing deficit. 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 results of the November 3, 2020 nationwide election will bring transition to the United States and federal administration. 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.

On November 3, 2020, the voters of Los Angeles County successfully passed a ballot measure (Measure J) to annually allocate in the County's budget no less than ten percent of the County's locally generated unrestricted revenues in the General Fund to address the disproportionate impact of racial injustice through community investment and alternatives to incarceration and prohibit using those funds for carceral systems and law enforcement agencies. Measure J will take effect in FY 2021-2022 and will be phased in over a three-year period. The budgetary impact of Measure J 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, 2020 (in thousands)

	PRIMARY GOVERNMENT			DISCRETELY PRESENTED COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
ASSETS				
Pooled cash and investments: (Notes 1 and 5)				
Operating	\$ 6,597,158	244,038	\$ 6,841,196	\$ 511,327
Other	3,167,171	185,140	3,352,311	
Total pooled cash and investments	9,764,329	429,178	10,193,507	511,327
Other investments (Note 5)	204,137		204,137	531,956
Taxes receivable	364,395	892	365,287	
Accounts receivable - net (Note 14)		2,339,991	2,339,991	21,927
Interest receivable	15,632	323	15,955	492
Other receivables (Note 14)	3,932,640	115,776	4,048,416	23,828
Internal balances (Note 15)	227,639	(227,639)		
Inventories	87,946	54,806	142,752	13,881
Restricted assets (Note 5)	5,955	84,493	90,448	
Capital assets: (Notes 1, 6 and 10)				
Capital assets, not being depreciated	8,765,585	387,383	9,152,968	91,557
Capital assets, net of accumulated depreciation	8,140,368	2,696,611	10,836,979	92,175
Total capital assets	16,905,953	3,083,994	19,989,947	183,732
TOTAL ASSETS	31,508,626	5,881,814	37,390,440	1,287,143
DEFERRED OUTFLOWS OF RESOURCES (Note 20)	7,735,216	1,106,895	8,842,111	14,669
LIABILITIES				
Accounts payable	927,622	573,798	1,501,420	49,594
Accrued payroll	525,891	101,317	627,208	
Other payables	98,443	11,790	110,233	9,031
Accrued interest payable	19,758	18,854	38,612	
Advances payable	3,184,153	156,110	3,340,263	23,355
Long-term liabilities: (Note 11)				
Due within one year	1,313,300	363,971	1,677,271	5,205
Due in more than one year	38,132,307	7,341,632	45,473,939	92,894
TOTAL LIABILITIES	44,201,474	8,567,472	52,768,946	180,079
DEFERRED INFLOWS OF RESOURCES (Note 20)	4,645,118	1,255,100	5,900,218	2,544
NET POSITION				
Net investment in capital assets	15,304,410	2,095,825	17,400,235	143,401
Restricted for:				
Capital projects	43,487		43,487	
Debt service	243,494	67,499	310,993	408
Permanent funds - nonspendable	2,135		2,135	
Permanent funds - spendable	131		131	
General government	126,630		126,630	
Public protection	1,095,600		1,095,600	
Public ways and facilities	697,506		697,506	
Health and sanitation	1,155,141		1,155,141	
Recreation	453,728		453,728	
Community development				588,810
First 5 LA				338,631
Other	108,997		108,997	
Unrestricted (deficit)	(28,834,009)	(4,997,187)	(33,831,196)	47,939
TOTAL NET POSITION (DEFICIT) (Note 3)	\$ (9,602,750)	(2,833,863)	\$ (12,436,613)	\$ 1,119,189

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, 2020 (in thousands)

FUNCTIONS	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT:				
Governmental activities:				
General government	\$ 1,571,995	584,296	170,348	27,358
Public protection	7,648,073	1,548,253	1,871,002	24,491
Public ways and facilities	417,325	30,681	299,626	
Health and sanitation	5,742,957	1,921,273	3,681,283	
Public assistance	7,235,705	20,634	5,891,273	
Education	146,480	6,331	5,574	
Recreation and cultural services	476,798	117,960	7,991	325
Interest on long-term debt	199,528			
Total governmental activities	<u>23,438,861</u>	<u>4,229,428</u>	<u>11,927,097</u>	<u>52,174</u>
Business-type activities:				
Hospitals	4,844,797	3,744,598	245,812	
Waterworks	109,259	86,366	1,665	251
Aviation	5,598	4,755	307	8,233
Total business-type activities	<u>4,959,654</u>	<u>3,835,719</u>	<u>247,784</u>	<u>8,484</u>
Total primary government	<u>\$ 28,398,515</u>	<u>8,065,147</u>	<u>12,174,881</u>	<u>60,658</u>
DISCRETELY PRESENTED COMPONENT UNITS	<u>\$ 765,103</u>	<u>29,668</u>	<u>809,396</u>	<u>4,545</u>

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, 2019

NET POSITION (DEFICIT), JUNE 30, 2020

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	
\$ (789,993)		\$ (789,993)		PRIMARY GOVERNMENT:
(4,204,327)		(4,204,327)		Governmental activities:
(87,018)		(87,018)		General government
(140,401)		(140,401)		Public protection
(1,323,798)		(1,323,798)		Public ways and facilities
(134,575)		(134,575)		Health and sanitation
(350,522)		(350,522)		Public assistance
(199,528)		(199,528)		Education
(7,230,162)		(7,230,162)		Recreation and cultural services
				Interest on long-term debt
				Total governmental activities
				Business-type activities:
	(854,387)	(854,387)		Hospitals
	(20,977)	(20,977)		Waterworks
	7,697	7,697		Aviation
	(867,667)	(867,667)		Total business-type activities
(7,230,162)	(867,667)	(8,097,829)		Total primary government
			\$ 78,506	DISCRETELY PRESENTED COMPONENT UNITS
7,401,427	6,832	7,408,259		GENERAL REVENUES:
43,590		43,590		Taxes:
478,211		478,211		Property taxes
83,371		83,371		Utility users taxes
49,143		49,143		Voter approved taxes
503,546		503,546		Documentary transfer taxes
				Other taxes
85,688	459	86,147		Sales and use taxes, levied by the State
238,439	5,950	244,389	16,988	Grants and contributions not restricted to special programs
255,931	809	256,740	2,649	Investment income
(1,123,224)	1,123,224			Miscellaneous
8,016,122	1,137,274	9,153,396	19,637	TRANSFERS - NET
785,960	269,607	1,055,567	98,143	Total general revenues and transfers
(10,388,710)	(3,103,470)	(13,492,180)	1,021,046	CHANGE IN NET POSITION
\$ (9,602,750)	(2,833,863)	\$ (12,436,613)	\$ 1,119,189	NET POSITION (DEFICIT), JULY 1, 2019
				NET POSITION (DEFICIT), JUNE 30, 2020

COUNTY OF LOS ANGELES
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020 (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	\$ 1,933,777	146,163	560,589	95,276	453,159
Other	3,093,846	9,025	1,179	1,439	756
Total pooled cash and investments	<u>5,027,623</u>	<u>155,188</u>	<u>561,768</u>	<u>96,715</u>	<u>453,915</u>
Other investments (Note 5)	3,678			117	
Taxes receivable	260,740	55,581	16,797	7,860	2,397
Interest receivable	9,971	144	646	118	524
Other receivables	3,569,537	49,991	5,379	7,326	3,361
Due from other funds (Note 15)	872,764	990	20,896	1,574	58
Advances to other funds (Note 15)	77,748		6,338		
Inventories	66,482	11,737	1	450	
TOTAL ASSETS	<u>9,888,543</u>	<u>273,631</u>	<u>611,825</u>	<u>114,160</u>	<u>460,255</u>
DEFERRED OUTFLOWS OF RESOURCES (Note 20)					
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 9,888,543</u>	<u>273,631</u>	<u>611,825</u>	<u>114,160</u>	<u>460,255</u>
LIABILITIES					
Accounts payable	\$ 790,780	4,643	4,000	1,462	703
Accrued payroll	457,444	40,928		4,994	
Other payables	91,569	2,495	3	501	
Due to other funds (Note 15)	246,092	15,028	57,751	4,319	6,336
Advances payable	3,073,192		55,855		
Third party payor (Notes 11 and 14)	92,105				
TOTAL LIABILITIES	<u>4,751,182</u>	<u>63,094</u>	<u>117,609</u>	<u>11,276</u>	<u>7,039</u>
DEFERRED INFLOWS OF RESOURCES (Note 20)	<u>618,557</u>	<u>38,282</u>	<u>11,576</u>	<u>5,556</u>	<u>2,846</u>
FUND BALANCES (Note 21)					
Nonspendable	126,630	11,737	1	450	
Restricted	83,372	160,518	482,540	24,518	450,370
Committed	594,193				
Assigned	696,775		99	72,360	
Unassigned	3,017,834				
TOTAL FUND BALANCES	<u>4,518,804</u>	<u>172,255</u>	<u>482,640</u>	<u>97,328</u>	<u>450,370</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 9,888,543</u>	<u>273,631</u>	<u>611,825</u>	<u>114,160</u>	<u>460,255</u>

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)
\$ 1,080,259	2,268,265		\$ 6,537,488	Operating
1,651	50,235		3,158,131	Other
1,081,910	2,318,500		9,695,619	Total pooled cash and investments
	200,342		204,137	Other investments (Note 5)
	21,020		364,395	Taxes receivable
1,371	2,666		15,440	Interest receivable
	200,599		3,836,193	Other receivables
41	52,073		948,396	Due from other funds (Note 15)
	11,383		95,469	Advances to other funds (Note 15)
	1		78,671	Inventories
1,083,322	2,806,584		15,238,320	TOTAL ASSETS
	212,504		212,504	DEFERRED OUTFLOWS OF RESOURCES (Note 20)
\$ 1,083,322	3,019,088		\$ 15,450,824	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES
				LIABILITIES
\$	116,527		\$ 918,115	Accounts payable
	81		503,447	Accrued payroll
	1,445		96,013	Other payables
201,410	329,137		860,073	Due to other funds (Note 15)
	54,870		3,183,917	Advances payable
	246		92,351	Third party payor (Notes 11 and 14)
201,410	502,306		5,653,916	TOTAL LIABILITIES
	17,274		694,091	DEFERRED INFLOWS OF RESOURCES (Note 20)
				FUND BALANCES (Note 21)
	2,136		140,954	Nonspendable
881,912	2,188,255		4,271,485	Restricted
	134,851		729,044	Committed
	174,266		943,500	Assigned
			3,017,834	Unassigned
881,912	2,499,508		9,102,817	TOTAL FUND BALANCES
\$ 1,083,322	3,019,088		\$ 15,450,824	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, 2020 (in thousands)

Fund balances - total governmental funds (page 29)		\$ 9,102,817
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	\$ 7,482,241	
Construction-in-progress	1,283,344	
Buildings and improvements - net	3,793,685	
Equipment - net	367,605	
Intangible software - net	258,820	
Infrastructure - net	<u>3,588,686</u>	16,774,381
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	\$ 12,927	
Deferred outflows from OPEB	3,558,542	
Deferred outflows from pension	3,878,095	
Deferred inflows from service concession arrangements	(78,497)	
Deferred inflows from OPEB	(3,685,937)	
Deferred inflows from pension	<u>(705,101)</u>	2,980,029
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	\$ (212,504)	
Deferred inflows from tobacco settlement revenues	212,504	
Deferred inflows from property taxes	248,176	
Deferred inflows from long-term receivables	<u>233,411</u>	481,587
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	\$ 2,730	
Accrued interest on long-term receivables	<u>85</u>	2,815
Installment receivables from service concession arrangements.		78,497
Accrued interest payable is not recognized in governmental funds.		(19,399)
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	\$ (1,835,164)	
Unamortized premiums on bonds	(170,221)	
Accreted interest on bonds	(7,820)	
Capital lease obligations	(148,826)	
Accrued compensated absences	(1,761,303)	
Workers' compensation	(2,704,337)	
Litigation and self-insurance	(540,319)	
Pollution remediation obligation	(48,673)	
Net pension liability	(9,619,469)	
Net OPEB liability	(21,018,318)	
Third party payor liability	<u>(12,388)</u>	(37,866,838)
Assets and liabilities of certain internal service funds are included in governmental activities in the accompanying statement of net position.		<u>(1,136,639)</u>
Net position (deficit) of governmental activities (page 25)		<u><u>\$ (9,602,750)</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, 2020 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	LA COUNTY LIBRARY	REGIONAL PARK AND OPEN SPACE DISTRICT
REVENUES					
Taxes	\$ 6,321,404	936,823	165,175	101,213	102,299
Licenses, permits and franchises	70,299	17,158	1,372		
Fines, forfeitures and penalties	184,798	2,666	1,433	375	473
Revenue from use of money and property:					
Investment income (Note 5)	146,571	1,426	11,133	1,797	8,570
Rents and concessions (Note 10)	110,127	96	4,835	13	
Royalties	39		440		
Intergovernmental revenues:					
Federal	4,650,319	26,428	183	5,539	
State	6,240,055	18,486	12,923	422	
Other	42,472	8,784	868	391	
Charges for services	2,964,007	231,295	128,741	5,772	867
Miscellaneous	248,008	1,607	82	2,324	
TOTAL REVENUES	20,978,099	1,244,769	327,185	117,846	112,209
EXPENDITURES					
Current:					
General government	1,504,452				
Public protection	6,130,313	1,250,397	309,015		
Public ways and facilities					
Health and sanitation	5,727,283				
Public assistance	6,893,502				
Education				153,131	
Recreation and cultural services	407,052				65,902
Debt service:					
Principal	8,735	2,290		47	
Interest and other charges	26,861	426		27	
Capital outlay	1,052	964			
TOTAL EXPENDITURES	20,699,250	1,254,077	309,015	153,205	65,902
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	278,849	(9,308)	18,170	(35,359)	46,307
OTHER FINANCING SOURCES (USES)					
Transfers in (Note 15)	982,034	42,050		45,952	
Transfers out (Note 15)	(1,178,412)	(8,669)	(23,162)	(819)	
Issuance of debt (Note 11)					
Payment to refunded bonds escrow agent (Note 11)					
Bond premium proceeds (Note 11)					
Capital leases (Note 10)	1,052	964			
Sales of capital assets	1,272	90	23	5	
TOTAL OTHER FINANCING SOURCES (USES)	(194,054)	34,435	(23,139)	45,138	
NET CHANGE IN FUND BALANCES	84,795	25,127	(4,969)	9,779	46,307
FUND BALANCES, JULY 1, 2019	4,434,009	147,128	487,609	87,549	404,063
FUND BALANCES, JUNE 30, 2020	\$ 4,518,804	172,255	482,640	97,328	450,370

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
\$	760,811		\$ 8,387,725	Taxes
	21,976		110,805	Licenses, permits and franchises
	37,559		227,304	Fines, forfeitures and penalties
				Revenue from use of money and property:
23,571	45,199	(352)	237,915	Investment income (Note 5)
	36,819		151,890	Rents and concessions (Note 10)
	3		482	Royalties
				Intergovernmental revenues:
	31,213		4,713,682	Federal
515,636	416,484		7,204,006	State
	12,371		64,886	Other
	428,998		3,759,680	Charges for services
11,663	76,114		339,798	Miscellaneous
<u>550,870</u>	<u>1,867,547</u>	<u>(352)</u>	<u>25,198,173</u>	TOTAL REVENUES
				EXPENDITURES
				Current:
	10,988		1,515,440	General government
	78,532		7,768,257	Public protection
	396,357		396,357	Public ways and facilities
149	171,255		5,898,687	Health and sanitation
	234,765		7,128,267	Public assistance
	151		153,282	Education
	10,544		483,498	Recreation and cultural services
				Debt service:
	304,226	(13,620)	301,678	Principal
	178,876	(352)	205,838	Interest and other charges
	199,494		201,510	Capital outlay
<u>149</u>	<u>1,585,188</u>	<u>(13,972)</u>	<u>24,052,814</u>	TOTAL EXPENDITURES
<u>550,721</u>	<u>282,359</u>	<u>13,620</u>	<u>1,145,359</u>	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
				OTHER FINANCING SOURCES (USES)
	268,165		1,338,201	Transfers in (Note 15)
(607,304)	(631,823)		(2,450,189)	Transfers out (Note 15)
	632,392		632,392	Issuance of debt (Note 11)
	(394,116)		(394,116)	Payment to refunded bonds escrow agent (Note 11)
	48,516		48,516	Bond premium proceeds (Note 11)
			2,016	Capital leases (Note 10)
	405		1,795	Sales of capital assets
<u>(607,304)</u>	<u>(76,461)</u>		<u>(821,385)</u>	TOTAL OTHER FINANCING SOURCES (USES)
(56,583)	205,898	13,620	323,974	NET CHANGE IN FUND BALANCES
938,495	2,293,610	(13,620)	8,778,843	FUND BALANCES, JULY 1, 2019
<u>\$ 881,912</u>	<u>2,499,508</u>		<u>\$ 9,102,817</u>	FUND BALANCES, JUNE 30, 2020

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, 2020 (in thousands)

Net change in fund balances - total governmental funds (page 33)		\$ 323,974
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	\$ 708,720	
Less - current year depreciation expense	<u>(422,135)</u>	286,585
In the statement of activities, only the gain or loss on the disposal and impairment 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.		(61,445)
Contribution of capital assets is not recognized in the governmental funds.		24,851
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.		(1,525)
Changes in unavailable revenues are reported as changes in deferred inflows of resources for governmental funds, but were recognized when earned for governmental activities.		49,318
Timing differences result in more or less revenues and expenses in the statement of activities.		
Change in accrued interest on long-term receivables	\$ (80)	
Change in unamortized premiums	<u>2,572</u>	2,492
Issuance of long-term debt provides resources in the governmental funds, but increases long-term liabilities in the statement of net position.		(682,924)
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	\$ 431,927	
Notes, loans, and lease revenue obligation notes	239,175	
Assessment bonds	13,620	
Other long-term notes, loans and capital leases	<u>11,072</u>	695,794
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	\$ (131,546)	
Change in litigation and self-insurance	(275,995)	
Change in pollution remediation obligation	(4,561)	
Change in accrued compensated absences	(162,658)	
Change in net pension liability, net of related deferred outflows of resources and deferred inflows of resources	(466,083)	
Change in net OPEB liability, net of related deferred outflows of resources and deferred inflows of resources	1,154,678	
Change in third party payor liability	10,558	
Change in accrued interest payable	(96)	
Change in accretion of bonds and notes	13,879	
Change in accretion of tobacco settlement bonds	(5,553)	
Transfer of capital assets between governmental fund and enterprise fund	<u>(22,986)</u>	109,637
The portion of internal service funds that is reported with governmental activities.		39,203
Change in net position of governmental activities (page 27)		<u>\$ 785,960</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, 2020 (in thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 6,260,994	6,326,725	6,352,063	25,338
Licenses, permits and franchises	59,367	58,369	70,299	11,930
Fines, forfeitures and penalties	173,523	173,523	184,798	11,275
Revenue from use of money and property:				
Investment income	111,030	112,869	124,713	11,844
Rents and concessions	125,522	126,022	110,127	(15,895)
Royalties			39	39
Intergovernmental revenues:				
Federal	4,721,602	5,095,700	4,760,837	(334,863)
State	6,890,853	6,465,369	6,242,560	(222,809)
Other	75,763	96,547	48,736	(47,811)
Charges for services	2,907,101	3,276,357	2,931,403	(344,954)
Miscellaneous	124,722	208,523	247,975	39,452
TOTAL REVENUES	21,450,477	21,940,004	21,073,550	(866,454)
EXPENDITURES				
Current:				
General government	2,890,755	2,610,867	1,553,384	1,057,483
Public protection	6,096,895	6,484,520	6,208,853	275,667
Health and sanitation	6,094,124	6,030,102	5,779,553	250,549
Public assistance	7,589,640	7,661,921	6,984,870	677,051
Recreation and cultural services	431,991	440,232	405,589	34,643
Debt service-				
Interest	9,852	9,852	9,852	
Capital outlay	1,084,427	1,283,226	248,976	1,034,250
TOTAL EXPENDITURES	24,197,684	24,520,720	21,191,077	3,329,643
DEFICIENCY OF REVENUES OVER EXPENDITURES	(2,747,207)	(2,580,716)	(117,527)	2,463,189
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	525	525	1,272	747
Transfers in	1,297,721	1,378,515	977,020	(401,495)
Transfers out	(811,277)	(994,937)	(993,232)	1,705
Appropriations for contingencies	(37,775)	9,908		(9,908)
Changes in fund balance	208,173	96,865	239,501	142,636
TOTAL OTHER FINANCING SOURCES (USES)	657,367	490,876	224,561	(266,315)
NET CHANGE IN FUND BALANCE	(2,089,840)	(2,089,840)	107,034	2,196,874
FUND BALANCE, JULY 1, 2019 (Note 16)	2,089,840	2,089,840	2,089,840	
FUND BALANCE, JUNE 30, 2020 (Note 16)	\$		2,196,874	2,196,874

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, 2020 (in thousands)

	FIRE PROTECTION DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 940,876	941,750	942,664	914
Licenses, permits and franchises	18,331	18,662	17,158	(1,504)
Fines, forfeitures and penalties	2,285	2,285	2,666	381
Revenue from use of money and property:				
Investment income	1,302	1,302	884	(418)
Rents and concessions	101	101	96	(5)
Intergovernmental revenues:				
Federal	10,483	19,606	23,071	3,465
State	20,441	21,267	18,487	(2,780)
Other		8,777	8,784	7
Charges for services	225,314	232,258	226,177	(6,081)
Miscellaneous	1,731	2,043	1,607	(436)
TOTAL REVENUES	1,220,864	1,248,051	1,241,594	(6,457)
EXPENDITURES				
Current-Public protection:				
Salaries and employee benefits	1,095,898	1,127,275	1,095,552	31,723
Services and supplies	156,593	175,767	143,357	32,410
Other charges	5,332	8,911	5,871	3,040
Capital assets	3,487	4,970	2,444	2,526
TOTAL EXPENDITURES	1,261,310	1,316,923	1,247,224	69,699
DEFICIENCY OF REVENUES OVER EXPENDITURES	(40,446)	(68,872)	(5,630)	63,242
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	270	270	90	(180)
Transfers in	45,002	45,550	42,050	(3,500)
Transfers out	(4,798)	(6,451)	(6,450)	1
Appropriations for contingencies	(20,191)	(874)		874
Changes in fund balance		10,214	22,867	12,653
TOTAL OTHER FINANCING SOURCES (USES)	20,283	48,709	58,557	9,848
NET CHANGE IN FUND BALANCE	(20,163)	(20,163)	52,927	73,090
FUND BALANCE, JULY 1, 2019 (Note 16)	20,163	20,163	20,163	
FUND BALANCE, JUNE 30, 2020 (Note 16)	\$		73,090	73,090

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, 2020 (in thousands)

	FLOOD CONTROL DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 162,428	164,520	166,745	2,225
Licenses, permits and franchises	1,094	1,094	1,372	278
Fines, forfeitures and penalties	801	801	1,433	632
Revenue from use of money and property:				
Investment income	10,397	10,397	8,976	(1,421)
Rents and concessions	6,582	6,582	4,835	(1,747)
Royalties	760	760	440	(320)
Intergovernmental revenues:				
Federal			183	183
State	2,555	2,555	12,923	10,368
Other	847	847	868	21
Charges for services	114,120	114,120	129,056	14,936
Miscellaneous	26	26	82	56
TOTAL REVENUES	299,610	301,702	326,913	25,211
EXPENDITURES				
Current-Public protection:				
Services and supplies	318,753	314,804	275,785	39,019
Other charges	8,283	8,283	3,140	5,143
Capital assets	1,153	1,153	638	515
Capital outlay	60,670	68,670	27,614	41,056
TOTAL EXPENDITURES	388,859	392,910	307,177	85,733
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(89,249)	(91,208)	19,736	110,944
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	50	50	23	(27)
Transfers out	(23,246)	(29,195)	(23,162)	6,033
Appropriations for contingencies		(2,092)		2,092
Changes in fund balance	52,346	62,346	64,905	2,559
TOTAL OTHER FINANCING SOURCES (USES)	29,150	31,109	41,766	10,657
NET CHANGE IN FUND BALANCE	(60,099)	(60,099)	61,502	121,601
FUND BALANCE, JULY 1, 2019 (Note 16)	60,099	60,099	60,099	
FUND BALANCE, JUNE 30, 2020 (Note 16)	\$		121,601	121,601

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, 2020 (in thousands)

	LA COUNTY LIBRARY			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 100,465	100,641	101,884	1,243
Fines, forfeitures and penalties	556	556	375	(181)
Revenue from use of money and property:				
Investment income	1,200	1,200	1,443	243
Rents and concessions	15	15	13	(2)
Intergovernmental revenues:				
Federal			5,580	5,580
State	540	540	422	(118)
Other	130	130	391	261
Charges for services	6,035	6,035	5,772	(263)
Miscellaneous	584	584	2,324	1,740
TOTAL REVENUES	109,525	109,701	118,204	8,503
EXPENDITURES				
Current-Education:				
Salaries and employee benefits	114,104	114,104	107,376	6,728
Services and supplies	83,363	83,175	50,222	32,953
Other charges	1,218	1,218	963	255
Capital assets	963	963	123	840
TOTAL EXPENDITURES	199,648	199,460	158,684	40,776
DEFICIENCY OF REVENUES OVER EXPENDITURES	(90,123)	(89,759)	(40,480)	49,279
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	13	13	5	(8)
Transfers in	51,786	51,619	45,952	(5,667)
Transfers out		(21)	(21)	
Appropriation for contingencies		(176)		176
Changes in fund balance	(3,023)	(3,023)	5,346	8,369
TOTAL OTHER FINANCING SOURCES (USES)	48,776	48,412	51,282	2,870
NET CHANGE IN FUND BALANCE	(41,347)	(41,347)	10,802	52,149
FUND BALANCE, JULY 1, 2019 (Note 16)	41,347	41,347	41,347	
FUND BALANCE, JUNE 30, 2020 (Note 16)	\$		52,149	52,149

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, 2020 (in thousands)

	REGIONAL PARK AND OPEN SPACE DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 94,000	100,400	102,300	1,900
Fines, forfeitures and penalties	230	230	473	243
Revenue from use of money and property:				
Investment income	1,800	1,800	6,877	5,077
Charges for services	585	585	530	(55)
TOTAL REVENUES	96,615	103,015	110,180	7,165
EXPENDITURES				
Current-Recreation and cultural services:				
Services and supplies	14,720	14,720	6,956	7,764
Other charges	270,778	275,659	49,881	225,778
TOTAL EXPENDITURES	285,498	290,379	56,837	233,542
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(188,883)	(187,364)	53,343	240,707
OTHER FINANCING SOURCES (USES)				
Transfers in	107,522	113,922	112,640	(1,282)
Transfers out	(107,522)	(113,922)	(112,640)	1,282
Changes in fund balance	7,423	5,904	7,592	1,688
TOTAL OTHER FINANCING SOURCES (USES)	7,423	5,904	7,592	1,688
NET CHANGE IN FUND BALANCE	(181,460)	(181,460)	60,935	242,395
FUND BALANCE, JULY 1, 2019 (Note 16)	181,758	181,758	181,758	
FUND BALANCE, JUNE 30, 2020 (Note 16)	\$ 298	298	242,693	242,395

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, 2020 (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	\$ 23,109	23,109	19,343	(3,766)
Intergovernmental revenues:				
State	590,717	590,717	515,636	(75,081)
Miscellaneous			11,663	11,663
TOTAL REVENUES	613,826	613,826	546,642	(67,184)
EXPENDITURES				
Current-Health and sanitation:				
Services and supplies	1,041	1,041		1,041
TOTAL EXPENDITURES	1,041	1,041		1,041
EXCESS OF REVENUES OVER EXPENDITURES	612,785	612,785	546,642	(66,143)
OTHER FINANCING SOURCES (USES)				
Transfers out	(815,599)	(848,910)	(607,304)	241,606
Appropriations for contingencies	(85,316)	(85,316)		85,316
Changes in fund balance	74,502	107,813	107,814	1
TOTAL OTHER FINANCING SOURCES (USES)	(826,413)	(826,413)	(499,490)	326,923
NET CHANGE IN FUND BALANCE	(213,628)	(213,628)	47,152	260,780
FUND BALANCE, JULY 1, 2019 (Note 16)	213,628	213,628	213,628	
FUND BALANCE, JUNE 30, 2020 (Note 16)	\$		260,780	260,780

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, 2020 (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	\$ 5,896	47,916	66,600	480
Other	76,470	6,716	89,725	9,039
Total pooled cash and investments	<u>82,366</u>	<u>54,632</u>	<u>156,325</u>	<u>9,519</u>
Taxes receivable				
Accounts receivable - net (Note 14)	750,214	335,929	948,586	282,685
Interest receivable	79	50	23	16
Other receivables	20,399	12,737	33,284	5,665
Due from other funds (Note 15)	88,084	48,185	178,511	4,431
Advances to other funds (Note 15)				
Inventories	26,872	8,759	16,172	3,003
Total current assets	<u>968,014</u>	<u>460,292</u>	<u>1,332,901</u>	<u>305,319</u>
Noncurrent assets:				
Restricted assets (Note 5)	54,834	15,014		9,384
Other receivables (Note 14)	28,790	5,029	6,531	3,237
Capital assets: (Notes 1, 6 and 10)				
Land and easements	1,671	1,894	16,194	217
Buildings and improvements	940,569	226,534	1,050,748	455,518
Equipment	128,961	90,321	151,656	36,806
Intangible - software	16,921	14,359	20,704	5,616
Infrastructure				
Construction in progress	77,205			89,924
Less accumulated depreciation	(342,378)	(189,361)	(405,666)	(152,464)
Total capital assets - net	<u>822,949</u>	<u>143,747</u>	<u>833,636</u>	<u>435,617</u>
Total noncurrent assets	<u>906,573</u>	<u>163,790</u>	<u>840,167</u>	<u>448,238</u>
TOTAL ASSETS	<u>1,874,587</u>	<u>624,082</u>	<u>2,173,068</u>	<u>753,557</u>
DEFERRED OUTFLOWS OF RESOURCES (Note 20)	<u>336,747</u>	<u>198,722</u>	<u>473,031</u>	<u>98,395</u>
LIABILITIES				
Current liabilities:				
Accounts payable	168,732	74,586	236,812	84,023
Accrued payroll	32,304	17,465	43,059	8,489
Other payables	4,438	2,177	3,826	1,196
Accrued interest payable	13,646	4,529		659
Due to other funds (Note 15)	170,292	67,203	194,410	37,995
Advances from other funds (Note 15)	4,737	2,553	6,401	61,187
Advances payable	66,804	2,047	79,110	6,392
Current portion of long-term liabilities (Note 11)	136,208	38,072	140,794	45,918
Total current liabilities	<u>597,161</u>	<u>208,632</u>	<u>704,412</u>	<u>245,859</u>
Noncurrent liabilities:				
Accrued compensated absences (Note 11)	75,357	40,268	95,117	18,356
Bonds and notes payable net of premiums for bonds payable (Note 11)	535,305	198,300		202,643
Capital lease obligations (Notes 10 and 11)		43		
Workers' compensation (Notes 11 and 18)	104,069	42,399	154,257	30,645
Litigation and self-insurance (Notes 11 and 18)	15,541	718	23,302	167
Net pension liability (Notes 8 and 11)	484,659	274,195	659,788	146,986
Net OPEB liability (Notes 9 and 11)	1,157,068	671,365	1,764,772	367,753
Third party payor (Notes 11 and 14)	104,732	34,617	111,006	20,462
Total noncurrent liabilities	<u>2,476,731</u>	<u>1,261,905</u>	<u>2,808,242</u>	<u>787,012</u>
TOTAL LIABILITIES	<u>3,073,892</u>	<u>1,470,537</u>	<u>3,512,654</u>	<u>1,032,871</u>
DEFERRED INFLOWS OF RESOURCES (Note 20)	<u>345,945</u>	<u>332,031</u>	<u>480,599</u>	<u>96,525</u>
NET POSITION				
Net investment in capital assets	257,693	(45,162)	833,636	209,663
Restricted-				
Debt service	10,651	8,558		43,202
Unrestricted (deficit)	(1,476,847)	(943,160)	(2,180,790)	(530,309)
TOTAL NET POSITION (DEFICIT) (Note 3)	<u>\$ (1,208,503)</u>	<u>(979,764)</u>	<u>(1,347,154)</u>	<u>(277,444)</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
\$ 113,403	9,743	\$ 244,038	\$ 59,670
1,900	1,290	185,140	9,040
<u>115,303</u>	<u>11,033</u>	<u>429,178</u>	<u>68,710</u>
892		892	
15,574	7,003	2,339,991	
141	14	323	107
	104	72,189	15,006
4,147	331	323,689	123,191
1,409		1,409	
		54,806	9,275
<u>137,466</u>	<u>18,485</u>	<u>3,222,477</u>	<u>216,289</u>
		79,232	11,216
		43,587	
12,149	134,692	166,817	
119,091	42,227	2,834,687	
1,582	1,465	410,791	288,061
1,322		58,922	
1,215,135	69,996	1,285,131	
43,608	9,829	220,566	
(729,178)	(73,873)	(1,892,920)	(156,489)
<u>663,709</u>	<u>184,336</u>	<u>3,083,994</u>	<u>131,572</u>
<u>663,709</u>	<u>184,336</u>	<u>3,206,813</u>	<u>142,788</u>
<u>801,175</u>	<u>202,821</u>	<u>6,429,290</u>	<u>359,077</u>
		<u>1,106,895</u>	<u>285,652</u>
5,583	4,062	573,798	9,507
		101,317	22,444
	153	11,790	2,431
	19	18,853	361
6,548	1,412	477,860	57,343
		74,878	22,000
25		154,378	1,752
2,700	107	363,799	40,992
<u>14,856</u>	<u>5,753</u>	<u>1,776,673</u>	<u>156,830</u>
		229,098	65,753
6,339	1,403	943,990	10,000
		43	
		331,370	52,051
		39,728	
		1,565,628	375,571
		3,960,958	942,223
		270,817	
<u>6,339</u>	<u>1,403</u>	<u>7,341,632</u>	<u>1,445,598</u>
<u>21,195</u>	<u>7,156</u>	<u>9,118,305</u>	<u>1,602,428</u>
		<u>1,255,100</u>	<u>175,583</u>
657,169	182,826	2,095,825	101,902
		62,411	5,088
122,811	12,839	(4,995,456)	(1,240,272)
<u>\$ 779,980</u>	<u>195,665</u>	<u>(2,837,220)</u>	<u>\$ (1,133,282)</u>
		3,357	
		<u>\$ (2,833,863)</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 payable net of premiums for bonds 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

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, 2020 (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)	\$ 1,172,032	548,382	1,591,354	432,830
Rentals				
Charges for services				
Other (Note 14)	109,541	27,034	100,364	9,322
TOTAL OPERATING REVENUES	1,281,573	575,416	1,691,718	442,152
OPERATING EXPENSES:				
Salaries and employee benefits	715,723	365,521	932,761	184,832
Services and supplies	192,078	91,212	259,246	38,776
Other professional services	223,235	127,393	419,154	52,062
Depreciation and amortization (Note 6)	24,676	12,842	30,060	12,275
Medical malpractice	6,476	1		
Rent	3,618	1,686	3,190	639
TOTAL OPERATING EXPENSES	1,165,806	598,655	1,644,411	288,584
OPERATING INCOME (LOSS)	115,767	(23,239)	47,307	153,568
NONOPERATING REVENUES (EXPENSES):				
Taxes				
Investment income	1,279	1,001	358	563
Gain (loss) on disposal of capital assets	6		(559)	(116)
Interest expense	(35,892)	(9,626)	(1,454)	(12,684)
Intergovernmental transfers expense (Note 14)	(314,776)	(136,122)	(450,872)	(188,027)
Intergovernmental revenues:				
State				
Federal				
Other				
TOTAL NONOPERATING REVENUES (EXPENSES)	(349,383)	(144,747)	(452,527)	(200,264)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(233,616)	(167,986)	(405,220)	(46,696)
Capital contributions	19,356	3,827		24
Transfers in (Note 15)	393,730	223,423	602,358	88,272
Transfers out (Note 15)	(534)	(820)	(199,453)	(6,696)
CHANGE IN NET POSITION	178,936	58,444	(2,315)	34,904
NET POSITION (DEFICIT), JULY 1, 2019	(1,387,439)	(1,038,208)	(1,344,839)	(312,348)
NET POSITION (DEFICIT), JUNE 30, 2020	\$ (1,208,503)	(979,764)	(1,347,154)	(277,444)

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	
\$		\$ 3,744,598	\$	OPERATING REVENUES:
	4,409	4,409	24,215	Net patient service revenues (Note 14)
86,366	346	86,712	640,315	Rentals
731	78	247,070		Charges for services
				Other (Note 14)
87,097	4,833	4,082,789	664,530	TOTAL OPERATING REVENUES
		2,198,837	490,463	OPERATING EXPENSES:
83,019	2,335	666,666	53,702	Salaries and employee benefits
2,265	690	824,799	54,072	Services and supplies
23,819	2,526	106,198	35,349	Other professional services
		6,477		Depreciation and amortization (Note 6)
		9,133		Medical malpractice
				Rent
109,103	5,551	3,812,110	633,586	TOTAL OPERATING EXPENSES
(22,006)	(718)	270,679	30,944	OPERATING INCOME (LOSS)
		6,832		NONOPERATING REVENUES (EXPENSES):
6,832		6,832		Taxes
2,502	228	5,931	621	Investment income
		(669)		Gain (loss) on disposal of capital assets
(156)	(47)	(59,859)	(1,983)	Interest expense
		(1,089,797)		Intergovernmental transfers expense (Note 14)
				Intergovernmental revenues:
1,696	8	1,704		State
	299	299		Federal
428		428		Other
11,302	488	(1,135,131)	(1,362)	TOTAL NONOPERATING REVENUES (EXPENSES)
(10,704)	(230)	(864,452)	29,582	INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS
251	8,233	31,691		Capital contributions
39		1,307,822	11,792	Transfers in (Note 15)
(18)	(64)	(207,585)	(41)	Transfers out (Note 15)
(10,432)	7,939	267,476	41,333	CHANGE IN NET POSITION
790,412	187,726		(1,174,615)	NET POSITION (DEFICIT), JULY 1, 2019
\$ 779,980	195,665		\$ (1,133,282)	NET POSITION (DEFICIT), JUNE 30, 2020
		2,131		Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
		\$ 269,607		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, 2020 (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	\$ 1,402,509	662,372	2,105,233	316,001
Rentals received				
Rentals received from other funds				
Cash received from charges for services				
Other operating revenues	109,541	27,034	100,364	9,322
Cash received for services provided to other funds	30,867	30,037	31,539	613
Cash paid for salaries and employee benefits	(761,191)	(406,812)	(1,007,444)	(200,890)
Cash (paid) returned for services and supplies	(122,476)	(55,983)	(59,373)	23,104
Other operating expenses	(228,976)	(136,860)	(445,741)	(52,873)
Cash (paid) returned for services from other funds	(288,451)	(125,430)	(233,172)	(80,700)
Net cash provided by (required for) operating activities	141,823	(5,642)	491,406	14,577
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash advances received from other funds	614,752	55,736	952,054	190,465
Cash advances paid/returned to other funds	(845,332)	(111,914)	(1,282,147)	(130,535)
Interest paid on advances	(1,546)	(103)	(1,454)	(313)
Intergovernmental transfers	(314,776)	(136,122)	(450,872)	(188,027)
Intergovernmental receipts				
Transfers in	526,247	266,979	646,533	115,059
Transfers out	(534)	(820)	(199,453)	(6,696)
Net cash provided by (required for) noncapital financing activities	(21,189)	73,756	(335,339)	(20,047)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from taxes				
Capital contributions				
Proceeds from bonds and notes	102,395			191,477
Interest paid on capital borrowing	(35,180)	(10,189)		(11,712)
Principal payments on bonds and notes	(102,629)	(4,714)		(233,573)
Principal payments on capital leases	(43)	(30)		
Proceeds from bond premiums	8,433			43,861
Acquisition and construction of capital assets	(30,125)	(5,580)	(13,628)	(30,280)
Net cash provided by (required for) capital and related financing activities	(57,149)	(20,513)	(13,628)	(40,227)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	1,305	999	350	621
Net increase (decrease) in cash and cash equivalents	64,790	48,600	142,789	(45,076)
Cash and cash equivalents, July 1, 2019	72,410	21,046	13,536	63,979
Cash and cash equivalents, June 30, 2020	\$ 137,200	69,646	156,325	18,903

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	
\$		\$ 4,486,115	\$	
	4,409	4,409	5	CASH FLOWS FROM OPERATING ACTIVITIES
			26,506	Cash received from patient services
82,157	(5,843)	76,314	64,246	Rentals received
731	78	247,070		Rentals received from other funds
		93,056	566,471	Cash received from charges for services
		(2,376,337)	(514,261)	Other operating revenues
(83,673)	1,897	(296,504)	(38,647)	Cash received for services provided to other funds
(1,599)	(690)	(866,739)	(54,072)	Cash paid for salaries and employee benefits
		(727,753)		Cash (paid) returned for services and supplies
				Other operating expenses
				Cash (paid) returned for services from other funds
(2,384)	(149)	639,631	50,248	Net cash provided by (required for) operating activities
		1,813,007		CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES
(41)		(2,369,969)	(2,169)	Cash advances received from other funds
		(3,416)		Cash advances paid/returned to other funds
		(1,089,797)		Interest paid on advances
2,124	307	2,431		Intergovernmental transfers
39		1,554,857	11,753	Intergovernmental receipts
(18)	(64)	(207,585)	(2)	Transfers in
				Transfers out
2,104	243	(300,472)	9,582	Net cash provided by (required for) noncapital financing activities
				CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES
6,667		6,667		Proceeds from taxes
	8,233	8,233		Capital contributions
		293,872	10,000	Proceeds from bonds and notes
(156)	(48)	(57,285)	(2,407)	Interest paid on capital borrowing
(392)	(104)	(341,412)	(25,925)	Principal payments on bonds and notes
		(73)		Principal payments on capital leases
		52,294		Proceeds from bond premiums
(11,622)	(8,940)	(100,175)	(25,928)	Acquisition and construction of capital assets
(5,503)	(859)	(137,879)	(44,260)	Net cash provided by (required for) capital and related financing activities
				CASH FLOWS FROM INVESTING ACTIVITIES
2,683	243	6,201	667	Investment income
(3,100)	(522)	207,481	16,237	Net increase (decrease) in cash and cash equivalents
118,403	11,555	300,929	63,689	Cash and cash equivalents, July 1, 2019
\$ 115,303	11,033	\$ 508,410	\$ 79,926	Cash and cash equivalents, June 30, 2020

Continued...

COUNTY OF LOS ANGELES
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020 (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)	\$ 115,767	(23,239)	47,307	153,568
Adjustments to reconcile operating income (loss) to net cash provided by (required for) operating activities:				
Depreciation and amortization	24,676	12,842	30,060	12,275
(Increase) decrease in:				
Accounts receivable - net	93,155	75,704	61,297	(118,633)
Other receivables	148,535	58,246	185,270	13,939
Due from other funds	(13,104)	28,897	254,741	358
Inventories	(18,510)	(4,208)	(5,926)	(1,048)
Increase (decrease) in:				
Accounts payable	(19,192)	(15,028)	54,214	40,073
Accrued payroll	1,455	721	889	273
Other payables	(440)	(163)	(428)	(153)
Accrued compensated absences	8,418	4,696	7,361	1,394
Due to other funds	(181,147)	(70,965)	(81,587)	(57,845)
Advances payable	66,804	2,029	78,694	6,366
Workers' compensation	3,115	2,077	4,923	916
Litigation and self-insurance	4,143	(7,780)	(23,397)	(172)
Net pension liability and related changes in deferred outflows and inflows of resources	22,367	8,933	29,783	6,776
Net OPEB liability and related changes in deferred outflows and inflows of resources	(78,933)	(59,024)	(117,626)	(25,216)
Third party payor	(35,286)	(19,380)	(34,169)	(18,294)
TOTAL ADJUSTMENTS	26,056	17,597	444,099	(138,991)
NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES	\$ 141,823	(5,642)	491,406	14,577
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
Contributions of capital assets	\$ 19,356	3,827		24
Gain (loss) on disposal of capital assets	6		(559)	(116)
TOTAL	\$ 19,362	3,827	(559)	(92)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:				
Pooled cash and investments	\$ 82,366	54,632	156,325	9,519
Restricted assets	54,834	15,014		9,384
TOTAL	\$ 137,200	69,646	156,325	18,903

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	
\$ (22,006)	(718)	\$ 270,679	\$ 30,944	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:
23,819	2,526	106,198	35,349	Depreciation and amortization
				(Increase) decrease in:
(2,304)	(5,793)	103,426		Accounts receivable - net
	(104)	405,886	(6,218)	Other receivables
(1,905)	(292)	268,695	(2,353)	Due from other funds
		(29,692)	944	Inventories
				Increase (decrease) in:
330	3,761	64,158	589	Accounts payable
		3,338	1,144	Accrued payroll
	106	(1,078)	(538)	Other payables
		21,869	7,984	Accrued compensated absences
(984)	365	(392,163)	13,522	Due to other funds
		153,893		Advances payable
		11,031	1,799	Workers' compensation
666		(26,540)		Litigation and self-insurance
		67,859	19,050	Net pension liability and related changes in deferred outflows and inflows of resources
		(280,799)	(51,968)	Net OPEB liability and related changes in deferred outflows and inflows of resources
		(107,129)		Third party payor
19,622	569	368,952	19,304	TOTAL ADJUSTMENTS
<u>\$ (2,384)</u>	<u>(149)</u>	<u>\$ 639,631</u>	<u>\$ 50,248</u>	NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES
				SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:
\$ 251		\$ 23,458	\$	Contributions of capital assets
		(669)		Gain (loss) on disposal of capital assets
<u>\$ 251</u>		<u>\$ 22,789</u>	<u>\$</u>	TOTAL
				RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:
\$ 115,303	11,033	\$ 429,178	\$ 68,710	Pooled cash and investments
		79,232	11,216	Restricted assets
<u>\$ 115,303</u>	<u>11,033</u>	<u>\$ 508,410</u>	<u>\$ 79,926</u>	TOTAL

COUNTY OF LOS ANGELES
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020 (in thousands)

	PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS	INVESTMENT TRUST FUNDS	AGENCY FUNDS
ASSETS			
Pooled cash and investments (Note 5)	\$ 104,401	\$ 20,872,122	\$ 2,249,050
Other investments: (Note 5)		90,963	302
Short-term investments	2,690,654		
Equity	24,087,244		
Fixed income	19,348,557		
Private equity	7,141,781		
Real estate	5,271,546		
Hedge funds	2,193,437		
Cash collateral on loaned securities	1,177,374		
Taxes receivable			277,542
Interest receivable	133,940	24,470	54,830
Other receivables	704,918		
TOTAL ASSETS	62,853,852	20,987,555	2,581,724
LIABILITIES			
Accounts payable	1,598,943		
Other payables (Note 5)	1,251,873		
Due to other governments			2,581,724
TOTAL LIABILITIES	2,850,816		2,581,724
NET POSITION			
Restricted for:			
Pension	58,510,408		
OPEB	1,492,628		
Other		20,987,555	
TOTAL NET POSITION	\$ 60,003,036	\$ 20,987,555	\$ 2,581,724

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, 2020 (in thousands)

	PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS	INVESTMENT TRUST FUNDS
ADDITIONS		
Contributions:		
Pension and OPEB trust contributions:		
Employer	\$ 2,707,658	\$
Member	708,496	
Contributions to investment trust funds		50,462,483
Total contributions	<u>3,416,154</u>	<u>50,462,483</u>
Investment earnings:		
Investment income	5,920,085	364,064
Net decrease in the fair value of investments	(4,262,695)	
Securities lending income (Note 5)	15,987	
Total investment earnings	<u>1,673,377</u>	<u>364,064</u>
Less - Investment expenses:		
Expense from investing activities	210,183	
Expense from securities lending activities (Note 5)	11,146	
Total net investment expense	<u>221,329</u>	
Net investment earnings	<u>1,452,048</u>	<u>364,064</u>
Miscellaneous	<u>2,383</u>	
TOTAL ADDITIONS	<u>4,870,585</u>	<u>50,826,547</u>
DEDUCTIONS		
Administrative expenses:		
Salaries and employee benefits	66,577	
Services and supplies	19,053	
Total administrative expenses	<u>85,630</u>	
Benefit payments	4,289,604	
Distributions from investment trust funds		50,583,168
Miscellaneous	<u>25,628</u>	
TOTAL DEDUCTIONS	<u>4,400,862</u>	<u>50,583,168</u>
CHANGE IN NET POSITION	469,723	243,379
NET POSITION, JULY 1, 2019	<u>59,533,313</u>	<u>20,744,176</u>
NET POSITION, JUNE 30, 2020	<u>\$ 60,003,036</u>	<u>\$ 20,987,555</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, 2020 (in thousands)

	LOS ANGELES COUNTY DEVELOPMENT AUTHORITY	FIRST 5 LA	TOTAL
ASSETS			
Pooled cash and investments-			
Operating (Notes 1 and 5)	\$ 163,735	347,592	\$ 511,327
Other investments (Note 5)	531,956		531,956
Accounts receivable - net	21,927		21,927
Interest receivable		492	492
Other receivables	10,654	13,174	23,828
Inventories	13,881		13,881
Capital assets: (Notes 1 and 6)			
Capital assets, not being depreciated	89,518	2,039	91,557
Capital assets, net of accumulated depreciation	83,586	8,589	92,175
Total capital assets	<u>173,104</u>	<u>10,628</u>	<u>183,732</u>
TOTAL ASSETS	<u>915,257</u>	<u>371,886</u>	<u>1,287,143</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>14,669</u>		<u>14,669</u>
LIABILITIES			
Accounts payable	27,786	21,808	49,594
Other payables	9,015	16	9,031
Advances payable	23,355		23,355
Long-term liabilities: (Note 11)			
Due within one year	5,071	134	5,205
Due in more than one year	92,225	669	92,894
TOTAL LIABILITIES	<u>157,452</u>	<u>22,627</u>	<u>180,079</u>
DEFERRED INFLOWS OF RESOURCES	<u>2,544</u>		<u>2,544</u>
NET POSITION			
Net investment in capital assets	132,773	10,628	143,401
Restricted for:			
Debt service	408		408
Community development	588,810		588,810
First 5 LA		338,631	338,631
Unrestricted	47,939		47,939
TOTAL NET POSITION	<u>\$ 769,930</u>	<u>349,259</u>	<u>\$ 1,119,189</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, 2020 (in thousands)

	LOS ANGELES COUNTY DEVELOPMENT AUTHORITY	FIRST 5 LA	TOTAL
PROGRAM (EXPENSES) REVENUES:			
Expenses	\$ (650,719)	(114,384)	\$ (765,103)
Program revenues:			
Charges for services	29,668		29,668
Operating grants and contributions	729,336	80,060	809,396
Capital grants and contributions	4,545		4,545
Net program (expenses) revenues	<u>112,830</u>	<u>(34,324)</u>	<u>78,506</u>
GENERAL REVENUES:			
Investment income	8,696	8,292	16,988
Miscellaneous	2,538	111	2,649
Total general revenues	<u>11,234</u>	<u>8,403</u>	<u>19,637</u>
CHANGE IN NET POSITION	124,064	(25,921)	98,143
NET POSITION, JULY 1, 2019	<u>645,866</u>	<u>375,180</u>	<u>1,021,046</u>
NET POSITION, JUNE 30, 2020	<u>\$ 769,930</u>	<u>349,259</u>	<u>\$ 1,119,189</u>

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, 2020

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, 2020

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 an agent multiple-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

The Los Angeles County Development Authority (LACDA) was established on July 1, 1982 under the provisions of Section 34100-34160 of the Health and Safety Code of the State of California.

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, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Discretely Presented Component Units-Continued

Los Angeles County Development Authority -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, 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, 2020

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, 2020, the restricted net position balances were \$3.927 billion and \$67.50 million for governmental activities and business-type activities, respectively. For governmental activities, \$558.20 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, 2020

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, 2020

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, 2020

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 Benefit 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 benefit trust, 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, 2020

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, 2020

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 \$38.553 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, 2020. 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) 2019-2020 assessed valuation of the County approximated \$1.626 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, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Property Taxes-Continued

The County is divided into 12,723 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 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.

Property owners affected by the Coronavirus Disease 2019 (COVID-19) pandemic may have late payment penalties cancelled if they were unable to pay their property taxes by the April 10, 2020, deadline. The California Revenue and Taxation Code (R&TC) grants the Treasurer and Tax Collector the authority to cancel payment penalties in limited circumstances. Beginning April 11, 2020, Treasurer and Tax Collector began accepting requests for a property tax penalty cancellation related to COVID-19.

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. In FY 2018-2019, 5 Oversight Boards were established in the County 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, 2020, the County's share of residual property tax revenues was \$278.49 million, of which \$232.53 million was recognized in the County's General Fund.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Deposits and Investments

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

Pooled Cash and Investments

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

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

Operating Pooled Cash and Investments

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

Other Pooled Cash and Investments

This account represents amounts identified in various agency funds as of June 30, 2020, 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 and certificates of participation payable.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

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.

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. GASB 89, "Accounting for Interest Cost Incurred before the End of a Construction Period," changed the accounting for interest cost incurred before the end of a construction period for business-type activities and enterprise funds. It requires that such interest cost be recognized as an expense in the period in which the cost is incurred. Accordingly, such interest costs for business-type activity and enterprise funds are no longer capitalized as part of the historical cost of a capital asset.

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Capital Assets-Continued

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

Deferred Outflows and Inflows of Resources

Pursuant to GASB 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position," and GASB 65, "Items Previously Reported as Assets and Liabilities," the County recognizes deferred outflows of resources and/or deferred inflows of resources in the government-wide statement of net position, governmental 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. The unspent balance of certain COVID-19 related financial assistance payments are recognized as Advances Payable due to the uncertainty on the revenue recognition since these funds are subject to be returned to the U.S. Department of Treasury if unspent as of December 30, 2020. See Note 22 for additional information.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

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).

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, 2018 rolled forward to June 30, 2019
Measurement Date - June 30, 2019
Measurement Period - July 1, 2018 to June 30, 2019

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, 2018 rolled forward to June 30, 2019
Measurement Date - June 30, 2019
Measurement Period - July 1, 2018 to June 30, 2019

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

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, 2019

Measurement Date - June 30, 2019

Measurement Period - July 1, 2018 to June 30, 2019

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Balances-Continued

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

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

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

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 that are 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, 2020

2. NEW ACCOUNTING PRONOUNCEMENTS

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

GASB 89	Accounting for Interest Cost Incurred before the End of the Construction Period	Establishes accounting requirements for interest cost incurred before the end of a construction period for business-type activities and enterprise funds.. Refer to Note 1 for the required note disclosure information.
GASB 95	Postponement of the Effective Dates of Certain Authoritative Guidance	Provides temporary relief to governments in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that are scheduled to become effective for periods beginning after June 15, 2018, and later.

3. DEFICIT NET POSITION

The following activities/funds had a net deficit at June 30, 2020 (in thousands):

	<u>Accumulated Deficit</u>
<u>Government-wide:</u>	
Governmental Activities	\$ 9,602,750
Business-type Activities	2,833,863
<u>Enterprise Funds:</u>	
Harbor-UCLA Medical Center	1,208,503
Olive View-UCLA Medical Center	979,764
LAC+USC Medical Center	1,347,154
Rancho Los Amigos National Rehab Center	277,444
<u>Internal Service Funds-</u>	
Public Works	1,136,492

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.

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 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.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

4. ELIMINATIONS-Continued

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

All bonds have matured as of June 30, 2020. Because all of the bonds matured during the year, there are no assets or liabilities reflected in the governmental funds financial statements.

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 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 investment income and interest expense (\$352 thousand for each). Accordingly, there are no reconciling differences between the two sets of financial statements (after the effects of eliminations) for this matter.

Disclosures related to those outstanding bonds appear in Note 11 and are captioned "Assessment Bonds."

5. CASH AND INVESTMENTS

Investments in the County's cash and investment pool, other cash and investments, and Pension and OPEB Trust Funds investments, are stated at fair value. Aggregate pooled cash and investments and other cash and investments are as follows at June 30, 2020 (in thousands):

	Pooled Cash and Investments	Other Investments	Restricted Assets		Total
			Pooled Cash and Investments	Other Investments	
Governmental Funds	\$ 9,695,619	204,137			\$ 9,899,756
Proprietary Funds	497,888		88,952	1,496	588,336
Fiduciary Funds (excluding Pension and OPEB)	23,121,172	91,265			23,212,437
Pension and OPEB Trust Funds	104,401	61,910,593			62,014,994
Discretely Presented Component Units	511,327	531,956			1,043,283
Total	\$ 33,930,407	62,737,951	88,952	1,496	\$ 96,758,806

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

5. CASH AND INVESTMENTS-Continued

A summary of cash and investments (by type) as of June 30, 2020 is as follows (in thousands):

Cash:	Cash and investments are reported as follows:			
County				
Imprest Cash	\$	10,561	Governmental Funds	\$ 9,899,756
Cash in Vault		157	Proprietary Funds	588,336
Cash in Bank		586,616	Investment Trust Funds	20,963,085
Deposits in Transit		17,175	Agency Funds	2,249,352
Held by Outside Trustees		111,440	Pension and OPEB	
LACDA		11,252	Trust Funds (LACERA)	62,014,994
Total Cash		737,201	Discretely presented component units:	
			- First 5 LA	347,592
			- LACDA	695,691
			Total Cash and Investments	\$ 96,758,806
Investments:				
In Treasury Pool		33,404,850		
In Specific Purpose Investment (SPI)		94,641		
In Other Specific Investments		302		
Held by Outside Trustees		90,515		
In LACERA		61,910,593		
In Discretely Presented Component Unit - LACDA		520,704		
Total Investments		96,021,605		
Total Cash and Investments	\$	96,758,806		

County Treasurer Cash

As of June 30, 2020, the County Treasurer (Treasurer) maintained accounts in six banks. The carrying amount of the Treasurer's total deposits in financial institutions was \$586.62 million, deposits in transit were \$17.18 million, and cash in the Treasurer's vault was \$0.16 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, 2020.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

5. CASH AND INVESTMENTS-Continued

County Investment Pool

California Government Code Sections 53601 and 53635 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), and supranational institutions. California Government Code Section 53534 authorizes the Treasurer to enter into interest rate swap agreements. However, these agreements should only be used in conjunction with the sale of the bonds approved by the Board. As permitted by the California Government Code, the Treasurer developed, and the Board adopted, an Investment Policy that further defines and restricts the limits within which the Treasurer may invest. The investments are managed by the Treasurer, which reports investment activity to the Board on a monthly basis. In addition, the Treasurer's 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 Section 1300.76.1, Title 28, California Code of Regulations. The County has not provided nor obtained any legally binding guarantees during the year ended June 30, 2020, to support the value of shares in the Pool.

The School Districts and the Superior Court are required by legal provisions to participate in the County's investment pool. Fifty-two percent (52.46%) 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 \$90.96 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

5. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

Investments in LAIF are governed by the California Government Code and overseen by a 5 member Local Investment Advisory Board as designated by the California Government Code. As of June 30, 2020, the total amount invested by all California local governments and special districts in LAIF was \$32.080 billion. LAIF is part of the State of California's Pooled Money Investment Account (PMIA), which as of June 30, 2020 had a balance of \$100.980 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 \$3.400 billion at June 30, 2020. Collectively, these represent 3.37% of the PMIA balance of \$100.980 billion. The SPI holdings in the LAIF investment pool as of June 30, 2020, were \$43.29 million, which were valued using a fair value factor provided by LAIF.

The Treasurer has the following recurring fair value measurements as of June 30, 2020 (in thousands):

Pool	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	\$ 7,714,420	\$	\$ 7,714,420	\$	\$
Corporate and Deposit Notes	103,746		103,746		
Los Angeles County Securities	39,866			39,866	
Negotiable Certificates of Deposit	1,501,192		1,501,192		
U.S. Agency Securities	21,719,708		21,719,708		
U.S. Treasury Securities:					
U.S. Treasury Notes	102,235		102,235		
U.S. Treasury Bills	2,199,064		2,199,064		
Municipals	24,619		24,619		
Total Investments	<u>\$ 33,404,850</u>	<u>\$</u>	<u>\$ 33,364,984</u>	<u>\$ 39,866</u>	<u>\$</u>
<u>SPI</u>					
Local Agency Investment Fund	\$ 43,294	\$	\$	\$	\$ 43,294
Los Angeles County Securities	3,677			3,677	
U.S. Agency Securities	47,670		47,670		
Total Investments	<u>\$ 94,641</u>	<u>\$</u>	<u>\$ 47,670</u>	<u>\$ 3,677</u>	<u>\$ 43,294</u>
<u>Other Specific Investments</u>					
U.S. Treasury Bills	\$ 302	\$	\$ 302	\$	\$
Total Investments	<u>\$ 302</u>	<u>\$</u>	<u>\$ 302</u>	<u>\$</u>	<u>\$</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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	None	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	\$75 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 5 years, maximum of 10% of the portfolio, and maximum investment in one issuer of \$750 million. The maximum maturity may be 7 years, provided that the Board's authorization to exceed maturities in excess of 5 years is in effect, of which \$100 million par value may be greater than 5 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, 2020

5. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

A summary of investments held by the Pool at June 30, 2020 is as follows (dollars in thousands):

Pool	Fair Value	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity In Years
Commercial Paper	\$ 7,714,420	\$ 7,714,181	0.10% - 1.43%	07/01/20 - 09/21/20	0.06
Corporate and Deposit Notes	103,746	101,946	1.50% - 3.05%	11/09/20 - 02/28/23	1.80
Los Angeles County Securities	39,866	40,000	0.66% - 2.07%	06/30/21 - 06/30/22	1.25
Negotiable Certificates of Deposit	1,501,192	1,500,003	0.10% - 1.84%	07/01/20 - 02/12/21	0.07
Municipals	24,619	24,737	2.96%	08/01/24	4.09
U.S. Agency Securities	21,719,708	21,629,656	0.10% - 2.94%	07/06/20 - 11/04/27	2.42
U.S. Treasury Securities:					
U.S. Treasury Notes	102,235	99,944	1.13% - 1.63%	07/31/21 - 11/15/22	1.74
U.S. Treasury Bills	2,199,064	2,198,127	0.10% - 1.56%	07/07/20 - 03/25/21	0.27
Total	<u>\$ 33,404,850</u>	<u>\$ 33,308,594</u>			1.27

The unrealized gain on investments held in the Pool was \$96.26 million as of June 30, 2020. This amount takes into account all changes in fair value that occurred during the year. The method used to apportion the unrealized gain was based on a pro-rata share of each funds' cash balance as of June 30, 2020 relative to the County Pool balances. A separate financial report is issued for the Pool for the year ended June 30, 2020 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, 2020 is as follows (dollars in thousands):

SPI	Fair Value	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity In Years
Local Agency Investment Fund	\$ 43,294	\$ 43,083			0.52
Los Angeles County Securities	3,677	3,510	5.00%	12/02/27	7.43
U.S. Agency Securities	47,670	44,016	2.50% - 3.27%	03/23/35 - 02/10/45	17.58
Total	<u>\$ 94,641</u>	<u>\$ 90,609</u>			8.51

Other Specific Investments	Fair Value	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity In Years
U.S. Treasury Bills	\$ 302	\$ 302	0.17%	11/27/20	0.41

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

5. CASH AND INVESTMENTS-Continued

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, 2020, is \$33.405 billion, of which 59.78% will mature in six months or less. Of the remainder, 31.76% have a maturity of more than one year. At June 30, 2020, the weighted average maturity in years for the Pool was 1.27.

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, 2020, there were none.

At June 30, 2020, the Pool contained floating rate notes at fair value of \$39.87 million (0.12% of the Pool). The notes are tied to the six-month U.S. Treasury Bill and Bank of America prime rates. 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.

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.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

5. CASH AND INVESTMENTS-Continued

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, 2020 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, 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, 2020, a portion of the SPI was invested in LAIF, which is unrated as to credit quality.

The Pool and SPI had the following investments in a single issuer that represent 5% or more of total investments at June 30, 2020 (dollars in thousands):

Issuer	Pool		SPI	
	Fair Value	% of Portfolio	Fair Value	% of Portfolio
Federal Home Loan Bank	\$ 11,763,133	35.21%	\$	
Federal Home Loan Mortgage Corporation	4,494,906	13.46%		
Federal Farm Credit Bank	4,786,038	14.33%	47,495	50.18%

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

5. CASH AND INVESTMENTS-Continued

Credit Risk and Concentration of Credit Risk-Continued

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, 2020:

Pool	S&P	Moody's	Fitch	% of Portfolio
Commercial Paper	Not Rated	Not Rated	Not Rated	23.09 %
Corporate and Deposit Notes (ST)	AA-	Not Rated	A+	0.06 %
	A+	Not Rated	A+	0.03 %
Corporate and Deposit Notes (LT)	AAA	Not Rated	Not Rated	0.07 %
	A+	Not Rated	AA	0.15 %
Los Angeles County Securities	Not Rated	Not Rated	Not Rated	0.12 %
Municipals	AA	Not Rated	AA	0.07 %
Negotiable Certificates of Deposits	Not Rated	Not Rated	Not Rated	4.50 %
U.S. Agency Securities	AA+	Aaa	AAA	15.49 %
	AA+	Not Rated	AAA	0.30 %
	AA+	Aaa	Not Rated	4.51 %
	Not Rated	Aaa	AAA	11.57 %
	Not Rated	Not Rated	Not Rated	33.15 %
U.S. Treasury Securities*				6.89 %
				100.00 %
SPI				
Local Agency Investment Fund	Not Rated	Not Rated	Not Rated	45.74 %
Los Angeles County Securities	Not Rated	Not Rated	Not Rated	3.89 %
U.S. Agency Securities	AA+	Aaa	AAA	50.18 %
	AA+	Aaa	Not Rated	0.19 %
				100.00 %
Other Specific Investments				
U.S. Treasury Securities*				100.00 %
				100.00 %

*Pursuant to GASB Statement No. 40, unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

5. CASH AND INVESTMENTS-Continued

Reverse Repurchase Agreements-Continued

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, 2020, 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, 2020 were \$111.44 million. A total of \$108.73 million of investments held by outside trustees are invested in the Pool. In addition, the outside trustees invested \$90.52 million outside of the Pool.

The following is a summary of deposits and investments held by outside trustees as of June 30, 2020 (dollars in thousands):

	<u>Amortized Cost</u>	<u>Principal</u>	<u>Interest Rate Range</u>	<u>Maturity Range</u>	<u>Weighted Average Maturity (Years)</u>
Money Market Mutual Funds	\$ 90,515	\$ 90,515	0.01% - 0.08%	07/01/20	N/A

The following is a summary of the credit quality distribution and concentration of credit risk as of June 30, 2020:

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

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio

Narratives and tables presented for the Pension and OPEB Trust funds managed by LACERA are taken directly from LACERA's CAFR for the year ended June 30, 2020 (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 Fund 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 LACERA's CAFR.

Investments

The investments of the Pension and OPEB Trust Funds are reported at fair value at June 30, 2020, (in thousands) and are as follows:

	Fair Value
Cash Collateral on Loaned Securities	\$ 1,177,374
Short-term Investments	2,690,654
Domestic and International Equity	24,087,244
Fixed Income	19,348,557
Real Estate*	5,271,546
Private Equity	7,141,781
Hedge Funds	2,193,437
Total	\$ 61,910,593

* Refer to Note J of LACERA's CAFR for the year ended June 30, 2020, for additional discussion on special purpose entities.

The Pension and OPEB Trust Funds also had deposits with the Pool at June 30, 2020 totaling \$104.40 million.

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 investment 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations, 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 categorized as a component of the Risk Reduction and Mitigation functional asset category and 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.

High Yield Bonds

Dedicated High Yield bond portfolios are categorized in the Credit functional asset category. By definition, high yield bonds are securities rated below investment grade. Therefore, the majority of bonds in the high yield portfolios are rated below investment grade by at least one of the major credit rating agencies: Moody's, S&P, and Fitch.

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Credit Quality Ratings

The following is a schedule as of June 30, 2020 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 \$22.09 million are excluded from this presentation.

Credit Quality Ratings of Investments in Fixed Income Securities - Pension Plan
As of June 30, 2020
(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	\$ 1,858,678	1,922,386	4,058	153,132	2,597,269	8,480	200,858	\$ 6,744,861	35.96 %
Aa			20,640	79,420	2,020,117	33,057	35,783	2,189,017	11.67 %
A			9,415	531,485	749,190	114,523	128,535	1,533,148	8.17 %
Baa			9,373	772,037	871,061	193,341	360,294	2,206,106	11.76 %
Ba				403,950	35,453	104,058	171,367	714,828	3.81 %
B			81	837,605		173,683	261,083	1,272,452	6.79 %
Caa				153,355	2,882	19,498	166,901	342,636	1.83 %
Ca			4,548	9,495		4,180	2,150	20,373	0.11 %
C				499			15	514	0.00 %
Not Rated		1,267	828	159,187	3,270,486	49,325	251,064	3,732,157	19.90 %
Total Investment in Fixed Income Securities - Pension Plan	\$ 1,858,678	1,923,653	48,943	3,100,165	9,546,458	700,145	1,578,050	\$18,756,092	100.00 %

Note: Pooled Investments included within the Not Rated Quality Ratings, represents investments in commingled funds.

Credit Quality Ratings of Investments in Fixed Income Securities - OPEB Trust
As of June 30, 2020
(dollars in thousands)

Quality Ratings	Pooled Investments	Total	Percentage of Portfolio
Not Rated	\$ 570,375	\$ 570,375	100.00 %
Total Investment in Fixed Income Securities - OPEB Trust	\$ 570,375	\$ 570,375	100.00 %

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Custodial Credit Risk

LACERA's contract with its 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.

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. During FY 2019-2020, LACERA revised the investment Manager Guidelines to allow an allocation to one high yield bond portfolio of up to 7.00%.

As of June 30, 2020, LACERA did not hold any investments in any one issuer that would represent 5.00% or more of the Pension Plan Fiduciary Net Position. Investments issued or explicitly guaranteed by the U.S. government and pooled investments are excluded from this requirement.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

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.

The Duration in Fixed Income Securities - Pension Plan schedule for the year ended June 30, 2020 presents the duration by investment type. Whole loan mortgages included in the Pension Plan Portfolio of \$22.09 million are excluded from this presentation.

Duration in Fixed Income Securities - Pension Plan
As of June 30, 2020
(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	\$ 1,858,678	9.41
U.S. Government Agency	1,923,653	1.40
Municipal / Revenue Bonds	48,943	10.06
Subtotal U.S. Treasuries, U.S. Government Agency, and Municipal Instruments	3,831,274	
Corporate Bonds and Credit Securities:		
Asset-Backed Securities	223,901	2.03
Corporate and Other Credit	2,898,210	3.93
Fixed Income Swaps and Options	(21,946)	N/A
Pooled Funds	9,546,458	4.24
Subtotal Corporate Bonds and Credit Securities	12,646,623	
Non-U.S. Fixed Income	700,145	3.58
Private Placement Fixed Income	1,578,050	3.62
Subtotal Non-U.S. and Private Placement Securities	2,278,195	
Total Fixed Income Securities - Pension Plan	\$ 18,756,092	

*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, 2020

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Interest Rate Risk-Continued

Duration in Fixed Income Securities - OPEB Trust
As of June 30, 2020
(dollars in thousands)

Investment Type	Fair Value	Portfolio Weighted Average Effective Duration*
Corporate Bonds and Credit Securities:		
Pooled Investments	\$ 570,375	3.22
Total Fixed Income Securities - OPEB Trust	\$ 570,375	

*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, 2020

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Non-U.S. Investment Securities at Fair Value - Pension Plan
As of June 30, 2020
(in thousands)

Currency	Equity	Fixed Income	Foreign Currency	Real Estate Commingled Funds	Private Equity Investments	Forward Contracts	Total
AFRICA							
Ghana New Cedi	\$	5,303				\$	5,303
Kenya Shilling		7,919					7,919
Mauritian Rupee		1,865					1,865
Moroccan Dirham	1,000	5,600					6,600
Mozambican Metical		2,517					2,517
Nigerian Naira	6,072	8,110					14,182
Rwandan Franc		3,908					3,908
South African Rand	131,118	37,872	23				169,013
Tunisian Dinar		6,342					6,342
West African CFA Franc		14,102					14,102
AMERICAS							
Argentine Peso	2,290	11,683	2,290				16,263
Bahamian Dollar		7,725					7,725
Barbadian Dollar		935					935
Belize Dollar		1,734					1,734
Brazilian Real	119,265	55,423	543				175,231
Canadian Dollar	685,483	3,031	887			(8,347)	681,054
Chilean Peso	14,979	4,942					19,921
Colombian Peso	6,554	29,981	5				36,540
Costa Rican Colon		2,528					2,528
Dominican Peso		8,704					8,704
Honduran Lempira		815					815
Mexican Peso	61,287	101,390	10			(13)	162,674
Paraguayan Guarani		4,664					4,664
Peruvian Sol	6,386	15,854				55	22,295
Uruguayan Peso		7,696					7,696
Venezuelan Bolivar		657					657
ASIA							
Armenian Dram		6,534					6,534
Australian Dollar	475,390		921			(17,686)	458,625
Chinese Renminbi	127,322	15,101					142,423
Georgia Lari		8,594					8,594
Hong Kong Dollar	787,639		192			(55)	787,776
Indian Rupee	112,742	10,724					123,466
Indonesian Rupiah	47,276	92,387	28				139,691
Japanese Yen	1,383,238	1,901	1,000			4,541	1,390,680
Kazakhstani Tenge		6,932					6,932
Malaysian Ringgit	61,344	28,472	997				90,813
New Zealand Dollar	38,694	234	26			(695)	38,259
Pakistan Rupee	2,173	2,660					4,833
Philippine Peso	20,597	6,297	1				26,895
Singapore Dollar	70,910	5,366	38			(709)	75,605
South Korean Won	304,513	12,265	161				316,939
Sri Lankan Rupee		3,199					3,199
Taiwan Dollar	103,008	4,216	296				107,520
Thai Baht	56,749	39,131	5				95,885
Uzbekistani So'm		2,596					2,596
Vietnamese Dong	26,033						26,033
EUROPE							
Albanian Lek		2,049					2,049
Belarusian Ruble		1,623					1,623
British Pound Sterling	1,169,459	30,093	2,348	1,366	52,403	(8,223)	1,247,446
Czech Republic Koruna	2,600	21,209					23,809
Danish Krone	174,988		(120)			(1,329)	173,539
Euro	2,141,350	97,461	16,789	233,477	339,601	(17,930)	2,810,748
Hungarian Forint	13,231	13,520					26,751
Norwegian Krone	81,508		52			(1,751)	79,809
Polish Zloty	19,432	39,244	25				58,701
Romanian New Leu	14,125	16,833					30,958
Russian Ruble	24,594	78,099	302			(537)	102,458
Serbian Dinar		5,414					5,414
Swedish Krona	309,333		931			(5,602)	304,662
Swiss Franc	595,671		48			(4,604)	591,115
Ukrainian Hryvnia		19,162					19,162
MIDDLE EAST							
Bahraini Dinar		2,770					2,770
Egyptian Pound	3,660	14,615					18,275
Israeli New Shekel	35,560	1,150	2			(657)	36,055
Jordanian Dinar	4,705						4,705
Qatari Rial	18,305	26,536					44,841
Saudi Riyal	2,695	(620)					2,075
Turkish Lira	15,115	14,166					29,281
UAE Dirham	18,708	6,012	13				24,733
Total Investment Securities Subject to Foreign Currency Risk - Pension Plan							
	\$ 9,297,101	987,245	27,813	234,843	392,004	(63,542)	\$10,875,464

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Non-U.S. Investment Securities at Fair Value - OPEB Trust
As of June 30, 2020
(in thousands)

Currency	Equity	Fixed Income	Total
AFRICA			
Liberian Dollar	\$	82	\$ 82
South African Rand	3,322	4,272	7,594
AMERICAS			
Argentine Peso	227		227
Brazilian Real	4,756	5,305	10,061
Canadian Dollar	21,062		21,062
Cayman Islands Dollar		6,264	6,264
Chilean Peso	528	1,415	1,943
Colombian Peso	226	3,423	3,649
Dominican Peso		70	70
Mexican Peso	1,585	6,180	7,765
Panamanian Balboa		118	118
Peruvian Sol	226	2,103	2,329
Uruguay Peso		198	198
ASIA			
Australian Dollar	15,098	539	15,637
Chinese Renminbi	34,122	2,135	36,257
Hong Kong Dollar	7,247		7,247
Indian Rupee	7,474		7,474
Indonesian Rupiah	1,359	5,900	7,259
Japanese Yen	56,542	678	57,220
Malaysian Ringgit	1,736	4,104	5,840
New Zealand Dollar	906		906
Pakistan Rupee	76		76
Philippine Peso	755	244	999
Singapore Dollar	2,642	14	2,656
South Korean Won	10,946	144	11,090
Taiwan Dollar	12,078		12,078
Thailand Baht	2,114	5,549	7,663
EUROPE			
British Pound Sterling	31,177	3,657	34,834
Czech Republic Koruna	75	2,784	2,859
Danish Krone	4,907	49	4,956
Euro	66,280	7,262	73,542
Hungarian Forint	226	2,163	2,389
Norwegian Krone	1,661	149	1,810
Polish Zloty	755	5,086	5,841
Romanian Leu		1,749	1,749
Russian Ruble	2,718	5,032	7,750
Swedish Krona	7,927	163	8,090
Swiss Franc	20,835		20,835
MIDDLE EAST			
Egyptian Pound	151		151
Iraqi Dinar		269	269
Israeli New Shekel	1,812	92	1,904
Qatari Rial	830		830
Saudi Riyal	2,340		2,340
Turkish Lira	453	1,759	2,212
UAE Dirham	528		528
Total Investment Securities Subject to Foreign Currency Risk - OPEB Trust	\$ 327,702	78,951	\$ 406,653

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Securities Lending Program

The BOI 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. LACERA had no losses on securities lending transactions resulting from the default of a borrower for the year ended June 30, 2020.

As of June 30, 2020, the fair value of securities on loan was \$1.693 billion, with a value of cash collateral received of \$1.177 billion, which is included in Other payables on the financial statements, and non-cash collateral of \$587.47 million. LACERA's income, net of expenses from securities lending, was \$4.84 million for the year ended June 30, 2020.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Securities Lending Program-Continued

Securities Lending
As of June 30, 2020
(in thousands)

Securities on Loan	Fair Value of Securities on Loan	Cash Collateral Received	Non-Cash Collateral Received	Calculated Mark ⁽¹⁾
U.S. Equity	\$ 610,659	\$ 621,794	\$	\$
U.S. Fixed Income	625,588	494,950	156,849	(91)
Non-U.S. Equity	457,198	60,630	430,620	463
Total	<u>\$ 1,693,445</u>	<u>\$ 1,177,374</u>	<u>\$ 587,469</u>	<u>\$ 372</u>

(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, not including holdings within a commingled structure:

Interest Rate Risk Analysis
As of June 30, 2020
(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	\$ 5,947		\$ 41	\$	\$ 41	\$	\$
Credit Default Swaps Written	19,670		(39)	(5)	(42)		8
Fixed Income Options Bought		23,078	330	53	277		
Fixed Income Options Written		(307,189)	(244)	(224)	(20)		
Pay Fixed Interest Rate Swaps	567,556		(39,259)	(1,116)	(7,870)	(13,264)	(17,009)
Receive Fixed Interest Rate Swaps	394,439		11,329		7,217	3,963	149
Total Return Swaps Bond	342						
Total Return Swaps Equity	(339,278)		6,023	6,265	(242)		
Total	<u>\$ 648,676</u>	<u>(284,111)</u>	<u>\$(21,819)</u>	<u>\$ 4,973</u>	<u>\$ (639)</u>	<u>\$ (9,301)</u>	<u>\$(16,852)</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Hedge Funds

LACERA's Investment Policy Statement establishes the portfolio framework for and role of the hedge funds program. The hedge fund category of investments is composed 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.

At the beginning of the fiscal year, LACERA employed two hedge fund of funds managers, Grosvenor Capital Management (GCM) and Goldman Sachs Asset Management (GSAM), and one credit fund of funds manager, GCM. During the fiscal year, LACERA initiated the full redemption of the GCM and GSAM hedge fund of funds' portfolios. Furthermore, the GCM credit fund of funds portfolio entered its distribution phase. All three portfolios began returning cash in alignment with the liquidity terms of the portfolios or underlying managers. The relationship with GSAM ended on December 31, 2019. LACERA is managing the redemption process of the residual GSAM holdings. GCM is managing the redemption process of the GCM portfolios.

During the fiscal year, LACERA added two investment managers to the Direct hedge funds portfolio, increasing the portfolio to seven direct investments.

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, 2020 was \$2.193 billion.

The GCM hedge funds of funds portfolio, residual GSAM holdings, and Direct portfolio reside within Diversified Hedge Funds under the Risk Reduction and Mitigation functional asset category of LACERA's Total Fund. The GCM credit portfolio resides within Illiquid Credit under the Credit functional asset category.

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, 2020

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, Real Estate, Equity, and Fixed Income Funds

Investments in hedge funds, private equity, real estate, equity and fixed income 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 year.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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, 2020
(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	\$ 223,901	\$	\$ 223,662	\$ 239
Corporate and Other Credit	2,898,209		2,861,134	37,075
Municipal/Revenue Bonds	48,943		48,943	
Non-U.S. Fixed Income	700,145		700,145	
Pooled Investments	1,060,424	1,060,424		
Private Placement Fixed Income	1,578,050		1,578,050	
U.S. Government Agency	1,923,653		1,923,653	
U.S. Treasuries	1,858,678		1,858,678	
Whole Loan Mortgages	22,090			22,090
Total Fixed Income Securities	<u>10,314,093</u>	<u>1,060,424</u>	<u>9,194,265</u>	<u>59,404</u>
Equity Securities				
Non-U.S. Equity	7,212,668	7,209,653	3,015	
Pooled Investments	404,964	404,964		
U.S. Equity	14,003,326	13,994,266	3,666	5,394
Total Equity Securities	<u>21,620,958</u>	<u>21,608,883</u>	<u>6,681</u>	<u>5,394</u>
Collateral from Securities Lending	1,177,374		1,177,374	
Total Investments by Fair Value Level	<u>\$ 33,112,425</u>	<u>\$ 22,669,307</u>	<u>\$ 10,378,320</u>	<u>\$ 64,798</u>
Investments Measured at NAV				
Fixed Income	\$ 8,486,033			
Equity	1,709,262			
Hedge Funds	2,193,437			
Private Equity	7,141,781			
Real Estate	5,128,771			
Total Investments Measured at NAV	<u>24,659,284</u>			
Total Investments	<u>\$ 57,771,709</u>			
Derivatives				
Foreign Exchange Contracts	\$ (63,545)	\$	\$ (63,545)	\$
Foreign Fixed Income Derivatives	2,743	(92)	2,835	
Foreign Equity Derivatives	546	546		
U.S. Equity Derivatives	1,475	1,475		
U.S. Fixed Income Derivatives	(24,690)	45	(24,735)	
Total Derivatives	<u>\$ (83,471)</u>	<u>\$ 1,974</u>	<u>\$ (85,445)</u>	<u>\$</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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, 2020
(dollars in thousands)

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Commingled Fixed Income Funds ⁽¹⁾	\$ 8,486,033	\$ 662,967	Daily, Monthly or Not Eligible	1-60 days or N/A
Commingled Equity Funds ⁽²⁾	1,709,262		Daily, Monthly or Not Eligible	1-60 days or N/A
Hedge Funds ⁽³⁾	2,193,437		Daily, Monthly, Quarterly, Semi-Annual, Annual, Self-Liquidating	5-180 days
Private Equity ⁽⁴⁾	7,141,781	4,680,875	Not Eligible	N/A
Real Estate ⁽⁴⁾	5,128,771	961,383	Quarterly or Not Eligible	30 days+ or N/A
Total Investments Measured at the NAV	<u>\$ 24,659,284</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: 6 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 47 funds. Hedge Fund investments are valued at NAV per share. When considering liquidity terms, 66% 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 34% of fund assets are 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 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 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 224 funds, investing primarily in Buyout Funds, with some exposure to venture capital, special situation and co-investments. Due to contractual limitations, none of the 224 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, 2020

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Fair Value-Continued

Investments Measured at Fair Value - OPEB Trust
As of June 30, 2020
(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				
Pooled Investments	\$ 147,703	\$ 147,703	\$	\$
Total Fixed Income Securities	147,703	147,703		
Total Investments by Fair Value Level	<u>\$ 147,703</u>	<u>\$ 147,703</u>	<u>\$</u>	<u>\$</u>

Investments Measured at Net Asset Value (NAV)

Fixed Income	\$ 422,672
Equity	755,005
Real Estate Investment Trust (REIT)	142,775
Total Investments Measured at NAV	<u>1,320,452</u>
Total Investments	<u>\$ 1,468,155</u>

Investments Measured at Net Asset Value - OPEB Trust
As of June 30, 2020
(dollars in thousands)

Investment by Fair Value Level	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Fixed Income Securities				
Commingled Fixed Income Funds	\$ 422,672	\$	Daily, Monthly	1-30 days or N/A
Commingled Equity Fund	755,005		Daily, Monthly	1-30 days or N/A
Real Estate Investment Trust (REIT)	142,775		Daily, Monthly	1-30 days or N/A
Total Investments Measured at NAV ⁽¹⁾	<u>\$ 1,320,452</u>			

(1) Commingled Funds: The OPEB Master Trust is invested in 8 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

6. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2020 is as follows (in thousands):

<u>Governmental Activities</u>	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets, not being depreciated:				
Land	\$ 2,478,984	3,875		\$ 2,482,859
Easements	4,986,824	12,558		4,999,382
Software in progress	56,427	40,152	(80,135)	16,444
Construction in progress-buildings and improvements	531,743	405,833	(146,886)	790,690
Construction in progress-infrastructure	416,150	173,973	(113,913)	476,210
Subtotal	<u>8,470,128</u>	<u>636,391</u>	<u>(340,934)</u>	<u>8,765,585</u>
Capital assets, being depreciated:				
Buildings and improvements	6,079,228	111,191	(10,537)	6,179,882
Equipment	1,782,838	109,568	(83,935)	1,808,471
Software	501,012	81,335		582,347
Infrastructure	7,955,303	100,047		8,055,350
Subtotal	<u>16,318,381</u>	<u>402,141</u>	<u>(94,472)</u>	<u>16,626,050</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,265,959)	(121,655)	1,417	(2,386,197)
Equipment	(1,259,445)	(132,501)	82,652	(1,309,294)
Software	(278,448)	(45,079)		(323,527)
Infrastructure	(4,308,415)	(158,249)		(4,466,664)
Subtotal	<u>(8,112,267)</u>	<u>(457,484)</u>	<u>84,069</u>	<u>(8,485,682)</u>
Total capital assets, being depreciated, net	<u>8,206,114</u>	<u>(55,343)</u>	<u>(10,403)</u>	<u>8,140,368</u>
Governmental activities capital assets, net	<u>\$ 16,676,242</u>	<u>581,048</u>	<u>(351,337)</u>	<u>\$ 16,905,953</u>
<u>Business-type Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 134,932			\$ 134,932
Easements	31,634	251		31,885
Construction in progress-buildings and improvements	261,205	54,424	(148,278)	167,351
Construction in progress-infrastructure	36,976	21,477	(5,238)	53,215
Subtotal	<u>464,747</u>	<u>76,152</u>	<u>(153,516)</u>	<u>387,383</u>
Capital assets, being depreciated:				
Buildings and improvements	2,669,414	165,273		2,834,687
Equipment	395,925	31,825	(16,959)	410,791
Software	58,922			58,922
Infrastructure	1,281,124	4,077	(70)	1,285,131
Subtotal	<u>4,405,385</u>	<u>201,175</u>	<u>(17,029)</u>	<u>4,589,531</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

6. CAPITAL ASSETS-Continued

Business-type Activities-Continued

	Balance			Balance
	July 1, 2019	Additions	Deletions	June 30, 2020
Less accumulated depreciation for:				
Buildings and improvements	\$ (853,556)	(49,867)		\$ (903,423)
Equipment	(258,256)	(29,018)	16,173	(271,101)
Software	(42,767)	(3,547)		(46,314)
Infrastructure	(648,323)	(23,766)	7	(672,082)
Subtotal	<u>(1,802,902)</u>	<u>(106,198)</u>	<u>16,180</u>	<u>(1,892,920)</u>
Total capital assets, being depreciated, net	<u>2,602,483</u>	<u>94,977</u>	<u>(849)</u>	<u>2,696,611</u>
Business-type activities capital assets, net	<u>3,067,230</u>	<u>171,129</u>	<u>(154,365)</u>	<u>3,083,994</u>
Total capital assets, net	<u>\$ 19,743,472</u>	<u>752,177</u>	<u>(505,702)</u>	<u>\$ 19,989,947</u>

Depreciation Expense

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

Governmental activities:

General government	\$ 48,374
Public protection	171,467
Public ways and facilities	91,408
Health and sanitation	52,392
Public assistance	11,292
Education	5,354
Recreation and cultural services	41,848
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	<u>35,349</u>
Total depreciation expense, governmental activities	<u>\$ 457,484</u>

Business-type activities:

Hospitals	\$ 79,853
Waterworks	23,819
Aviation	<u>2,526</u>
Total depreciation expense, business-type activities	<u>\$ 106,198</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

6. CAPITAL ASSETS-Continued

Discretely Presented Component Units

LACDA

Capital assets activity for the LACDA component unit for the year ended June 30, 2020, was as follows (in thousands):

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets, not being depreciated:				
Land	\$ 89,264		(473)	\$ 88,791
Construction in progress-buildings and improvements	3,075	518	(2,866)	727
Subtotal	<u>92,339</u>	<u>518</u>	<u>(3,339)</u>	<u>89,518</u>
Capital assets, being depreciated:				
Buildings and improvements	237,650	8,944		246,594
Equipment	10,069	541	(1,466)	9,144
Software	1,025			1,025
Subtotal	<u>248,744</u>	<u>9,485</u>	<u>(1,466)</u>	<u>256,763</u>
Less accumulated depreciation for:				
Buildings and improvements	(160,100)	(5,035)		(165,135)
Equipment	(8,513)	(534)	1,159	(7,888)
Software	(51)	(103)		(154)
Subtotal	<u>(168,664)</u>	<u>(5,672)</u>	<u>1,159</u>	<u>(173,177)</u>
Total capital assets being depreciated, net	<u>80,080</u>	<u>3,813</u>	<u>(307)</u>	<u>83,586</u>
LACDA capital assets, net	<u>\$ 172,419</u>	<u>4,331</u>	<u>(3,646)</u>	<u>\$ 173,104</u>

First 5 LA

Capital assets activity for the First 5 LA component unit for the year ended June 30, 2020, was as follows (in thousands):

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets, not being depreciated-				
Land	\$ 2,039			\$ 2,039
Capital assets, being depreciated:				
Buildings and improvements	12,076			12,076
Equipment	2,912	87		2,999
Subtotal	<u>14,988</u>	<u>87</u>		<u>15,075</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,406)	(242)		(3,648)
Equipment	(2,780)	(58)		(2,838)
Subtotal	<u>(6,186)</u>	<u>(300)</u>		<u>(6,486)</u>
Total capital assets being depreciated, net	<u>8,802</u>	<u>(213)</u>		<u>8,589</u>
First 5 LA capital assets, net	<u>\$ 10,841</u>	<u>(213)</u>		<u>\$ 10,628</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

7. SERVICE CONCESSION ARRANGEMENTS

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, 2020, the present value of the installment payments under contract is estimated to be \$78.50 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 4 to 19 years as of June 30, 2020. The FY 2019-2020 total monthly installment payments are approximately \$718,000. 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 \$23.64 million as of June 30, 2020.

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.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

8. PENSION PLAN-Continued

Plan Description-Continued

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.

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 2019-2020:

July 1, 2019 - September 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%			
October 1, 2019 - June 30, 2020	A	B	C	D	E	G
General Members	27.81%	19.33%	18.33%	19.42%	20.79%	19.42%
Safety Members	35.32%	29.30%	24.68%			

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

8. PENSION PLAN-Continued

Contributions-Continued

The rates were determined by the actuarial valuations performed as of June 30, 2017 and 2018, respectively. The assumptions remained unchanged from the assumptions used in the actuarial valuation performed as of June 30, 2017. The employer contribution rates used in FY 2019-2020, beginning October 1, 2019, increased by 0.71% to 1.48% over the rates used in FY 2018-2019 and may increase again during the following fiscal year. The most significant factor causing the increase was an increase to the normal cost rate.

Employee rates vary by option and employee entry age from 6% to 18% of their annual covered salary.

During FY 2019-2020, 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 \$1.733 billion.

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

At June 30, 2020, the County reported a liability of \$11.561 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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, 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, 2019, the County's proportionate share was 96.22%, which was an increase of 0.05% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$2.286 billion which is reported as \$1.976 billion for governmental activities and \$309.58 million 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, 2020, 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	\$ 42,135	\$
Change in assumptions		1,852,233
Change in experience	504,419	646,597
Change in proportion and differences between County contributions and proportionate share of contributions	360,907	397,725
Contributions made subsequent to measurement date		1,732,960
Total	\$ 907,461	\$ 4,629,515

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

8. PENSION PLAN-Continued

Net Pension Liability, 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. Investment gains or losses are recognized in pension expense over a 5 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 as of June 30, 2020.

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):

<u>Year Ending June 30:</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2021	\$ 556,858
2022	(136,319)
2023	346,144
2024	596,730
2025	465,659
Thereafter	160,022

Deferred outflows of \$1.733 billion related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the measurement year ending June 30, 2020.

Actuarial Assumptions

Valuation Timing	June 30, 2018, rolled forward to June 30, 2019
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)	Post-retirement benefit increases of either 2.75% or 2.00% per year are assumed based on the benefits provided. 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, 2018 actuarial valuation for details. It can be found at www.LACERA.com .
Experience Study	Covers the 3 year period ended June 30, 2016.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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, 2019:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Rate of Return (After Expected 2.75% Inflation Rate) (Geometric)
Growth	47.00%	6.50 %
Global Equity	35.00 %	5.70 %
Private Equity	10.00 %	7.10 %
Opportunistic Real Estate	2.00 %	6.20 %
Credit	12.00%	3.40 %
High Yield Bonds	3.00 %	3.60 %
Bank Loans	4.00 %	3.30 %
Emerging Market Bonds (local)	2.00 %	2.50 %
Illiquid Credit	3.00 %	3.20 %
Real Assets and Inflation Hedges	17.00%	3.80 %
Core and Value Added Real Estate	7.00 %	3.20 %
Natural Resources and Commodities	4.00 %	4.40 %
Infrastructure	3.00 %	4.10 %
TIPS	3.00 %	0.80 %
Risk Reduction and Mitigation	24.00%	1.40 %
Investment Grade Bonds	19.00 %	1.10 %
Diversified Hedge Fund Portfolio	4.00 %	2.80 %
Cash Equivalents	1.00 %	0.10 %

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

8. PENSION PLAN-Continued

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	\$20,660,099	\$11,560,668	\$ 4,036,594

Pension Plan Fiduciary Net Position

Detailed information about pension plan fiduciary net position as of June 30, 2019 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

8. PENSION PLAN-Continued

Deferred Compensation Plans-Continued

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, 2020, the County provided up to a 4% matching contribution per pay period of the employee's voluntary contribution. As of May 1, 2020, the match for non-represented employees was curtailed to help mitigate the economic effect of COVID-19. Matching contributions are scheduled to resume on July 1, 2021. 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, 2020, were \$267.05 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. For the period July 1 through April 30, 2020, the County provided up to a 4% matching contribution per pay period of the employee's voluntary contribution. As of May 1, 2020, the match for non-represented employees was curtailed to help mitigate the economic effect of COVID-19. Matching contributions are scheduled to resume on July 1, 2021. 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, 2020, were \$66.31 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, 2020, were \$9.43 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, 2020

9. OTHER POSTEMPLOYMENT BENEFITS

Retiree Healthcare

Plan Description

LACERA administers an agent multiple-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. As of July 1, 2018, LACERA transitioned the OPEB program from a cost-sharing, multi-employer plan. The agent plan structure determines program liabilities and costs directly by employer and allocates shared expenses. The measurement period for the RHC OPEB program is June 30, 2019 and the first valuation under the agent plan structure was performed as of July 1, 2018 to be implemented in the June 30, 2019 measurement date.

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, 2020

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, 2020

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.

Employees Covered by Benefit Terms

Medical and Dental/Vision Benefits

	2019	
	Medical	Dental/ Vision
Retired Participants		
Retired Members and Survivors	51,216	52,499
Spouses and Dependents	26,147	29,949
Total Retired	77,363	82,448
Inactive Members - Vested	8,618	8,618
Active Members - Vested	72,660	72,660
Total Membership Eligible for Benefits	158,641	163,726

Death Benefits

	2019
Paid Death Benefits	2,538
Retired with Eligibility for Death Benefits	57,409
Active Members - Vested	72,660
Total Membership Eligible for Benefits	132,607

Contributions

The current funding policy requires the County to contribute on a pay-as-you-go basis. During FY 2019-2020, the County made payments to LACERA totaling \$634.75 million for retiree healthcare benefits. Included in this amount was \$73.60 million for Medicare Part B reimbursements and \$8.10 million in death benefits. Additionally, \$49.20 million was paid by member participants. During FY 2019-2020, the County also contributed \$246.20 million in excess of the pay-as-you-go amounts.

Net OPEB Liability

At June 30, 2020, the County reported a net RHC OPEB liability of \$24.828 billion. The net RHC OPEB liability was measured as of June 30, 2019, and the total RHC OPEB liability used to calculate the net RHC OPEB liability was determined by an actuarial valuation as July 1, 2018, projected forward to the measurement date taking into account any significant changes between the valuation date and the measurement date.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Actuarial Methods and Assumptions

Valuation Timing	July 1, 2018, rolled forward to June 30, 2019
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, 2018 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 MP-2014 Ultimate Projection Scale.
Experience Study	Covers the three year period ended June 30, 2016.
Discount Rate	4.69%
Long-term expected rate of return, net of investment expenses	6.00%
20 Year Tax-Exempt Municipal Bond Yield	3.50%

Healthcare Cost Trend rates:

	<u>Initial Year</u>	<u>Ultimate</u>
LACERA Medical Under 65	6.30%	4.50%
LACERA Medical Over 65	6.00%	4.50%
Part B Premiums	1.85%	4.35%
Dental/Vision	3.00%	3.70%
Weighted Average Trend	5.42%	4.47%

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 contains 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, 2019.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Investments-Continued

<u>Asset Class</u>	<u>Target Allocation</u>
Growth	50.00%
Global Equity	50.00 %
Credit	20.00%
High Yield Bonds	6.00 %
Bank Loans	10.00 %
EM Local Currency Bonds	4.00 %
Risk Reduction and Mitigation	10.00%
Cash Equivalents	2.00 %
Investment Grade Bonds	8.00 %
Inflation Hedges	20.00%
TIPS	6.00 %
Real Estate (REITs)	10.00 %
Commodities	4.00 %

Money-Weighted Rate of Return

As of the measurement date, June 30, 2019, the annual money-weighted rate of return on OPEB Trust investments, net of OPEB Trust investment expense, was 6.00 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the measurement date of June 30, 2018, the annual money-weighted rate of return was 6.30 percent.

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 3.50% as of June 30, 2019. For 2018, the long-term expected rate of return of 3.87% 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, 2019 was 4.69%, a decrease of 0.42% from the rate as of June 30, 2018.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Changes in Net OPEB Liability			
Balance as of June 30, 2018 (Cost Sharing)	\$ 24,490,107	899,421	\$ 23,590,686
Changes for the year:			
Effect of change from Cost Sharing to Agent	(2,204,743)		(2,204,743)
Service cost	779,965		779,965
Interest on Total OPEB Liability	1,197,607		1,197,607
Effect of assumption changes or inputs	2,356,270		2,356,270
Benefit payments	(601,985)	(601,985)	
Employer contributions		840,965	(840,965)
Net investment income		59,606	(59,606)
Administrative expenses		(8,601)	8,601
Balances as of June 30, 2019	<u>\$ 26,017,221</u>	<u>\$ 1,189,406</u>	<u>\$ 24,827,815</u>

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

The following represents the County's net RHC OPEB liability calculated using the discount rate of 4.69%, 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 (3.69%) or 1-percentage point higher (5.69%) than the current rate (in thousands):

	1% Decrease (3.69%)	Discount Rate (4.69%)	1% Increase (5.69%)
Net RHC OPEB Liability	\$ 29,827,664	\$ 24,827,815	\$ 20,890,074

Sensitivity of the County's Net 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	\$ 20,158,802	\$ 24,827,815	\$ 31,041,404

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

OPEB Expense and the Deferred Outflows/Inflows of Resources Related to RHC OPEB

For the year ended June 30, 2020, the County recognized OPEB expense of (\$1.500) billion which is reported as (\$1.221) billion for governmental activities and (\$278.81) million 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, 2020, 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	\$ 35,054	\$
Change of assumptions	2,538,280	2,095,398
Change in experience	1,023,949	
Change in proportion and differences between County contributions and the proportionate share of contributions	1,077,113	1,077,113
Contributions made subsequent to measurement date		880,949
Total	\$ 4,674,396	\$ 4,053,460

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. 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 as of June 30, 2020.

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):

<u>Year ending June 30:</u>	Deferred Outflows/(Inflows) of Resources
2021	\$ (288,593)
2022	(288,593)
2023	(278,307)
2024	(273,480)
2025	(273,714)
Thereafter	(99,198)

Deferred outflows of resources of \$880.95 million related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the measurement year ending June 30, 2020.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

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. 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 on a pay-as-you-go basis. 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 are as follows:

Eligibility

Non-Megaflex Income/Survivor Income Benefit (SIB) - The plan covers:

- (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; or,
- (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; or,
- (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 plan covers:

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability-Continued

Benefits Provided-Continued

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, 2020

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, 2019, the following employees were covered by the benefit terms:

LTD Income and Survivor Benefit Plans:

Inactive employees or beneficiaries currently receiving benefit payments	2,249
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	82,263

LTD Health Plans

Inactive employees or beneficiaries currently receiving benefit payments	618
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	78,793

Total LTD OPEB Liability

At June 30, 2020, the County reported a total LTD OPEB liability of \$1.094 billion. The total LTD OPEB liability was determined by an actuarial valuation as of July 1, 2019.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability-Continued

Actuarial Methods and Assumptions

Valuation Timing	July 1, 2019
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, 2019 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 - MP-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 3.87% as of June 30, 2018, and 3.50% as of June 30, 2019.

Healthcare Cost Trend rates:

<u>Year</u>	<u>Rate (pre Medicare/ post Medicare)</u>	<u>Year</u>	<u>Rate (pre Medicare/ post Medicare)</u>
2019-2020	3.30%/2.90%	2048-2049	5.60%/5.30%
2020-2021	6.40%/6.30%	2058-2059	5.30%/5.70%
2021-2022	5.70%/6.00%	2068-2069	4.90%/5.10%
2022-2023	5.60%/5.90%	2078-2079	4.40%/4.50%
2023-2024	5.20%/5.10%	2088-2089	4.40%/4.50%
2024-2025	5.20%/5.20%	2098-2099	4.40%/4.50%
2025-2026	5.30%/5.30%	2099+	4.40%/4.50%
2026-2027	5.40%/5.30%		
2027-2028	5.60%/5.30%		
2028-2029	5.70%/5.30%		
2038-2039	5.90%/5.40%		

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability-Continued

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

Total LTD OPEB Liability at 6/30/2018	\$	1,048,244
Service cost		41,832
Interest		41,028
Changes of benefit terms		
Differences between expected and actual experience		(55,159)
Changes of assumptions or other inputs		78,190
Benefit payments		(60,451)
Net Changes		45,440
Total LTD OPEB Liability at 6/30/2019	\$	1,093,684

Changes of assumptions or other inputs reflect a change in the discount rate from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019.

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 3.50%, 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 (2.50%) or 1-percentage point higher (4.50%) than the current rate (in thousands):

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total LTD OPEB Liability	\$ 1,216,766	\$ 1,093,684	\$ 983,052

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	\$ 1,079,589	\$ 1,093,684	\$1,111,272

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

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, 2020, the County recognized LTD OPEB expense of \$12.16 million which is reported as \$14.15 million for governmental activities and (\$1.99) 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 actuarial gain/loss, actuarial assumptions or methods, and plan benefits.

At June 30, 2020, 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	\$ 50,145	\$ 1,368
Change of assumptions	115,961	71,083
Change in proportionate share	73,758	73,758
Total	\$ 239,864	\$ 146,209

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 rational manner. 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 11 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):

<u>Year Ending June 30:</u>	Deferred Outflows/(Inflows) of Resources
2021	\$ (10,244)
2022	(10,244)
2023	(10,244)
2024	(10,244)
2025	(10,244)
Thereafter	(42,435)

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

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	\$ 24,827,815	1,093,684	\$ 25,921,499
Deferred Outflows of Resources	4,053,460	146,209	4,199,669
Deferred Inflows of Resources	4,674,396	239,864	4,914,260
OPEB Expense	(1,499,606)	12,161	(1,487,445)

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, 2020 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2021	\$ 102,436
2022	87,739
2023	72,609
2024	59,361
2025	46,542
2026-2030	113,978
2031-2035	38,446
2036-2040	21,023
2041-2045	15,522
2046-2050	10,089
Total	<u>\$ 567,745</u>

Rent expenses related to operating leases were \$115.12 million for the year ended June 30, 2020.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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, 2020 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2021	\$ 27,657	\$ 52
2022	27,169	34
2023	27,100	11
2024	26,902	
2025	19,765	
2026-2030	92,063	
2031-2035	54,348	
2036-2040	19,019	
Total	<u>294,023</u>	<u>97</u>
Less: Amount representing interest	<u>145,197</u>	<u>5</u>
Present value of future minimum lease payments	<u>\$ 148,826</u>	<u>\$ 92</u>

The following is a schedule of property under capital leases by major classes at June 30, 2020 (in thousands):

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Land	\$ 32,238	\$
Buildings and improvements	142,638	
Equipment	61,073	276
Accumulated depreciation	(80,631)	(189)
Total	<u>\$ 155,318</u>	<u>\$ 87</u>

Future rent revenues to be received from noncancelable subleases are \$792,000 as of June 30, 2020.

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 7 to 78 years and are accounted for in the General Fund. The lease terms for the regional parks cover remaining periods ranging from 1 to 19 years and are also accounted for in the General Fund. The Marina del Rey leases cover remaining periods ranging from 2 to 58 years and are accounted for in the General Fund. The airport lease covers a remaining period of 11 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, 2020

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 \$753.34 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, 2020 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2021	\$ 50,755	\$ 197
2022	50,912	201
2023	48,631	206
2024	46,191	212
2025	45,961	217
Thereafter	1,669,206	1,420
Total	<u>\$ 1,911,656</u>	<u>\$ 2,453</u>

The following is a schedule of rental income for these operating leases for the year ended June 30, 2020 (in thousands):

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Minimum rentals	\$ 49,708	\$ 192
Contingent rentals	18,455	
Total	<u>\$ 68,163</u>	<u>\$ 192</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, 2020

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, 2020
NPC Bonds, 5.00%	\$ 26,986	\$ 443
Public Buildings Bonds and Notes, 0.32% to 7.62%	1,435,466	1,394,827
Los Angeles County Securitization Corporation Tobacco Settlement Asset-Backed Bonds, 1.75% to 5.35%	349,584	382,333
NPC Bond Anticipation Notes, 0.675% to 2.96%	40,000	40,000
Marina del Rey Loans, 4.50% to 4.70%	23,500	11,227
Lease Revenue Obligation Notes, 0.20% to 0.45%	224,818	224,818
Total	<u>\$ 2,100,354</u>	<u>\$ 2,053,648</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, 2020
NPC Bonds, 5.00%	\$ 10,494	\$ 172
Public Buildings Bonds and Notes, 2.00% to 7.62%	968,128	959,287
Lease Revenue Obligation Notes, 0.20% to 0.45%	99,972	99,972
Waterworks District Loans, 2.28%	8,869	6,539
Aviation Loan, 2.95%	2,000	1,510
Total	<u>\$ 1,089,463</u>	<u>\$ 1,067,480</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 bonds matured on October 1, 2019.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

11. LONG-TERM OBLIGATIONS-Continued

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 2019-2020, the County issued \$251.90 million of lease revenue bonds, which includes \$219.34 million (2019 Series E-1) and \$32.56 million (2019 Series E-2), to redeem Lease revenue obligation notes (LRON) for various capital improvement projects. The proceeds from these bonds plus the associated premium of \$15.77 million for governmental activities and \$52.29 million for business-type activities less issuance costs of \$1.20 million were used to redeem \$73.48 million of LRON for governmental activities and \$245.27 million of LRON for business-type activities. The County has pledged nine County-owned properties as collateral for the debt. The debts issued are \$57.99 million for governmental activities and \$193.90 million for business-type 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):

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 40,461	\$ 73,755	\$ 21,768	\$ 52,223
2022	50,945	63,647	22,469	51,088
2023	55,881	61,136	23,425	49,868
2024	35,371	58,666	24,454	48,542
2025	37,026	56,773	25,609	47,046
2026-2030	215,012	249,717	148,468	208,684
2031-2035	222,516	186,829	189,544	155,354
2036-2040	242,518	121,941	240,092	88,196
2041-2045	210,028	56,598	127,437	24,494
2046-2050	105,695	19,494	55,040	7,155
2051-2052	34,525	1,747		
Subtotal	1,249,978	<u>\$ 950,303</u>	878,306	<u>\$ 732,650</u>
Add: Accretions	7,820			
Unamortized bond premiums	137,472		81,153	
Total certificates of participation and bonds	<u>\$ 1,395,270</u>		<u>\$ 959,459</u>	

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

11. LONG-TERM OBLIGATIONS-Continued

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 2020 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.

On June 10, 2020, the California County Tobacco Securitization Agency issued \$349.59 million of Tobacco Settlement Bonds comprised of three series, maturing on various dates between 2021 and 2055, as reflected in governmental activities. These tax-exempt Tobacco Settlement Bonds Series 2020A (Senior) totaling \$213.46, Series 2020B-1 (Subordinate) totaling \$52.50 million, and Series 2020B-2 (Subordinate) totaling \$83.63 million were issued to refund on a current basis all of the outstanding principal amount of \$392.40 million of the Agency's Tobacco Settlement Asset-Backed Bonds Series 2006 through defeasance and redemption. The effective interest rates of the Series 2020 bonds vary from 0.71% through 5.35%.

Proceeds from the sale of the bonds were deposited in an irrevocable trust with an escrow agent to provide for the prepayment of debt service payments on the refunded bonds. Accordingly, the refunded bonds were considered to be defeased and the liabilities for those bonds were removed from the government-wide statement of net position – governmental activities. Specific disclosures related to the refunding issue are as follows (in thousands):

Proceeds of refunding bonds issued	\$	349,584
Prior years' net bond reserves and/or premiums		44,313
Deposit to escrow	\$	<u>393,897</u>
Net present value savings (economic gain)	\$	<u>101,974</u>

For the refunding transaction, the carrying amount of the refunded debt of \$392.40 million was less than the reacquisition price of \$393.90 million. The difference of \$1.50 million for governmental activities was fully amortized. This amount has been reported as interest expense in the basic financial statements.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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
2021	\$ 13,105	\$ 11,108
2022	13,165	11,086
2023	13,520	10,675
2024	14,015	10,060
2025	14,590	9,359
2026-2030	71,616	37,023
2031-2035	62,487	26,938
2036-2040	62,958	18,821
2041-2045	53,898	10,630
2046-2050	30,230	3,028
Subtotal	349,584	\$ 148,728
Add: Unamortized bond premiums	32,749	
Total tobacco settlement asset-backed bonds	\$ 382,333	

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 2019-2020, LACCAL, an Internal Service Fund, issued additional BANs in the amount of \$10.00 million as reflected in governmental activities. As of June 30, 2020, the note balance is \$40.00 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, 2020, the balance is \$11.23 million.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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 2019-2020, the County did not obtain any additional loans. As of June 30, 2020, 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, 2020, the balance is \$6.54 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 2019-2020, the County did not obtain any additional airport development loans. As of June 30, 2020, the balance is \$1.51 million.

Lease Revenue Obligation Notes from Direct Borrowings

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

11. LONG-TERM OBLIGATIONS-Continued

Notes, Loans, and Lease Revenue Obligation Notes-Continued

Lease Revenue Obligation Notes from Direct Borrowings-Continued

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, 2020, \$324.79 million of LRON issued under the program were outstanding, including \$76.60 million of Series A, \$103.27 million of Series B, \$90.80 million of Series C, and \$54.12 million of Series D.

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 2019-2020, the County redeemed \$343.53 million and reissued \$239.18 million for governmental activities and reissued \$323.14 million for business-type activities, representing the total amounts outstanding at the beginning of the year. These reissues, along with an additional \$106.00 million of new County LRON, which is reported as \$83.90 million for governmental activities and \$22.10 million for business-type activities, are reflected as notes payable. The total outstanding LRON as of June 30, 2020 is \$324.79 million, which is reported as \$224.82 million for governmental activities and \$99.97 million for business-type activities. The average interest rate on LRON issued in FY 2019-2020 was 1.37%.

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
2021	\$ 255,857	\$ 505	\$ 100,278	\$ 119
2022	11,086	458	516	184
2023	1,135	410	529	171
2024	1,186	359	541	159
2025	1,240	305	554	145
2026-2030	5,541	637	2,981	517
2031-2035			2,622	148
Total notes, loans, and LRON	<u>\$ 276,045</u>	<u>\$ 2,674</u>	<u>\$ 108,021</u>	<u>\$ 1,443</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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):

Debt Type	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
Certificates of participation and bonds	\$ 1,249,978	\$ 950,303	\$ 878,306	\$ 732,650
Tobacco settlement asset-backed bonds	349,584	148,728		
Notes, Loans, and LRON from direct borrowings and placements	276,045	2,674	108,021	1,443
Subtotal	1,875,607	<u>\$ 1,101,705</u>	986,327	<u>\$ 734,093</u>
Add: Accretions	7,820			
Unamortized premiums on bonds payable	170,221		81,153	
Total bonds and notes	<u>\$ 2,053,648</u>		<u>\$ 1,067,480</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, 2020, 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, 2020

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, 2020 (in thousands):

	Balance July 1, 2019	Additions/ Accretions	Transfers/ Maturities	Balance June 30, 2020	Due Within One Year
<u>Governmental activities:</u>					
Bonds payable	\$ 1,514,222	407,574	322,234	\$ 1,599,562	\$ 53,566
Add: Unamortized premium on bonds payable	124,277	48,516	2,572	170,221	3,281
Total bonds payable	<u>1,638,499</u>	<u>456,090</u>	<u>324,806</u>	<u>1,769,783</u>	<u>56,847</u>
Interest accretion on capital appreciation bonds payable	143,725	3,839	139,744	7,820	7,820
Notes, loans, and LRON from direct borrowings and placements	301,397	234,818	260,170	276,045	255,857
Other long-term liabilities:					
Capital lease obligations (Note 10)	156,887	2,016	10,077	148,826	10,815
Accrued compensated absences	1,659,451	293,125	122,483	1,830,093	109,514
Workers' compensation (Note 18)	2,630,383	603,509	470,164	2,763,728	518,948
Litigation and self-insurance (Note 18)	264,324	348,683	72,688	540,319	257,416
Pollution remediation obligation (Note 19)	44,112	17,228	12,667	48,673	3,733
Net pension liability (Note 8)	8,778,440	1,216,600		9,995,040	
Net OPEB liability (Note 9)	20,444,614	1,515,927		21,960,541	
Third party payor	79,490	56,567	31,318	104,739	92,350
Total governmental activities	<u>\$36,141,322</u>	<u>4,748,402</u>	<u>1,444,117</u>	<u>\$ 39,445,607</u>	<u>\$ 1,313,300</u>
<u>Business-type activities:</u>					
Bonds payable	\$ 703,836	193,900	19,430	\$ 878,306	\$ 21,768
Add: Unamortized premium on bonds payable	30,118	52,294	1,259	81,153	1,444
Total bonds payable	<u>733,954</u>	<u>246,194</u>	<u>20,689</u>	<u>959,459</u>	<u>23,212</u>
Notes, loans, and LRON from direct borrowings and placements	331,690	99,972	323,641	108,021	100,278
Other long-term liabilities:					
Capital lease obligations (Note 10)	165		73	92	49
Accrued compensated absences	220,524	37,045	15,176	242,393	13,295
Workers' compensation (Note 18)	359,434	41,621	30,590	370,465	39,095
Litigation and self-insurance (Note 18)	83,306	5,669	32,209	56,766	17,038
Net pension liability (Note 8)	1,566,769		1,141	1,565,628	
Net OPEB liability (Note 9)	4,194,316		233,358	3,960,958	
Third party payor (Note 14)	548,950	55,098	162,227	441,821	171,004
Total business-type activities	<u>\$ 8,039,108</u>	<u>485,599</u>	<u>819,104</u>	<u>\$ 7,705,603</u>	<u>\$ 363,971</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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 2019-2020, thereby decreasing liabilities for Bonds by \$135.91 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, 2020, was as follows (in thousands):

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Maturities</u>	<u>Balance June 30, 2020</u>	<u>Due Within One Year</u>
<u>Governmental activities:</u>					
Notes from direct borrowing	\$ 10,584		1,564	\$ 9,020	\$ 1,568
Compensated absences	1,000	1,339	1,100	1,239	1,115
Capital lease obligations	738	433	558	613	291
Claims payable	3,522	2,656	2,652	3,526	353
Net pension liability	20,103	5,557	2,298	23,362	
Net OPEB liability	1,516	3,826	794	4,548	
Total governmental activities	<u>\$ 37,463</u>	<u>13,811</u>	<u>8,966</u>	<u>\$ 42,308</u>	<u>\$ 3,327</u>
<u>Business-type activities:</u>					
Bonds payable	\$ 33,440		735	\$ 32,705	\$ 775
Notes from direct borrowing	2,200			2,200	
Compensated absences	897	1,080	900	1,077	969
Net pension liability	14,977	4,507	1,863	17,621	
Net OPEB liability	257	1,434	306	1,385	
Total business-type activities	<u>\$ 51,771</u>	<u>7,021</u>	<u>3,804</u>	<u>\$ 54,988</u>	<u>\$ 1,744</u>
Total long-term obligations	<u>\$ 89,234</u>	<u>20,832</u>	<u>12,770</u>	<u>\$ 97,296</u>	<u>\$ 5,071</u>

12. SHORT-TERM DEBT

On July 1, 2019, the County issued \$700.00 million of short-term Tax and Revenue Anticipation Notes at an effective interest rate of 1.24%. 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 2019. The notes matured and were redeemed on June 30, 2020.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

13. CONDUIT DEBT OBLIGATIONS

Community Facilities and Improvement District Bonds

As of June 30, 2020, various community facilities and improvement districts established by the County had outstanding special tax bonds payable totaling \$19.16 million and limited obligation improvement bonds totaling \$798,487. 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, 2020, the amount of industrial development and other conduit bonds outstanding was \$68.14 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, 2020, the amount of redevelopment refunding bonds outstanding was \$571.09 million.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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, 2020

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 2019-2020, in thousands, were as follows:

	GPP Revenues	Intergovernmental Transfers Expense
Harbor-UCLA Medical Center	\$ 359,347	\$ 222,625
Olive View-UCLA Medical Center	202,631	115,643
LAC+USC Medical Center	489,273	357,356
Rancho Los Amigos National Rehab Center	170,199	145,463
Total	\$ 1,221,450	\$ 841,087

The General Fund received \$302.67 million for GPP and paid \$95.42 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, 2020

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 2019-2020:

	PRIME Revenues	Intergovernmental Transfers Expense
Harbor-UCLA Medical Center	\$ 25,893	\$ 25,893
Olive View-UCLA Medical Center	3,246	3,246
LAC+USC Medical Center	11,945	11,945
Rancho Los Amigos National Rehab Center	9,088	9,088
Total	<u>\$ 50,172</u>	<u>\$ 50,172</u>

The General Fund received \$254.00 million for PRIME and paid \$101.92 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 \$326.95 million for WPC revenues, which were recorded as "Intergovernmental Revenue Federal" on the governmental funds statement. In addition, the General Fund recorded \$185.77 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.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

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

Disproportionate Share Hospital Program

In FY 2019-2020, the Department of Health Care Services completed their final reconciliation of the Disproportionate Share Hospital Program (DSH) for Years 2006-2007 and 2007-2008. Additional DSH revenues and related IGTs recorded in FY 2019-2020, in thousands, were as follows:

	DSH Revenues	Intergovernmental Transfers Expense
Harbor-UCLA Medical Center	\$ 13,582	\$ (108)
Olive View-UCLA Medical Center	(4,944)	(11,155)
LAC+USC Medical Center	(3,688)	(24,460)
Rancho Los Amigos National Rehab Center	1,331	(1,463)
Total	<u>\$ 6,281</u>	<u>\$ (37,186)</u>

Safety Net Care Pool

The Department of Health Care Services completed their final reconciliation of Safety Net Care Pool (SNCP) Program Years 2006-2007 through 2009-2010. The hospitals recorded an additional \$5.30 million of SNCP revenues in FY 2019-2020.

Healthy Way LA

The “Bridge to Reform” Medicaid Demonstration authorized the State to create “The Low Income Health Program” (LIHP) that enabled counties to develop, implement, and manage a health care coverage program for the uninsured from the period FY 2010-2011 through FY 2013-2014. The County enrolled their uninsured patients into their newly created LIHP called the Healthy Way LA Program. The Department of Health Services (DHS) certified the public expenditures for each fiscal year to claim federal funding to reimburse health care services costs for the County. In FY 2019-2020, the hospitals recorded Healthy Way LA revenues in the amount of \$20.55 million.

Medi-Cal Demonstration Project: Medi-Cal Redesign

Medi-Cal Redesign covered the period of July 1, 2005 to June 30, 2010. The implementing State legislation (SB 1100) was enacted by the Legislature in September 2005. This waiver restructured inpatient hospital fee-for-service (FFS) payments and DSH payments, as well as the financing method by which the State drew down federal matching funds.

Coverage Initiative Settlements

Medi-Cal Redesign authorized the State to create a Health Care Coverage Initiative program for counties during FY 2007-2008 through FY 2010-2011. The Coverage Initiative expanded healthcare coverage for eligible low-income, uninsured individuals by using an allotment from SNCP. DHS certified the public expenditures for each fiscal year to claim federal funding to reimburse their health care services costs. Coverage Initiative revenues in the amount of \$7.46 million related to FY 2007-2008 through FY 2010-2011 were recognized.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

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 2019-2020, an estimated \$92.87 million of SPD revenues were recorded as part of net patient service revenue and (\$75.48) million of related IGTs were recorded as part of non-operating expense.

The General Fund received \$30.44 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 and Affordable Care Act 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 Poverty 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, 93.00% from January 1, 2019 through December 31, 2019, and 90% effective January 2020 and thereafter.

During FY 2019-2020, the County negotiated new rates with LA Care Health Plan (LA Care) and Health Net Community Solutions, Inc. (Health Net), the health plans which subcontract with the County to provide services for their Medi-Cal managed care members. Both plans paid the County managed care capitation payment based on the new FY 2019-2020 contract rates.

In FY 2019-2020, 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	\$ 126,178	\$ (42,143)
MCRS - MCE	45,757	3,601
Total	\$ 171,935	\$ (38,542)

The General Fund received \$320.44 million for MCE and paid (\$3.25) 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, 2020

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 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 2019-2020, an estimated \$341.27 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 (\$71.42) million were recognized and recorded as part of net patient service revenue during FY 2019-2020 and included adjustments for the over/under-realization of revenues associated with FY 2008-2009 through FY 2013-2014 and FY 2015-2016 through FY 2018-2019.

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). In FY 2019-2020, CBRC revenues were \$123.77 million for the enterprise funds.

In FY 2018-19, DHS notified the California Department of Health Care Services (DHCS) that it would begin filing a single, consolidated Ambulatory Care Network cost report for most of the freestanding clinics. The change reflected a reorganization: effective July 1, 2018, finances related to those clinics were transferred from hospital enterprise funds to the County's General Fund. (The change did not impact CBRC cost reporting for hospital-based clinics.) While DHCS has acknowledged receipt of the 2018-19 cost reports, it has not yet formally accepted the FY 2018-19 *et. seq.* transition. DHS expects DHCS ultimately will accept the change; therefore, the numbers herein reflect that position.

As of June 30, 2020, the County estimated that approximately \$43.59 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 \$19.26 million for CBRC, which was recorded as "Charges for Services" revenue on the governmental funds statement. As of June 30, 2020, the County estimated that approximately \$12.04 million of CBRC accounts receivable would not be collectible within 12 months.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Medi-Cal Cost Report Settlements

In FY 2019-2020, the County recognized favorable audit settlements of \$42.84 million related to FY 2016-2017 and FY 2017-2018. The County's appeals of certain audit adjustments at various levels to the Office of Administrative Appeals have been favorably resolved resulting in \$1.59 million of final settlement revenues.

The State is in the process of auditing the FY 2018-2019 cost reports and settlements are expected by the 4th quarter of FY 2020-2021.

Medi-Cal Managed Care Graduate Medical Education

On March 19, 2020, the State executed State Plan Amendment Transmittal Number 17-009 that allows for graduate medical education (GME) payments to certain governmental hospitals for Medicaid managed care services effective January 1, 2017. The Medicaid managed care plans do not include GME payments within the capitation rates.

These supplemental GME payments are funded by voluntary IGTs made by the County pursuant to Welfare and Institutions Code (WIC) sections 14164 and 14105.29(c), that is used solely as the source for the non-federal share of GME payments made to the eligible providers of the Governmental Funding Entity pursuant to WIC section 14105.29 and Supplement 6 to Attachment 4.19-A of the SPA. The funds transferred qualify for federal financial participation (FFP) pursuant to 42 Code of Federal Regulations part 433 subpart B.

Under the SPA, the County is required by Welfare and Institutions Code Section 14105.29, to pay the State a 5% administrative fee that is assessed on the full amount of the IGTs. This amount is also recorded as part of the IGT.

In FY 2019-2020, the County recorded the GME supplemental gross revenue payments as listed below and recorded the corresponding IGT expense as follows:

	GME Revenues	Intergovernmental Transfers Expense
Harbor-UCLA Medical Center	\$ 147,507	\$ 77,441
Olive View-UCLA Medical Center	62,448	32,785
LAC+USC Medical Center	249,450	130,961
Rancho Los Amigos National Rehab Center	5,048	2,651
Total	<u>\$ 464,453</u>	<u>\$ 243,838</u>

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 2019-2020. 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 LA Care and Health Net, which then subcontract for services with various provider networks.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Medi-Cal Managed Care Rate Supplements-Continued

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 2019-2020, including prior year over/under realization, were as follows (in thousands):

	MCRS Revenues	Intergovernmental Transfers Expense
LA Care	\$ 43,008	\$ (1,834)
Health Net	76,858	39,894
Total	\$ 119,866	\$ 38,060

The General Fund recorded \$102.42 million of MCRS revenues and \$90.86 million of related IGTs 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, 2020

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 2019-2020 year-end, the estimated EPP revenues and related IGTs are as follows (in thousands):

	EPP Revenues	Intergovernmental Transfers Expense
Harbor-UCLA Medical Center	\$ 170,745	\$ 25,962
Olive View-UCLA Medical Center	62,267	9,915
LAC+USC Medical Center	175,995	25,429
Rancho Los Amigos National Rehab Center	8,020	2,232
Total	<u>\$ 417,027</u>	<u>\$ 63,538</u>

The General Fund received \$325.11 million for EPP and paid \$42.41 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, 2020

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Managed Care Rule-Continued

Quality Incentive Program-Continued

At FY 2019-2020 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	\$ 43,598	\$ 3,044
Olive View-UCLA Medical Center	15,258	879
LAC+USC Medical Center	37,524	1,603
Rancho Los Amigos National Rehab Center	(3,447)	(1,217)
Total	<u>\$ 92,933</u>	<u>\$ 4,309</u>

The General Fund received \$101.13 million for QIP and paid \$12.58 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 \$441.82 million (see Note 11) as of June 30, 2020, as reported on the statement of net position for proprietary funds. The current liabilities for amounts due within one year are \$171.00 million.

The noncurrent liabilities for third party payors are \$270.82 million. The primary programs associated with third party payors liabilities include DSH (\$113.09 million), Medi-Cal (\$56.69 million), SNCP (\$29.88 million), Medicare (\$54.16 million), SPD (\$12.44 million), and other miscellaneous programs (\$4.56 million).

Accounts Receivable-Net

The following is a summary, by hospital, of accounts receivable and allowances for uncollectible amounts as of June 30, 2020 (in thousands):

	H-UCLA	OV-UCLA	LAC+USC	Rancho	Total
Accounts receivable	\$ 2,311,255	1,276,830	3,630,560	744,891	\$ 7,963,536
Less: Allowance for uncollectible amounts	<u>1,561,041</u>	<u>940,901</u>	<u>2,681,974</u>	<u>462,206</u>	<u>5,646,122</u>
Accounts receivable - net	<u>\$ 750,214</u>	<u>335,929</u>	<u>948,586</u>	<u>282,685</u>	<u>\$ 2,317,414</u>

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

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 DHS's Ability-to-Pay program, through other collection efforts by DHS, 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, 2020 was \$632.25 million. A portion of the charity care is funded by GPP at a rate of 20.87%. The total amount of such charity care provided by the hospitals for the year ended June 30, 2020 is as follows (in thousands):

Charity care at established rates	\$ 1,231,386
GPP reimbursement	254,917
Other reimbursements	33,312
Charges forgone	\$ 943,157

Realignment

As a result of the ACA, the 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 2019-2020, 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 2019-2020 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 2018-2019, the State did not withhold any of the County's Health Realignment funds. However, based on updated revenues realized for FY 2018-2019 services in FY 2019-2020, the projected redirection amount is \$266.52 million. As a result, the "Intergovernmental Revenue - State" revenue has been reduced by \$266.52 million in the County's General Fund in FY 2019-2020.

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 2019-2020, the projected redirection amount is \$351.20 million. As a result, the "Intergovernmental Revenue - State" revenue has been reduced by \$351.20 million in the County's General Fund in FY 2019-2020.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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 \$42.86 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, 2020.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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, 2020 are as follows (in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Fire Protection District	\$ 14,649
	Flood Control District	15,687
	LA County Library	4,317
	Regional Park and Open Space District	6,287
	Mental Health Services Act	201,410
	Nonmajor Governmental Funds	179,563
	Harbor-UCLA Medical Center	164,796
	Olive View-UCLA Medical Center	66,729
	LAC+USC Medical Center	177,997
	Rancho Los Amigos Nat'l Rehab Center	29,730
	Waterworks Enterprise Funds	415
	Nonmajor Aviation Funds	31
	Internal Service Funds	11,153
	<u>872,764</u>	
Fire Protection District	General Fund	318
	Nonmajor Governmental Funds	666
	Internal Service Funds	6
	<u>990</u>	
Flood Control District	General Fund	806
	Nonmajor Governmental Funds	1,693
	Waterworks Enterprise Funds	280
	Nonmajor Aviation Funds	45
	Internal Service Funds	18,072
	<u>20,896</u>	
LA County Library	General Fund	1,363
	Nonmajor Governmental Funds	211
	<u>1,574</u>	

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

15. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

Receivable Fund	Payable Fund	Amount
Regional Park and Open Space District	General Fund	\$ 58
Mental Health Services Act	General Fund	41
Nonmajor Governmental Funds	General Fund	11,811
	Fire Protection District	49
	Flood Control District	75
	Regional Park and Open Space District	49
	Nonmajor Governmental Funds	16,338
	LAC+USC Medical Center	65
	Waterworks Enterprise Funds	18
	Internal Service Funds	23,668
		<u>52,073</u>
Harbor-UCLA Medical Center	General Fund	55,835
	Fire Protection District	19
	Nonmajor Governmental Funds	16,177
	Olive View-UCLA Medical Center	350
	LAC+USC Medical Center	12,849
	Rancho Los Amigos Nat'l Rehab Center	2,847
	Internal Service Funds	7
		<u>88,084</u>
Olive View-UCLA Medical Center	General Fund	24,837
	Fire Protection District	68
	Nonmajor Governmental Funds	22,618
	Harbor-UCLA Medical Center	238
	LAC+USC Medical Center	417
	Rancho Los Amigos Nat'l Rehab Center	7
		<u>48,185</u>
LAC+USC Medical Center	General Fund	112,041
	Fire Protection District	86
	Nonmajor Governmental Funds	65,685
	Harbor-UCLA Medical Center	300
	Olive View-UCLA Medical Center	64
	Rancho Los Amigos Nat'l Rehab Center	318
	Internal Service Funds	17
		<u>178,511</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

15. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

Receivable Fund	Payable Fund	Amount
Rancho Los Amigos Nat'l Rehab Center	General Fund	\$ 1,277
	Fire Protection District	29
	Harbor-UCLA Medical Center	187
	Olive View-UCLA Medical Center	1
	LAC+USC Medical Center	2,936
	Rancho Los Amigos Nat'l Rehab Center	1
		<u>4,431</u>
Waterworks Enterprise Funds	General Fund	48
	Nonmajor Governmental Funds	10
	Internal Service Funds	4,089
	<u>4,147</u>	
Nonmajor Aviation Funds	Internal Service Funds	<u>331</u>
Internal Service Funds	General Fund	37,657
	Fire Protection District	128
	Flood Control District	41,989
	LA County Library	2
	Nonmajor Governmental Funds	26,176
	Harbor-UCLA Medical Center	4,771
	Olive View-UCLA Medical Center	59
	LAC+USC Medical Center	146
	Rancho Los Amigos Nat'l Rehab Center	5,092
	Waterworks Enterprise Funds	5,835
	Nonmajor Aviation Funds	1,336
	<u>123,191</u>	
Total Interfund Receivables/Payables		<u>\$ 1,395,276</u>

Interfund Transfers

Transfers were made during the year from the General Fund to subsidize the operations of the LA County Library and the 4 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, 2020

15. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

Interfund transfers to/from other funds for the year ended June 30, 2020 are as follows (in thousands):

Transfer From	Transfer To	Amount
General Fund	Fire Protection District	\$ 37,789
	LA County Library	45,049
	Nonmajor Governmental Funds	212,270
	Harbor-UCLA Medical Center	198,014
	Olive View-UCLA Medical Center	141,896
	LAC+USC Medical Center	474,639
	Rancho Los Amigos Nat'l Rehab Center	68,705
	Internal Service Funds	50
		<u>1,178,412</u>
Fire Protection District	Nonmajor Governmental Funds	<u>8,669</u>
Flood Control District	General Fund	11,435
	Nonmajor Governmental Funds	71
	Internal Service Funds	11,656
		<u>23,162</u>
LA County Library	General Fund	21
	Nonmajor Governmental Funds	798
		<u>819</u>
Mental Health Services Act	General Fund	<u>607,304</u>
Nonmajor Governmental Funds	General Fund	363,272
	Fire Protection District	4,261
	LA County Library	903
	Nonmajor Governmental Funds	46,020
	Harbor-UCLA Medical Center	43,782
	Olive View-UCLA Medical Center	43,566
	LAC+USC Medical Center	127,718
	Rancho Los Amigos Nat'l Rehab Center	2,279
Internal Service Funds	22	
		<u>631,823</u>
Harbor-UCLA Medical Center	Nonmajor Governmental Funds	296
	Rancho Los Amigos Nat'l Rehab Center	238
		<u>534</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

15. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

Transfer From	Transfer To	Amount
Olive View-UCLA Medical Center	Rancho Los Amigos Nat'l Rehab Center	\$ 820
LAC+USC Medical Center	Harbor-UCLA Medical Center	147,960
	Olive View-UCLA Medical Center	35,263
	Rancho Los Amigos Nat'l Rehab Center	16,230
		<u>199,453</u>
Rancho Los Amigos Nat'l Rehab Center	Nonmajor Governmental Funds	23
	Harbor-UCLA Medical Center	3,974
	Olive View-UCLA Medical Center	2,698
	LAC+USC Medical Center	1
		<u>6,696</u>
Waterworks Enterprise Funds	Nonmajor Governmental Funds	18
Nonmajor Aviation Funds	Internal Service Funds	64
Internal Service Funds	General Fund	2
	Waterworks Enterprise Funds	39
		<u>41</u>
Total Interfund Transfers		<u>\$ 2,657,815</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, 2020

15. INTERFUND TRANSACTIONS-Continued

Interfund Advances-Continued

Advances from/to other funds at June 30, 2020 are as follows (in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Harbor-UCLA Medical Center	\$ 4,737
	Olive View-UCLA Medical Center	2,553
	LAC+USC Medical Center	6,401
	Rancho Los Amigos Nat'l Rehab Center	61,187
	Internal Service Funds	2,870
		<u>77,748</u>
Flood Control District	Internal Service Funds	<u>6,338</u>
Nonmajor Governmental Funds	Internal Service Funds	<u>11,383</u>
Waterworks Enterprise Funds	Internal Service Funds	<u>1,409</u>
Total Interfund Advances		<u>\$ 96,878</u>

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.
- 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

16. BUDGETARY ACCOUNTING DIFFERENCES/RECONCILIATIONS BETWEEN THE BUDGETARY BASIS AND GAAP-Continued

- 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, 2020.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

16. BUDGETARY ACCOUNTING DIFFERENCES/RECONCILIATIONS BETWEEN THE BUDGETARY BASIS AND GAAP-Continued

The following schedule is a reconciliation of the budgetary and GAAP fund balances for the major governmental funds (in thousands):

	General Fund	Fire Protection District	Flood Control District	LA County Library	Regional Park and Open Space District	Mental Health Services Act
Fund balance - budgetary basis	\$ 2,196,874	\$ 73,090	\$121,601	\$ 52,149	\$ 242,693	\$ 260,780
Budgetary fund balances	<u>2,143,393</u>	<u>110,702</u>	<u>366,254</u>	<u>45,870</u>	<u>205,879</u>	<u>618,074</u>
Subtotal	<u>4,340,267</u>	<u>183,792</u>	<u>487,855</u>	<u>98,019</u>	<u>448,572</u>	<u>878,854</u>
Adjustments:						
Accrual of estimated liability for litigation and self-insurance claims	270,500	1,628		546		
Accrual of compensated absences	97,920					
Unamortized balance of sale of tobacco settlement revenue	(212,504)					
Change in revenue accruals	(168,890)	(23,867)	(5,215)	(3,058)	1,798	3,058
Change in OPEB Agency Fund	191,511	10,702		1,821		
Subtotal	<u>178,537</u>	<u>(11,537)</u>	<u>(5,215)</u>	<u>(691)</u>	<u>1,798</u>	<u>3,058</u>
Fund balance - GAAP basis	<u><u>\$ 4,518,804</u></u>	<u><u>\$ 172,255</u></u>	<u><u>\$482,640</u></u>	<u><u>\$ 97,328</u></u>	<u><u>\$ 450,370</u></u>	<u><u>\$ 881,912</u></u>

17. OTHER COMMITMENTS

Construction and Other Significant Commitments

At June 30, 2020, there were contractual commitments of approximately \$168.21 million for various general government construction projects and approximately \$58.80 million for various hospital construction projects that were financed by bonds and lease revenue obligation notes.

LACERA Capital Commitments

At June 30, 2020, LACERA had outstanding capital commitments to various investment managers, approximating \$6.300 billion.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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, 2020, the encumbrance balances for the governmental funds (in thousands) are reported as follows:

	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Total</u>
General Fund	\$		665,503	\$ 665,503
Fire Protection District	25,899			25,899
Flood Control District	143,867			143,867
LA County Library			20,886	20,886
Regional Park and Open Space District	43,074			43,074
Mental Health Services Act	776			776
Nonmajor Governmental Funds	156,735	12,391		169,126
Total Encumbrances	<u>\$ 370,351</u>	<u>12,391</u>	<u>686,389</u>	<u>\$ 1,069,131</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 2017-2018, FY 2018-2019 or FY 2019-2020.

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, 2020 was approximately \$3.134 billion. This amount is undiscounted and is based on an actuarial study of the County’s self-insured program as of June 30, 2020. Approximately \$128.33 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, 2020

18. RISK MANAGEMENT-Continued

As of June 30, 2020, the County's estimate of these liabilities is \$3.731 billion. Changes in the reported liability since July 1, 2018 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>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>
<u>2019-2020</u>				
Workers' Compensation	\$ 2,989,817	645,130	(500,754)	\$ 3,134,193
Other	347,630	354,352	(104,897)	597,085
Total	<u>\$ 3,337,447</u>	<u>999,482</u>	<u>(605,651)</u>	<u>\$ 3,731,278</u>

In addition to the above estimated liabilities, the County has determined that claims seeking damages of approximately \$190.91 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, 2020

19. POLLUTION REMEDIATION-Continued

As of June 30, 2020, the County's estimated pollution remediation obligation totaled \$48.67 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, 2020 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	\$ 12,927		\$ 12,927
Pensions	4,025,125	604,390	4,629,515
OPEB	3,697,164	502,505	4,199,669
Total government-wide deferred outflows of resources	<u>\$ 7,735,216</u>	<u>1,106,895</u>	<u>\$ 8,842,111</u>
Deferred inflows of resources:			
Service concession arrangements	\$ 78,497		\$ 78,497
Pensions	727,345	180,116	907,461
OPEB	3,839,276	1,074,984	4,914,260
Total government-wide deferred inflows of resources	<u>\$ 4,645,118</u>	<u>1,255,100</u>	<u>\$ 5,900,218</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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	\$ 188,532	107,382	253,232	55,244	\$ 604,390	\$ 147,030
OPEB	148,215	91,340	219,799	43,151	502,505	138,622
Total proprietary funds deferred outflows of resources	<u>\$ 336,747</u>	<u>198,722</u>	<u>473,031</u>	<u>98,395</u>	<u>\$1,106,895</u>	<u>\$ 285,652</u>
Deferred inflows of resources:						
Pensions	\$ 50,461	53,739	65,300	10,616	\$ 180,116	\$ 22,244
OPEB	295,484	278,292	415,299	85,909	1,074,984	153,339
Total proprietary funds deferred inflows of resources	<u>\$ 345,945</u>	<u>332,031</u>	<u>480,599</u>	<u>96,525</u>	<u>\$1,255,100</u>	<u>\$ 175,583</u>

Deferred outflows and inflows of resources balances in the governmental funds balance sheet as of June 30, 2020 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	\$					212,504	\$ 212,504
Deferred inflows of resources:							
Tobacco settlement revenues	\$ 212,504						\$ 212,504
Property tax revenues	177,457	37,311	11,576	5,556	2,846	13,430	248,176
Other long-term receivables	228,596	971				3,844	233,411
Total governmental funds deferred inflows of resources	<u>\$ 618,557</u>	<u>38,282</u>	<u>11,576</u>	<u>5,556</u>	<u>2,846</u>	<u>17,274</u>	<u>\$ 694,091</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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, 2020 (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	\$ 66,482	\$ 11,737	\$ 1	\$ 450	\$	\$	\$ 1
Long-term receivables	60,148						
Permanent fund principal							2,135
Total Nonspendable	<u>126,630</u>	<u>11,737</u>	<u>1</u>	<u>450</u>			<u>2,136</u>
Restricted for:							
Purpose of fund		160,518	482,540	24,518	450,370	881,912	1,672,489
Purpose of utility user tax	73,796						
Grand Avenue project	4,600						
Sheriff Pitchess landfill	2,976						
La Alameda project	2,000						
Capital projects							225,131
Debt service							290,504
Endowments and annuities							131
Total Restricted	<u>83,372</u>	<u>160,518</u>	<u>482,540</u>	<u>24,518</u>	<u>450,370</u>	<u>881,912</u>	<u>2,188,255</u>
Committed to:							
Purpose of fund							54,167
Capital projects and extraordinary maintenance	127,515						80,684
Affordable housing	8,362						
Board budget policies and priorities	17,448						
Budget uncertainties	80,041						
Corrections and rehab evaluation facilities	20,000						
Department of children and family services	8,840						
Financial system (eCAPS)	11,728						
Health services future financial requirements	3,328						
Health services-tobacco settlement	102,240						
Information technology enhancements	27,065						
Library services	12,434						
Live scan	2,000						

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

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
Office of Diversion and Re-Entry Permanent Supportive Housing	110,498						
Public works-permit tracking system	3,549						
Services to unincorporated areas	4,081						
Sheriff unincorporated patrol	90						
System of care	22,071						
TTC remittance processing and mailroom equipment	3,877						
TTC unsecured property tax system	463						
Voting solutions for all people	4,087						
Woolsey fire recovery efforts	24,476						
Total Committed	594,193						134,851
Assigned to:							
Purpose of fund			99	72,360			130,683
Future purchases	696,775						
Capital projects							43,583
Total Assigned	696,775		99	72,360			174,266
Unassigned	3,017,834						
Total Fund Balances	\$4,518,804	\$ 172,255	\$482,640	\$97,328	\$450,370	\$881,912	\$ 2,499,508

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 \$642.42 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, 2020

22. CORONAVIRUS DISEASE 2019 (COVID-19)

On March 13, 2020, a presidential emergency was declared for all states, tribes, territories, and the District of Columbia due to the ongoing Coronavirus Disease 2019 (COVID-19) pandemic. The declaration made federal disaster assistance available; through the Coronavirus Aid, Relief, and Economic Security (CARES) Act to the County and to the State of California to supplement the County's local recovery efforts. To assist in the efforts to respond to COVID-19, the County received significant fiscal stimulus in federal funds as described below.

Federal CARES Act Funding

On April 23, 2020, the County received \$1.057 billion from the CARES Act. The County is a prime recipient and received the direct payment under section 601(b) of the Social Security Act. The CARES Act funds will be used only to cover those costs that a) are necessary expenditures incurred due to the public health emergency with respect to the COVID-19; b) were not accounted for in the budget most recently approved as of March 27, 2020; and c) were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.

As part of the State of California's adopted Fiscal Year 2020-2021 budget, the County was advanced approximately \$163.40 million in CARES Act federal funding from the State of California to further support activities and expenses that promote public health and safety in response to the COVID-19 public health emergency.

On July 21, 2020, the Board approved a \$1.221 billion spending plan for the CARES Acts funds from the federal and State allocations to the County in response to the public health emergency caused by COVID-19. The spending plan allocated funds to 1) support the public health of County residents; 2) provide financial and other support for County residents; 3) support small businesses impacted by COVID-19; and 4) the support of County staff performing COVID-19 related functions and services. Due to the complexity and continually updated guidance from the U.S. Department of the Treasury, the amounts claimed as expenditures are subject to refinements in the FY 2020-2021 financial statements pending the eligibility requirements are met under the CARES Act.

As of June 30, 2020, an estimated \$167.37 million of expenditures were deemed to be eligible from the CARES Act and were recorded as revenue on the fund and government-wide financial statements. The remaining unspent balance, including the interest earnings, of \$890.76 million is reported as advances payable. There is uncertainty on the timing of the revenue recognition since these CARES Act funds are subject to be returned to the U.S. Department of Treasury if the County has any unspent funds as of December 30, 2020.

Federal Emergency Management Agency

The County also received \$119.00 million from the Federal Emergency Management Agency (FEMA) and \$3.70 million from the California Governor's Office of Emergency Services (Cal OES) for 5 expedited projects to respond to COVID-19. The 5 projects were for the 1) County's Emergency Operations Center and related emergency services/activities; 2) Non-congregate medical shelters; 3) COVID-19 testing; 4) Project Room Key – emergency non-congregate shelters for homeless individuals meeting certain criteria; and 5) Great Plates – emergency feeding for certain at-risk individuals. As of June 30, 2020, \$63.06 million of expenditures were deemed to be eligible and were recorded as revenue on the fund and government-wide financial statements. The remaining unspent balance (including interest earnings) of \$59.79 million is reported as advances payable.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2020

22. CORONAVIRUS DISEASE 2019 (COVID-19)-Continued

CARES Act Provider Relief Funds

In Fiscal Year 2019-2020, the County received \$153.85 million of CARES Act funds from the U.S. Department of Health and Human Services (HHS) Provider Relief Funds (PRF). In addition, the County received additional PRF of \$161.52 million in July 2020. As of June 30, 2020, no amounts have been recognized on the financial statements. In general, the funds are to reimburse eligible health care providers for health care related expenses or lost revenues that are attributable to COVID-19. Due to the complexity in the determination of eligibility rules, the balance from the PRF funds (including interest earnings) of \$153.89 million were reported as advances payable on the fund and government-wide financial statements.

The following activities/funds are reported as advances payable related to COVID-19 federal grants at June 30, 2020 (in thousands):

	<u>CARES Act</u>	<u>FEMA</u>	<u>PRF</u>	<u>Total</u>
Governmental Funds-				
General Fund	\$ 890,760	59,790		\$ 950,550
Enterprise Funds:				
Harbor-UCLA Medical Center			66,804	66,804
Olive-View Medical Center			2,029	2,029
LAC+USC Medical Center			78,694	78,694
Rancho Los Amigos National Rehab Center			6,366	6,366

23. SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes (TRANS)

On July 10, 2020, the County issued \$1.200 billion in FY 2020-2021 TRANS, which will mature on June 30, 2021. The TRANS are collateralized by taxes and other revenues attributable to FY 2020-2021 and were issued in the form of Fixed Rate Notes at an effective interest rate of 0.28%.

LACCAL Lease Revenue Bonds

On July 23, 2020, LACCAL issued \$23.47 million in Lease Revenue Bonds, 2020 Series A at an effective interest rate of 5.00%. The proceeds will be used pay off BANs that were used to purchase new LACCAL equipment.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

23. SUBSEQUENT EVENTS-Continued

Public Works Financing Authority - Lease Revenue Bonds, 2020 Series A (LACMA Building for the Permanent Collection Project) (Green Bonds)

On November 3, 2020, the Authority issued \$363.23 million of lease revenue bonds, with an associated premium of \$63.60 million, resulting in proceeds of \$426.83 million, for the LACMA Building for the Permanent Collection Project. These bonds are maturing from 2021 to 2050, with yields from 0.22% to 2.64%. \$300.00 million of the proceeds will be used to finance the project, \$125.00 million of the proceeds were used to refinance outstanding LRON previously issued by the County for this project, and \$1.83 million of the proceeds covered the Costs of Issuances.

Lease Revenue Commercial Paper Obligation Notes (LRON)

On August 11, 2020, LACCAL issued an additional \$60.00 million in LRON, which includes \$20.00 million with an interest rate of 0.16%, \$26.20 with an interest rate of 0.17%, and \$13.80 million with an interest rate of 0.18%. On November 20, 2020, LACCAL issued an additional \$70.00 million in LRON, which includes \$41.50 million with an interest rate of 0.16% and \$28.50 million with an interest rate of 0.18%. 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.

Measure J

On November 3, 2020, the voters of the County successfully passed a ballot measure (Measure J) to annually allocate in the County's budget no less than ten percent of the County's locally generated unrestricted revenues in the General Fund to address the disproportionate impact of racial injustice through community investment and alternatives to incarceration and to prohibit using those funds for carceral systems and law enforcement agencies. Measure J will take effect in FY 2021-2022 and will be phased in over a three-year period. The budgetary impact of Measure J in future years to the County has yet to be quantified.

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)

	6/30/2019	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	82.910 %	83.960 %	82.370 %	81.749 %	86.296 %	86.804 %
County's proportionate share of the collective net pension liability	\$ 11,560,668	\$ 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	96.223 %	96.169 %	96.119 %	96.170 %	96.081 %	95.897 %
Covered payroll	\$ 8,031,454	\$ 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	143.942 %	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)

	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution (ADC)	\$ 1,732,960	\$ 1,605,150	\$ 1,466,411	\$ 1,300,711	\$ 1,389,628	\$ 1,437,555
Less: Contributions in relation to the ADC	1,732,960	1,605,150	1,466,411	1,300,711	1,389,628	1,437,555
Contribution Deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered payroll	\$ 8,377,352	\$ 8,031,454	\$ 7,631,381	\$ 7,320,575	\$ 6,986,004	\$ 6,948,738
Contributions as a percentage of total covered payroll	20.686 %	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 Changes in Net RHC OPEB Liability and Related Ratios
 Last 10 Fiscal Years ^{1,2,3}
 (Dollar amounts in thousands)

	06/30/2019
Total OPEB Liability	
Effect of Change from Cost Sharing to Agent Plan	\$ (2,204,743)
Service cost	779,965
Interest on Total OPEB Liability	1,197,607
Effect of assumption changes or inputs	2,356,270
Benefit payments	(601,985)
Net change in Total OPEB Liability	1,527,114
Total OPEB Liability, beginning	24,490,107
Total OPEB liability, ending (a)	26,017,221
Fiduciary Net Position	
Employer contributions	\$ 840,965
Net Investment income	59,606
Benefit payments	(601,985)
Administrative expenses	(8,601)
Net change in plan Fiduciary Net Position	289,985
Fiduciary Net Position, beginning	899,421
Fiduciary Net Position, ending (b)	1,189,406
Net OPEB Liability, ending = (a) - (b)	\$ 24,827,815
Fiduciary Net Position as a % of Total OPEB Liability	4.57 %
Covered employee payroll	\$ 9,071,329
Net OPEB Liability as a % of covered employee payroll	273.70 %

Notes to Schedule:

Changes of benefit terms: No changes to benefit terms

Changes of Assumptions:

The Discount rate decreased from 5.11% as of June 30, 2018 to 4.69% as of June 30, 2019.

The Investment rate of return decreased from 6.30% as of June 30, 2018 to 6.00% as of June 30, 2019.

- (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) As of July 1, 2018, LACERA transitioned from a cost-sharing, multiple employer plan to an agent plan structure. Therefore, this schedule only reflects one year of data.

COUNTY OF LOS ANGELES
 REQUIRED SUPPLEMENTARY INFORMATION
 (Unaudited)

Schedule of County's RHC OPEB Contributions
 Last 10 Fiscal Years^{1,3}
 (Dollar amounts in thousands)

	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ 1,482,200	\$ 1,549,500	\$ 1,901,000
Less: Contributions in relation to the ADC	880,949	787,366	679,872
Contribution Deficiency (excess)	<u>\$ 601,251</u>	<u>\$ 762,134</u>	<u>\$ 1,221,128</u>
Covered-employee payroll	\$ 9,404,208	\$ 9,071,329	\$ 8,571,345
Contributions as a percentage of total covered-employee payroll	9.368 %	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.

Actuarial Methods and Assumptions

Valuation Timing	July 1, 2018, rolled forward to June 30, 2019
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 MP-2014 Ultimate Projection Scale.
Experience Study	Covers the three year period ended June 30, 2016.
Discount Rate	4.69%
Long-term expected rate of return, net of investment expenses	6.00%
20 Year Tax-Exempt Municipal Bond Yield	3.50%

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)

	6/30/2019	6/30/2018	6/30/2017
Total OPEB Liability			
Service cost	\$ 41,832	\$ 43,162	\$ 49,068
Interest	41,028	38,818	33,546
Changes of benefit terms			
Differences between expected and actual experience	(55,159)	1,111	589
Changes of assumptions or other inputs	78,190	(43,574)	(106,200)
Benefit payments	(60,451)	(64,313)	(63,430)
Net Change in Total OPEB Liability	45,440	(24,796)	(86,427)
Total LTD OPEB Liability - beginning	1,048,244	1,073,040	1,159,467
Total LTD OPEB Liability - ending	\$ 1,093,684	\$ 1,048,244	\$ 1,073,040
Covered-employee payroll	\$ 9,071,329	\$ 8,571,345	\$ 8,176,831
Total LTD OPEB Liability as a percentage of covered-employee payroll	12.056 %	12.230 %	13.123 %

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 %
As of June 30, 2019	3.50 %

(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 decreased from 3.87% as of June 30, 2019 to 3.50% as of June 30, 2020.

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, 2020 (in thousands)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET POSITIVE (NEGATIVE)
GENERAL GOVERNMENT:				
Salaries and employee benefits	\$ 1,234,502	1,215,868	1,062,662	153,206
Services and supplies	2,290,418	2,019,805	1,035,365	984,440
Other charges	201,474	204,610	175,932	28,678
Capital assets	28,218	34,206	12,598	21,608
Intrafund transfers	(863,857)	(863,622)	(733,173)	(130,449)
TOTAL GENERAL GOVERNMENT	2,890,755	2,610,867	1,553,384	1,057,483
PUBLIC PROTECTION:				
Salaries and employee benefits	4,966,233	5,040,351	4,926,837	113,514
Services and supplies	884,679	1,171,525	1,000,625	170,900
Other charges	362,443	401,933	390,733	11,200
Capital assets	19,984	21,556	16,139	5,417
Intrafund transfers	(136,444)	(150,845)	(125,481)	(25,364)
TOTAL PUBLIC PROTECTION	6,096,895	6,484,520	6,208,853	275,667
HEALTH AND SANITATION:				
Salaries and employee benefits	2,372,552	2,288,645	2,198,916	89,729
Services and supplies	3,698,098	3,572,783	3,336,483	236,300
Other charges	597,249	741,396	722,837	18,559
Capital assets	19,510	20,154	17,795	2,359
Intrafund transfers	(593,285)	(592,876)	(496,478)	(96,398)
TOTAL HEALTH AND SANITATION	6,094,124	6,030,102	5,779,553	250,549
PUBLIC ASSISTANCE:				
Salaries and employee benefits	2,746,987	2,747,244	2,576,753	170,491
Services and supplies	1,434,325	1,483,408	1,243,646	239,762
Other charges	3,493,901	3,544,884	3,249,980	294,904
Capital assets	6,304	6,362	2,165	4,197
Intrafund transfers	(91,877)	(119,977)	(87,674)	(32,303)
TOTAL PUBLIC ASSISTANCE	7,589,640	7,661,921	6,984,870	677,051
RECREATION AND CULTURAL SERVICES:				
Salaries and employee benefits	205,027	204,083	187,570	16,513
Services and supplies	189,046	193,017	179,795	13,222
Other charges	45,189	49,188	41,890	7,298
Capital assets	4,467	4,678	2,851	1,827
Intrafund transfers	(11,738)	(10,734)	(6,517)	(4,217)
TOTAL RECREATION AND CULTURAL SERVICES	431,991	440,232	405,589	34,643
DEBT SERVICE-				
Interest	9,852	9,852	9,852	
CAPITAL OUTLAY	1,084,427	1,283,226	248,976	1,034,250
TOTAL GENERAL FUND	\$ 24,197,684	24,520,720	21,191,077	3,329,643



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. The Lead Paint Settlement fund provides for residential lead paint hazard remediation and mitigation services throughout the County to prevent lead poisoning of children. Revenues are from legal settlement funds.

Continued...

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR SPECIAL REVENUE FUNDS

The Safe Clean Water Program Measure W Fund is used to account for programs and projects to increase stormwater and urban runoff capture and reduce stormwater and urban runoff pollution, including projects and programs providing a water supply benefit, water quality benefit, and community investment benefit. Revenues are derived primarily from a voter-approved special tax.

The Other Public Protection Funds: Jail Store, Inmate Welfare, Narcotic Enforcement, Vehicle Theft Prevention, Countywide Warrant System, Sheriff's 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. Probation Juvenile Justice Crime Prevention Act Fund is used to account for programs and services for community-level prevention, intervention, supervision, and treatment strategies that target high-risk neighborhoods serving probationers and at-risk youth through the collaborative efforts of governmental agencies and community-based organizations. 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.

Continued...

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR SPECIAL REVENUE FUNDS

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.

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.

Continued...

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.

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, 2020 (in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS					
Pooled cash and investments:					
Operating	\$ 2,031,274	51,538	183,165	2,288	\$ 2,268,265
Other	49,905	1	326	3	50,235
Total pooled cash and investments	<u>2,081,179</u>	<u>51,539</u>	<u>183,491</u>	<u>2,291</u>	<u>2,318,500</u>
Other investments		26,308	174,034		200,342
Taxes receivable	21,020				21,020
Interest receivable	2,147	110	406	3	2,666
Other receivables	200,492	43	64		200,599
Due from other funds	43,415		8,658		52,073
Advances to other funds	11,383				11,383
Inventories	1				1
TOTAL ASSETS	<u>2,359,637</u>	<u>78,000</u>	<u>366,653</u>	<u>2,294</u>	<u>2,806,584</u>
DEFERRED OUTFLOWS OF RESOURCES		<u>212,504</u>			<u>212,504</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,359,637</u>	<u>290,504</u>	<u>366,653</u>	<u>2,294</u>	<u>\$ 3,019,088</u>
LIABILITIES					
Accounts payable	\$ 106,227		10,300		\$ 116,527
Accrued payroll	81				81
Other payables	1,445				1,445
Due to other funds	322,193		6,916	28	329,137
Advances payable	54,831		39		54,870
Third party payor	246				246
TOTAL LIABILITIES	<u>485,023</u>		<u>17,255</u>	<u>28</u>	<u>502,306</u>
DEFERRED INFLOWS OF RESOURCES	<u>17,274</u>				<u>17,274</u>
FUND BALANCES					
Nonspendable	1			2,135	2,136
Restricted	1,672,489	290,504	225,131	131	2,188,255
Committed	54,167		80,684		134,851
Assigned	130,683		43,583		174,266
TOTAL FUND BALANCES	<u>1,857,340</u>	<u>290,504</u>	<u>349,398</u>	<u>2,266</u>	<u>2,499,508</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 2,359,637</u>	<u>290,504</u>	<u>366,653</u>	<u>2,294</u>	<u>\$ 3,019,088</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, 2020 (in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES					
Taxes	\$ 760,811				\$ 760,811
Licenses, permits and franchises	21,976				21,976
Fines, forfeitures and penalties	37,559				37,559
Revenue from use of money and property:					
Investment income	33,999	2,147	9,011	42	45,199
Rents and concessions	36,819				36,819
Royalties	3				3
Intergovernmental revenues:					
Federal	31,213				31,213
State	416,170		314		416,484
Other	12,371				12,371
Charges for services	421,992		7,006		428,998
Miscellaneous	49,473	25,012	1,629		76,114
TOTAL REVENUES	1,822,386	27,159	17,960	42	1,867,547
EXPENDITURES					
Current:					
General government	10,935			53	10,988
Public protection	78,532				78,532
Public ways and facilities	396,357				396,357
Health and sanitation	171,255				171,255
Public assistance	234,765				234,765
Education	151				151
Recreation and cultural services	10,544				10,544
Debt service:					
Principal		304,226			304,226
Interest and other charges		178,876			178,876
Capital outlay			199,494		199,494
TOTAL EXPENDITURES	902,539	483,102	199,494	53	1,585,188
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	919,847	(455,943)	(181,534)	(11)	282,359
OTHER FINANCING SOURCES (USES)					
Transfers in	38,299	220,228	9,638		268,165
Transfers out	(598,180)	(13,846)	(19,797)		(631,823)
Issuance of debt		548,492	83,900		632,392
Payment to refunded bonds escrow agent		(394,116)			(394,116)
Bond premium proceeds		48,516			48,516
Sales of capital assets	405				405
TOTAL OTHER FINANCING SOURCES (USES)	(559,476)	409,274	73,741		(76,461)
NET CHANGE IN FUND BALANCES	360,371	(46,669)	(107,793)	(11)	205,898
FUND BALANCES, JULY 1, 2019	1,496,969	337,173	457,191	2,277	2,293,610
FUND BALANCES, JUNE 30, 2020	\$ 1,857,340	290,504	349,398	2,266	\$ 2,499,508



COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 JUNE 30, 2020 (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	\$ 119,683	185,008	111,457	62,422	48,900	199,354
Other	27,909	8,850	344	280	298	1,911
Total pooled cash and investments	<u>147,592</u>	<u>193,858</u>	<u>111,801</u>	<u>62,702</u>	<u>49,198</u>	<u>201,265</u>
Taxes receivable		457	1,602	1,110	984	9,848
Interest receivable	193	215	127	74	56	196
Other receivables	27,459	8,966	47	816	1,157	
Due from other funds	23,645	2,167	3,233		2,480	54
Advances to other funds	8,161	1,082	150		1,203	
Inventories	1					
TOTAL ASSETS	<u>\$ 207,051</u>	<u>206,745</u>	<u>116,960</u>	<u>64,702</u>	<u>55,078</u>	<u>211,363</u>
LIABILITIES						
Accounts payable	\$ 6,018	3,242	1,145	1,732	129	17,736
Accrued payroll						
Other payables						
Due to other funds	28,111	6,350	3,549	1,125	6,016	113,715
Advances payable	44,407	8,587	480			
Third party payor	246					
TOTAL LIABILITIES	<u>78,782</u>	<u>18,179</u>	<u>5,174</u>	<u>2,857</u>	<u>6,145</u>	<u>131,451</u>
DEFERRED INFLOWS OF RESOURCES		<u>302</u>	<u>1,043</u>	<u>1,288</u>	<u>1,219</u>	<u>5,839</u>
FUND BALANCES						
Nonspendable	1					
Restricted	128,268	188,264	110,743	60,557	47,714	74,073
Committed						
Assigned						
TOTAL FUND BALANCES	<u>128,269</u>	<u>188,264</u>	<u>110,743</u>	<u>60,557</u>	<u>47,714</u>	<u>74,073</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 207,051</u>	<u>206,745</u>	<u>116,960</u>	<u>64,702</u>	<u>55,078</u>	<u>211,363</u>

	Health and Sanitation	Safe, Clean Water Program Measure W	Other Public Protection	Public Assistance	Homeless and Housing Measure H	Recreation	
							ASSETS
							Pooled cash and investments:
\$	101,577	261,381	605,047	11,452	92,986	29,148	Operating
	1,298	1,960	3,278	324	157	570	Other
	<u>102,875</u>	<u>263,341</u>	<u>608,325</u>	<u>11,776</u>	<u>93,143</u>	<u>29,718</u>	Total pooled cash and investments
	33	6,986					Taxes receivable
	117	249	609	3	113	33	Interest receivable
	11,032		3,198	270	145,863	387	Other receivables
	1,541	557	1,004	58		8,421	Due from other funds
	787						Advances to other funds
							Inventories
\$	<u>116,385</u>	<u>271,133</u>	<u>613,136</u>	<u>12,107</u>	<u>239,119</u>	<u>38,559</u>	TOTAL ASSETS
							LIABILITIES
\$	12,942	42	3,005	631	59,389	211	Accounts payable
			1,445				Accrued payroll
	4,475	545	59,030	679	82,466	6,881	Other payables
	1,357						Due to other funds
							Advances payable
							Third party payor
	<u>18,774</u>	<u>587</u>	<u>63,480</u>	<u>1,310</u>	<u>141,855</u>	<u>7,092</u>	TOTAL LIABILITIES
	<u>3,887</u>	<u>3,696</u>					DEFERRED INFLOWS OF RESOURCES
							FUND BALANCES
	93,014	266,850	495,050	10,797	97,264	4,644	Nonspendable
			46,955				Restricted
	710		7,651			26,823	Committed
	<u>93,724</u>	<u>266,850</u>	<u>549,656</u>	<u>10,797</u>	<u>97,264</u>	<u>31,467</u>	Assigned
							TOTAL FUND BALANCES
\$	<u>116,385</u>	<u>271,133</u>	<u>613,136</u>	<u>12,107</u>	<u>239,119</u>	<u>38,559</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, 2020 (in thousands)

	Courthouse Temporary Construction	Criminal Justice Temporary Construction	Registrar- Recorder Improvement	Other Special Revenue	Total
ASSETS					
Pooled cash and investments:					
Operating	\$ 5,627	70,316	17,623	109,293	\$ 2,031,274
Other	614	557	1,326	229	49,905
Total pooled cash and investments	6,241	70,873	18,949	109,522	2,081,179
Taxes receivable					21,020
Interest receivable	15	83		64	2,147
Other receivables			183	1,114	200,492
Due from other funds		2		253	43,415
Advances to other funds					11,383
Inventories					1
TOTAL ASSETS	\$ 6,256	70,958	19,132	110,953	\$ 2,359,637
LIABILITIES					
Accounts payable				5	\$ 106,227
Accrued payroll				81	81
Other payables					1,445
Due to other funds		127	1,454	7,670	322,193
Advances payable					54,831
Third party payor					246
TOTAL LIABILITIES		127	1,454	7,756	485,023
DEFERRED INFLOWS OF RESOURCES					
					17,274
FUND BALANCES					
Nonspendable					1
Restricted	6,256	70,831	17,678	486	1,672,489
Committed				7,212	54,167
Assigned				95,499	130,683
TOTAL FUND BALANCES	6,256	70,831	17,678	103,197	1,857,340
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 6,256	70,958	19,132	110,953	\$ 2,359,637



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, 2020 (in thousands)

	Streets, Highways, Roads and Bridges		Street Lighting Districts	Garbage Disposal Districts	Sewer Maintenance Districts	Health Services Measure B
	Road	Other				
REVENUES						
Taxes	\$ 5,793	73,310	26,351	7,426		276,353
Licenses, permits and franchises	5,791					
Fines, forfeitures and penalties		20	91	253	171	800
Revenue from use of money and property:						
Investment income	3,412	3,794	2,075	1,189	931	2,601
Rents and concessions	88	147				
Royalties						
Intergovernmental revenues:						
Federal	27,255	2,867			43	
State	267,726	1,814	124	34		
Other	2,087	7,830	300	26	41	
Charges for services	16,250	5,079	3,320	19,660	37,391	
Miscellaneous	155	83			102	115
TOTAL REVENUES	328,557	94,944	32,261	28,588	38,679	279,869
EXPENDITURES						
Current:						
General government						
Public protection						
Public ways and facilities	297,595	81,475	17,287			
Health and sanitation				25,303	36,234	53,917
Public assistance						
Education						
Recreation and cultural services						
TOTAL EXPENDITURES	297,595	81,475	17,287	25,303	36,234	53,917
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	30,962	13,469	14,974	3,285	2,445	225,952
OTHER FINANCING SOURCES (USES)						
Transfers in	717	179			1,062	
Transfers out	(852)	(17)	(2)		(61)	(229,316)
Sales of capital assets	91	17				
TOTAL OTHER FINANCING SOURCES (USES)	(44)	179	(2)		1,001	(229,316)
NET CHANGE IN FUND BALANCES	30,918	13,648	14,972	3,285	3,446	(3,364)
FUND BALANCES, JULY 1, 2019	97,351	174,616	95,771	57,272	44,268	77,437
FUND BALANCES, JUNE 30, 2020	\$ 128,269	188,264	110,743	60,557	47,714	74,073

Health and Sanitation	Safe, Clean Water Program Measure W	Other Public Protection	Public Assistance	Homeless and Housing Measure H	Recreation	
				371,578		REVENUES
\$						Taxes
11,232			1,011		6	Licenses, permits and franchises
11,007		4,133	1,879			Fines, forfeitures and penalties
						Revenue from use of money and property:
1,972	2,038	10,532	44	2,136	471	Investment income
		21,201			9,993	Rents and concessions
						Royalties
						Intergovernmental revenues:
139						Federal
709		145,637			126	State
2,038					49	Other
23,464	279,389	11,958	5,103		3,822	Charges for services
21,024		23,170	61		4,715	Miscellaneous
<u>71,585</u>	<u>281,427</u>	<u>216,631</u>	<u>8,098</u>	<u>373,714</u>	<u>19,182</u>	TOTAL REVENUES
						EXPENDITURES
						Current:
						General government
	3,535	60,424				Public protection
						Public ways and facilities
55,801						Health and sanitation
			5,692	229,073		Public assistance
						Education
					10,544	Recreation and cultural services
<u>55,801</u>	<u>3,535</u>	<u>60,424</u>	<u>5,692</u>	<u>229,073</u>	<u>10,544</u>	TOTAL EXPENDITURES
<u>15,784</u>	<u>277,892</u>	<u>156,207</u>	<u>2,406</u>	<u>144,641</u>	<u>8,638</u>	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
						OTHER FINANCING SOURCES (USES)
		18,872			1,132	Transfers in
(2,933)	(11,042)	(117,262)	(913)	(190,350)	(7,917)	Transfers out
		63			19	Sales of capital assets
<u>(2,933)</u>	<u>(11,042)</u>	<u>(98,327)</u>	<u>(913)</u>	<u>(190,350)</u>	<u>(6,766)</u>	TOTAL OTHER FINANCING SOURCES (USES)
<u>12,851</u>	<u>266,850</u>	<u>57,880</u>	<u>1,493</u>	<u>(45,709)</u>	<u>1,872</u>	NET CHANGE IN FUND BALANCES
<u>80,873</u>		<u>491,776</u>	<u>9,304</u>	<u>142,973</u>	<u>29,595</u>	FUND BALANCES, JULY 1, 2019
<u>\$ 93,724</u>	<u>266,850</u>	<u>549,656</u>	<u>10,797</u>	<u>97,264</u>	<u>31,467</u>	FUND BALANCES, JUNE 30, 2020

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, 2020 (in thousands)

	Courthouse Temporary Construction	Criminal Justice Temporary Construction	Registrar- Recorder- Improvement	Other Special Revenue	Total
REVENUES					
Taxes	\$				\$ 760,811
Licenses, permits and franchises				3,936	21,976
Fines, forfeitures and penalties	9,101	10,104			37,559
Revenue from use of money and property:					
Investment income	262	1,470		1,072	33,999
Rents and concessions				5,390	36,819
Royalties				3	3
Intergovernmental revenues:					
Federal				909	31,213
State					416,170
Other					12,371
Charges for services			15,407	1,149	421,992
Miscellaneous				48	49,473
TOTAL REVENUES	9,363	11,574	15,407	12,507	1,822,386
EXPENDITURES					
Current:					
General government				10,935	10,935
Public protection	128	14,445			78,532
Public ways and facilities					396,357
Health and sanitation					171,255
Public assistance					234,765
Education				151	151
Recreation and cultural services					10,544
TOTAL EXPENDITURES	128	14,445		11,086	902,539
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,235	(2,871)	15,407	1,421	919,847
OTHER FINANCING SOURCES (USES)					
Transfers in				16,337	38,299
Transfers out	(14,846)		(12,140)	(10,529)	(598,180)
Sales of capital assets				215	405
TOTAL OTHER FINANCING SOURCES (USES)	(14,846)		(12,140)	6,023	(559,476)
NET CHANGE IN FUND BALANCES	(5,611)	(2,871)	3,267	7,444	360,371
FUND BALANCES, JULY 1, 2019	11,867	73,702	14,411	95,753	1,496,969
FUND BALANCES, JUNE 30, 2020	\$ 6,256	70,831	17,678	103,197	\$ 1,857,340

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, 2020 (in thousands)

	TOTALS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 787,570	788,985	761,820	(27,165)
Licenses, permits and franchises	19,921	19,921	21,976	2,055
Fines, forfeitures and penalties	41,983	42,463	37,557	(4,906)
Revenue from use of money and property:				
Investment income	18,548	19,453	27,052	7,599
Rents and concessions	38,181	38,360	36,819	(1,541)
Royalties	3	3	3	
Intergovernmental revenues:				
Federal	39,309	39,309	31,214	(8,095)
State	448,741	448,741	416,170	(32,571)
Other	49,949	49,999	12,372	(37,627)
Charges for services	430,097	430,797	425,977	(4,820)
Miscellaneous	17,494	42,364	49,474	7,110
TOTAL REVENUES	1,891,796	1,920,395	1,820,434	(99,961)
EXPENDITURES				
Current:				
General government	39,980	30,353	10,857	19,496
Public protection	427,131	387,396	104,762	282,634
Public ways and facilities	713,050	718,036	423,997	294,039
Health and sanitation	551,573	573,564	173,834	399,730
Public assistance	308,024	303,758	255,138	48,620
Education	8,149	7,599	153	7,446
Recreation and cultural services	41,740	44,941	12,639	32,302
TOTAL EXPENDITURES	2,089,647	2,065,647	981,380	1,084,267
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(197,851)	(145,252)	839,054	984,306
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	282	282	404	122
Transfers in	315,652	316,085	306,442	(9,643)
Transfers out	(960,724)	(1,029,275)	(852,700)	176,575
Appropriations for contingencies	(215,609)	(209,073)		209,073
Changes in fund balances	(42,499)	(33,516)	(14,942)	18,574
TOTAL OTHER FINANCING SOURCES (USES)	(902,898)	(955,497)	(560,796)	394,701
NET CHANGE IN FUND BALANCES	(1,100,749)	(1,100,749)	278,258	1,379,007
FUND BALANCES, JULY 1, 2019	1,100,749	1,100,749	1,100,749	
FUND BALANCES, JUNE 30, 2020	\$		1,379,007	1,379,007

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, 2020 (in thousands)

	ROAD			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 4,379	5,794	5,792	(2)
Licenses, permits and franchises	6,064	6,064	5,791	(273)
Revenue from use of money and property:				
Investment income	3,477	3,477	2,841	(636)
Rents and concessions	75	75	88	13
Intergovernmental revenues:				
Federal	22,369	22,369	27,255	4,886
State	307,997	307,997	267,726	(40,271)
Other	2,608	2,608	2,087	(521)
Charges for services	13,940	13,940	16,250	2,310
Miscellaneous	616	616	155	(461)
TOTAL REVENUES	361,525	362,940	327,985	(34,955)
EXPENDITURES				
Current-Public ways and facilities:				
Services and supplies	337,898	325,040	279,852	45,188
Other charges	14,953	14,953	2,982	11,971
Capital assets	3,499	3,629	673	2,956
Capital outlay	25,484	38,398	35,332	3,066
TOTAL EXPENDITURES	381,834	382,020	318,839	63,181
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(20,309)	(19,080)	9,146	28,226
OTHER FINANCING SOURCES (USES)				
Sales of capital assets			91	91
Transfers in	1,560	1,746	717	(1,029)
Transfers out	(14,470)	(14,470)	(852)	13,618
Appropriations for contingencies		(1,415)		1,415
Changes in fund balance	5,738	5,738	14,887	9,149
TOTAL OTHER FINANCING SOURCES (USES)	(7,172)	(8,401)	14,843	23,244
NET CHANGE IN FUND BALANCE	(27,481)	(27,481)	23,989	51,470
FUND BALANCE, JULY 1, 2019	27,481	27,481	27,481	
FUND BALANCE, JUNE 30, 2020	\$		51,470	51,470

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, 2020 (in thousands)

	OTHER STREETS, HIGHWAYS, ROADS, AND BRIDGES			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 73,936	73,936	73,357	(579)
Fines, forfeitures and penalties	20	20	20	
Revenue from use of money and property:				
Investment income	3,237	3,237	3,101	(136)
Rents and concessions	154	154	147	(7)
Intergovernmental revenues:				
Federal	16,940	16,940	2,867	(14,073)
State	2,368	2,368	1,814	(554)
Other	45,179	45,179	7,830	(37,349)
Charges for services	15,261	15,961	5,079	(10,882)
Miscellaneous	5	5	83	78
TOTAL REVENUES	157,100	157,800	94,298	(63,502)
EXPENDITURES				
Current-Public ways and facilities:				
Services and supplies	218,913	212,018	71,069	140,949
Other charges	5,324	16,574	8,431	8,143
Capital assets	3,124	3,124	1,646	1,478
Capital outlay	65,092	65,092	6,558	58,534
TOTAL EXPENDITURES	292,453	296,808	87,704	209,104
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(135,353)	(139,008)	6,594	145,602
OTHER FINANCING SOURCES (USES)				
Sales of capital assets			17	17
Transfers in	131	131	179	48
Transfers out	(233)	(471)	(16)	455
Appropriations for contingencies	(2,563)	(2,563)		2,563
Changes in fund balance	2,087	5,980	12,615	6,635
TOTAL OTHER FINANCING SOURCES (USES)	(578)	3,077	12,795	9,718
NET CHANGE IN FUND BALANCE	(135,931)	(135,931)	19,389	155,320
FUND BALANCE, JULY 1, 2019	135,931	135,931	135,931	
FUND BALANCE, JUNE 30, 2020	<u>\$</u>		<u>155,320</u>	<u>155,320</u>

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, 2020 (in thousands)

	STREET LIGHTING DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 26,384	26,384	26,301	(83)
Fines, forfeitures and penalties	81	81	91	10
Revenue from use of money and property-				
Investment income	1,592	1,592	1,665	73
Intergovernmental revenues:				
State	129	129	124	(5)
Other	489	489	301	(188)
Charges for services	3,226	3,226	3,320	94
TOTAL REVENUES	31,901	31,901	31,802	(99)
EXPENDITURES				
Current-Public ways and facilities:				
Services and supplies	38,734	38,829	17,454	21,375
Other charges	19	369		369
Capital assets	10	10		10
TOTAL EXPENDITURES	38,763	39,208	17,454	21,754
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(6,862)	(7,307)	14,348	21,655
OTHER FINANCING SOURCES (USES)				
Transfers in	3,494	3,494	3,086	(408)
Transfers out	(3,520)	(3,519)	(3,088)	431
Appropriations for contingencies	(2,227)	(2,133)		2,133
Changes in fund balance	(14,201)	(13,851)	(13,533)	318
TOTAL OTHER FINANCING SOURCES (USES)	(16,454)	(16,009)	(13,535)	2,474
NET CHANGE IN FUND BALANCE	(23,316)	(23,316)	813	24,129
FUND BALANCE, JULY 1, 2019	23,316	23,316	23,316	
FUND BALANCE, JUNE 30, 2020	\$		24,129	24,129

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, 2020 (in thousands)

	GARBAGE DISPOSAL DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 7,301	7,301	7,361	60
Fines, forfeitures and penalties	276	276	253	(23)
Revenue from use of money and property-				
Investment income	939	939	957	18
Intergovernmental revenues:				
State	37	37	34	(3)
Other			26	26
Charges for services	19,853	19,853	19,778	(75)
TOTAL REVENUES	28,406	28,406	28,409	3
EXPENDITURES				
Current-Health and sanitation:				
Services and supplies	33,118	33,118	25,061	8,057
TOTAL EXPENDITURES	33,118	33,118	25,061	8,057
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,712)	(4,712)	3,348	8,060
OTHER FINANCING USES				
Appropriations for contingencies	(3,149)	(3,149)		3,149
Changes in fund balance	(2,962)	(2,962)	(2,719)	243
TOTAL OTHER FINANCING USES	(6,111)	(6,111)	(2,719)	3,392
NET CHANGE IN FUND BALANCE	(10,823)	(10,823)	629	11,452
FUND BALANCE, JULY 1, 2019	10,823	10,823	10,823	
FUND BALANCE, JUNE 30, 2020	\$		11,452	11,452

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, 2020 (in thousands)

	SEWER MAINTENANCE DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Fines, forfeitures and penalties	\$ 173	173	171	(2)
Revenue from use of money and property-				
Investment income	686	686	746	60
Intergovernmental revenues:				
Federal			44	44
Other	38	38	41	3
Charges for services	37,090	37,090	37,557	467
Miscellaneous			102	102
TOTAL REVENUES	37,987	37,987	38,661	674
EXPENDITURES				
Current-Health and sanitation:				
Services and supplies	74,160	73,784	36,100	37,684
Other charges	1,000	1,000	195	805
Capital assets	100	100		100
Capital outlay	2,000	2,000		2,000
TOTAL EXPENDITURES	77,260	76,884	36,295	40,589
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(39,273)	(38,897)	2,366	41,263
OTHER FINANCING SOURCES (USES)				
Transfers in			1,062	1,062
Transfers out	(6)	(1,964)	(61)	1,903
Appropriations for contingencies	(2,028)	(446)		446
Changes in fund balance	53	53	132	79
TOTAL OTHER FINANCING SOURCES (USES)	(1,981)	(2,357)	1,133	3,490
NET CHANGE IN FUND BALANCE	(41,254)	(41,254)	3,499	44,753
FUND BALANCE, JULY 1, 2019	41,254	41,254	41,254	
FUND BALANCE, JUNE 30, 2020	\$		44,753	44,753

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, 2020 (in thousands)

	HEALTH SERVICES MEASURE B			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 277,570	277,570	277,431	(139)
Fines, forfeitures and penalties			800	800
Revenue from use of money and property-				
Investment income	800	1,705	1,850	145
Miscellaneous	40	40	115	75
TOTAL REVENUES	278,410	279,315	280,196	881
EXPENDITURES				
Current-Health and sanitation:				
Services and supplies	25,127	25,127	22,649	2,478
Other charges	52,052	52,052	29,891	22,161
TOTAL EXPENDITURES	77,179	77,179	52,540	24,639
EXCESS OF REVENUES OVER EXPENDITURES	201,231	202,136	227,656	25,520
OTHER FINANCING SOURCES (USES)				
Transfers out	(234,122)	(234,122)	(229,316)	4,806
Appropriations for contingencies	(5,284)	(6,189)		6,189
Changes in fund balance			1	1
TOTAL OTHER FINANCING SOURCES (USES)	(239,406)	(240,311)	(229,315)	10,996
NET CHANGE IN FUND BALANCE	(38,175)	(38,175)	(1,659)	36,516
FUND BALANCE, JULY 1, 2019	38,175	38,175	38,175	
FUND BALANCE, JUNE 30, 2020	\$		36,516	36,516

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, 2020 (in thousands)

	HEALTH AND SANITATION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Licenses, permits and franchises	\$ 9,271	9,271	11,232	1,961
Fines, forfeitures and penalties	12,954	13,434	11,006	(2,428)
Revenue from use of money and property:				
Investment income	920	920	1,619	699
Rents and concessions	5	5		(5)
Intergovernmental revenues:				
Federal			139	139
State	686	686	709	23
Other	1,585	1,585	2,038	453
Charges for services	21,474	21,474	23,469	1,995
Miscellaneous		21,005	21,024	19
TOTAL REVENUES	46,895	68,380	71,236	2,856
EXPENDITURES				
Current-Health and sanitation:				
Services and supplies	86,177	89,829	43,124	46,705
Other charges		18,715	12,149	6,566
Capital assets	2,240	2,240	125	2,115
TOTAL EXPENDITURES	88,417	110,784	55,398	55,386
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(41,522)	(42,404)	15,838	58,242
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,220)	(4,467)	(2,933)	1,534
Appropriations for contingencies	(3,798)	(2,669)		2,669
Changes in fund balance	1,721	1,721	2,029	308
TOTAL OTHER FINANCING SOURCES (USES)	(6,297)	(5,415)	(904)	4,511
NET CHANGE IN FUND BALANCE	(47,819)	(47,819)	14,934	62,753
FUND BALANCE, JULY 1, 2019	47,819	47,819	47,819	
FUND BALANCE, JUNE 30, 2020	\$		62,753	62,753

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, 2020 (in thousands)

	SAFE, CLEAN WATER PROGRAM MEASURE W			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Revenue from use of money and property:				
Investment income	\$ 1,710	1,710	1,297	(413)
Charges for services	285,291	285,291	283,085	(2,206)
TOTAL REVENUES	287,001	287,001	284,382	(2,619)
EXPENDITURES				
Current-Public Protection:				
Services and supplies	28,814	28,814	4,540	24,274
Other charges	246,785	246,785		246,785
TOTAL EXPENDITURES	275,599	275,599	4,540	271,059
EXCESS OF REVENUES OVER EXPENDITURES	11,402	11,402	279,842	268,440
OTHER FINANCING SOURCES (USES)				
Transfers in	273,889	273,889	265,057	(8,832)
Transfers out	(285,291)	(285,291)	(276,099)	9,192
TOTAL OTHER FINANCING SOURCES (USES)	(11,402)	(11,402)	(11,042)	360
NET CHANGE IN FUND BALANCE			268,800	268,800
FUND BALANCE, JULY 1, 2019				
FUND BALANCE, JUNE 30, 2020	\$		268,800	268,800

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, 2020 (in thousands)

	OTHER PUBLIC PROTECTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Fines, forfeitures and penalties	\$ 5,058	5,058	4,133	(925)
Revenue from use of money and property:				
Investment income	3,047	3,047	8,512	5,465
Rents and concessions	18,704	18,704	21,201	2,497
Intergovernmental revenues-				
State	137,399	137,399	145,637	8,238
Charges for services	13,058	13,058	11,958	(1,100)
Miscellaneous	14,360	14,360	23,170	8,810
TOTAL REVENUES	191,626	191,626	214,611	22,985
EXPENDITURES				
Current-Public protection:				
Services and supplies	272,895	233,120	66,568	166,552
Other charges	386	426	187	239
Capital assets	45,608	45,608	2,220	43,388
TOTAL EXPENDITURES	318,889	279,154	68,975	210,179
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(127,263)	(87,528)	145,636	233,164
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	45	45	63	18
Transfers in	19,232	19,232	18,872	(360)
Transfers out	(149,479)	(197,836)	(118,487)	79,349
Appropriations for contingencies	(120,173)	(114,691)		114,691
Changes in fund balance	(63,190)	(60,050)	(58,778)	1,272
TOTAL OTHER FINANCING SOURCES (USES)	(313,565)	(353,300)	(158,330)	194,970
NET CHANGE IN FUND BALANCE	(440,828)	(440,828)	(12,694)	428,134
FUND BALANCE, JULY 1, 2019	440,828	440,828	440,828	
FUND BALANCE, JUNE 30, 2020	\$		428,134	428,134

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, 2020 (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	1,011	(367)
Fines, forfeitures and penalties	2,039	2,039	1,879	(160)
Revenue from use of money and property-				
Investment income	5	5	35	30
Charges for services	5,400	5,400	5,103	(297)
Miscellaneous	58	58	62	4
TOTAL REVENUES	8,880	8,880	8,090	(790)
EXPENDITURES				
Current-Public assistance-				
Services and supplies	13,759	13,893	6,742	7,151
TOTAL EXPENDITURES	13,759	13,893	6,742	7,151
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,879)	(5,013)	1,348	6,361
OTHER FINANCING USES				
Transfers out	(1,261)	(1,261)	(913)	348
Appropriations for contingencies	(1,464)	(1,330)		1,330
Changes in fund balance	(657)	(657)	(416)	241
TOTAL OTHER FINANCING USES	(3,382)	(3,248)	(1,329)	1,919
NET CHANGE IN FUND BALANCE	(8,261)	(8,261)	19	8,280
FUND BALANCE, JULY 1, 2019	8,261	8,261	8,261	
FUND BALANCE, JUNE 30, 2020	\$		8,280	8,280

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, 2020 (in thousands)

	HOMELESS AND HOUSING MEASURE H			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 398,000	398,000	371,578	(26,422)
Revenue from use of money and property-				
Investment income			1,747	1,747
TOTAL REVENUES	398,000	398,000	373,325	(24,675)
EXPENDITURES				
Current-Public assistance:				
Services and supplies		13,736	7,537	6,199
Other charges	294,265	276,129	240,859	35,270
TOTAL EXPENDITURES	294,265	289,865	248,396	41,469
EXCESS OF REVENUES OVER EXPENDITURES	103,735	108,135	124,929	16,794
OTHER FINANCING SOURCES (USES)				
Transfers out	(238,568)	(244,568)	(190,350)	54,218
Changes in fund balance	28,912	30,512	30,511	(1)
TOTAL OTHER FINANCING SOURCES (USES)	(209,656)	(214,056)	(159,839)	54,217
NET CHANGE IN FUND BALANCE	(105,921)	(105,921)	(34,910)	71,011
FUND BALANCE, JULY 1, 2019	105,921	105,921	105,921	
FUND BALANCE, JUNE 30, 2020	\$		71,011	71,011

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, 2020 (in thousands)

	RECREATION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Licenses, permits and franchises	\$ 22	22	6	(16)
Revenue from use of money and property:				
Investment income	274	274	387	113
Rents and concessions	13,753	13,842	9,993	(3,849)
Intergovernmental revenues:				
State	125	125	126	1
Other	50	100	49	(51)
Charges for services	5,157	5,157	3,822	(1,335)
Miscellaneous	2,390	6,255	4,715	(1,540)
TOTAL REVENUES	21,771	25,775	19,098	(6,677)
EXPENDITURES				
Current-Recreation and cultural services:				
Services and supplies	41,631	44,832	12,630	32,202
Other charges	9	9	9	
Capital assets	100	100		100
TOTAL EXPENDITURES	41,740	44,941	12,639	32,302
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(19,969)	(19,166)	6,459	25,625
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	17	17	19	2
Transfers in	885	1,132	1,132	
Transfers out	(9,322)	(10,482)	(7,916)	2,566
Appropriations for contingencies	(110)			
Changes in fund balance			237	237
TOTAL OTHER FINANCING SOURCES (USES)	(8,530)	(9,333)	(6,528)	2,805
NET CHANGE IN FUND BALANCE	(28,499)	(28,499)	(69)	28,430
FUND BALANCE, JULY 1, 2019	28,499	28,499	28,499	
FUND BALANCE, JUNE 30, 2020	\$		28,430	28,430

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, 2020 (in thousands)

	COURTHOUSE TEMPORARY CONSTRUCTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Fines, forfeitures and penalties	\$ 9,382	9,382	9,100	(282)
Revenue from use of money and property-				
Investment income	251	251	236	(15)
TOTAL REVENUES	9,633	9,633	9,336	(297)
EXPENDITURES				
Current-Public protection:				
Services and supplies	6,508	6,508	128	6,380
Other charges	15,002	15,002	14,846	156
TOTAL EXPENDITURES	21,510	21,510	14,974	6,536
DEFICIENCY OF REVENUES OVER EXPENDITURES	(11,877)	(11,877)	(5,638)	6,239
NET CHANGE IN FUND BALANCE	(11,877)	(11,877)	(5,638)	6,239
FUND BALANCE, JULY 1, 2019	11,877	11,877	11,877	
FUND BALANCE, JUNE 30, 2020	\$		6,239	6,239

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, 2020 (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	10,104	(1,896)
Revenue from use of money and property-				
Investment income	1,000	1,000	1,200	200
TOTAL REVENUES	13,000	13,000	11,304	(1,696)
EXPENDITURES				
Current-Public protection:				
Services and supplies	83,491	83,491	20,813	62,678
Other charges	3,241	3,241		3,241
TOTAL EXPENDITURES	86,732	86,732	20,813	65,919
DEFICIENCY OF REVENUES OVER EXPENDITURES	(73,732)	(73,732)	(9,509)	64,223
OTHER FINANCING SOURCES				
Changes in fund balance			40	40
TOTAL OTHER FINANCING SOURCES			40	40
NET CHANGE IN FUND BALANCE	(73,732)	(73,732)	(9,469)	64,263
FUND BALANCE, JULY 1, 2019	73,732	73,732	73,732	
FUND BALANCE, JUNE 30, 2020	\$		64,263	64,263

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, 2020 (in thousands)

	REGISTRAR-RECORDER IMPROVEMENT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Charges for services	\$ 9,177	9,177	15,407	6,230
OTHER FINANCING USES				
Transfers out	(12,525)	(12,850)	(12,140)	710
Appropriations for contingencies	(11,062)	(10,737)		10,737
Changes in fund balance			(2)	(2)
TOTAL OTHER FINANCING USES	(23,587)	(23,587)	(12,142)	11,445
NET CHANGE IN FUND BALANCE	(14,410)	(14,410)	3,265	17,675
FUND BALANCE, JULY 1, 2019	14,410	14,410	14,410	
FUND BALANCE, JUNE 30, 2020	\$		17,675	17,675

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, 2020 (in thousands)

	OTHER SPECIAL REVENUE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Licenses, permits and franchises	\$ 3,186	3,186	3,936	750
Revenue from use of money and property:				
Investment income	610	610	859	249
Rents and concessions	5,490	5,580	5,390	(190)
Royalties	3	3	3	
Intergovernmental revenues-				
Federal			909	909
Charges for services	1,170	1,170	1,149	(21)
Miscellaneous	25	25	48	23
TOTAL REVENUES	10,484	10,574	12,294	1,720
EXPENDITURES				
Current:				
General government:				
Salaries and employee benefits	6,594	6,594	6,465	129
Services and supplies	32,373	22,746	4,102	18,644
Capital assets	1,013	1,013	290	723
Total general government	39,980	30,353	10,857	19,496
Education-				
Services and supplies	8,149	7,599	153	7,446
TOTAL EXPENDITURES	48,129	37,952	11,010	26,942
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(37,645)	(27,378)	1,284	28,662
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	220	220	214	(6)
Transfers in	16,461	16,461	16,337	(124)
Transfers out	(7,707)	(17,974)	(10,529)	7,445
Appropriations for contingencies	(63,751)	(63,751)		63,751
Changes in fund balance			54	54
TOTAL OTHER FINANCING SOURCES (USES)	(54,777)	(65,044)	6,076	71,120
NET CHANGE IN FUND BALANCE	(92,422)	(92,422)	7,360	99,782
FUND BALANCE, JULY 1, 2019	92,422	92,422	92,422	
FUND BALANCE, JUNE 30, 2020	\$		99,782	99,782

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
 JUNE 30, 2020 (in thousands)

	Regional Park and Open Space District	Joint Powers Authorities	Public Buildings	LA County Securitization Corporation	Total
ASSETS					
Pooled cash and investments:					
Operating	\$ 415		51,123		\$ 51,538
Other	1				1
Total pooled cash and investments	<u>416</u>		<u>51,123</u>		<u>51,539</u>
Other investments			2,896	23,412	26,308
Interest receivable	1		109		110
Other receivables			43		43
TOTAL ASSETS	<u>417</u>		<u>54,171</u>	<u>23,412</u>	<u>78,000</u>
DEFERRED OUTFLOWS OF RESOURCES				212,504	212,504
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 417</u>		<u>54,171</u>	<u>235,916</u>	<u>\$ 290,504</u>
FUND BALANCES - RESTRICTED	<u>\$ 417</u>		<u>54,171</u>	<u>235,916</u>	<u>\$ 290,504</u>
TOTAL FUND BALANCES	<u>\$ 417</u>		<u>54,171</u>	<u>235,916</u>	<u>\$ 290,504</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, 2020 (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	\$ 65	352	1,210	520	\$ 2,147
Charges for services					
Miscellaneous				25,012	25,012
TOTAL REVENUES	65	352	1,210	25,532	27,159
EXPENDITURES - Debt service					
Principal	13,620	13,620	269,801	7,185	304,226
Interest and other charges	352	352	156,955	21,217	178,876
TOTAL EXPENDITURES	13,972	13,972	426,756	28,402	483,102
DEFICIENCY OF REVENUES OVER EXPENDITURES	(13,907)	(13,620)	(425,546)	(2,870)	(455,943)
OTHER FINANCING SOURCES (USES)					
Transfers in			220,228		220,228
Transfers out			(8,832)	(5,014)	(13,846)
Issuance of debt			198,908	349,584	548,492
Payment to refunded bonds escrow agent				(394,116)	(394,116)
Bond premium proceeds			15,767	32,749	48,516
TOTAL OTHER FINANCING SOURCES (USES)			426,071	(16,797)	409,274
NET CHANGE IN FUND BALANCES	(13,907)	(13,620)	525	(19,667)	(46,669)
FUND BALANCES, JULY 1, 2019	14,324	13,620	53,646	255,583	337,173
FUND BALANCES, JUNE 30, 2020	\$ 417		54,171	235,916	\$ 290,504

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, 2020 (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			64	64
EXPENDITURES				
Debt service:				
Principal	13,620	13,620	13,620	
Interest	647	647	352	295
TOTAL EXPENDITURES	14,267	14,267	13,972	295
DEFICIENCY OF REVENUES OVER EXPENDITURES	(14,267)	(14,267)	(13,908)	359
OTHER FINANCING SOURCES (USES)				
Transfers in	13,971	13,971	13,971	
Transfers out	(13,971)	(13,971)	(13,971)	
Changes in fund balance	13,971	13,971	13,971	
TOTAL OTHER FINANCING SOURCES (USES)	13,971	13,971	13,971	
NET CHANGE IN FUND BALANCE	(296)	(296)	63	359
FUND BALANCE, JULY 1, 2019	296	296	296	
FUND BALANCE, JUNE 30, 2020			\$ 359	359

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
 JUNE 30, 2020 (in thousands)

	Accumulative Capital Outlay	Improvement Districts	Public Buildings	Gap Loan	Total
ASSETS					
Pooled cash and investments:					
Operating	\$ 119,303	13	19,096	44,753	\$ 183,165
Other	207		55	64	326
Total pooled cash and investments	119,510	13	19,151	44,817	183,491
Other investments			174,034		174,034
Interest receivable	141		213	52	406
Other receivables	64				64
Due from other funds	7,693		965		8,658
TOTAL ASSETS	\$ 127,408	13	194,363	44,869	\$ 366,653
LIABILITIES					
Accounts payable	\$ 253		10,047		\$ 10,300
Due to other funds	2,862		2,672	1,382	6,916
Advances payable	39				39
TOTAL LIABILITIES	3,154		12,719	1,382	17,255
FUND BALANCES					
Restricted			181,644	43,487	225,131
Committed	80,684				80,684
Assigned	43,570	13			43,583
TOTAL FUND BALANCES	124,254	13	181,644	43,487	349,398
TOTAL LIABILITIES AND FUND BALANCES	\$ 127,408	13	194,363	44,869	\$ 366,653

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, 2020 (in thousands)

	Accumulative Capital Outlay	Improvement Districts	Public Buildings	Gap Loan	Total
REVENUES					
Revenue from use of money and property-					
Investment income	\$ 2,430		5,662	919	\$ 9,011
Intergovernmental revenues-					
State	314				314
Charges for services	7,006				7,006
Miscellaneous	1,629				1,629
TOTAL REVENUES	11,379		5,662	919	17,960
EXPENDITURES - Capital outlay	16,604		182,890		199,494
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,225)		(177,228)	919	(181,534)
OTHER FINANCING SOURCES (USES)					
Transfers in	9,587		51		9,638
Transfers out	(27)		(18,388)	(1,382)	(19,797)
Issuance of debt			83,900		83,900
TOTAL OTHER FINANCING SOURCES (USES)	9,560		65,563	(1,382)	73,741
NET CHANGE IN FUND BALANCES	4,335		(111,665)	(463)	(107,793)
FUND BALANCES, JULY 1, 2019	119,919	13	293,309	43,950	457,191
FUND BALANCES, JUNE 30, 2020	\$ 124,254	13	181,644	43,487	\$ 349,398

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUNDS
 JUNE 30, 2020 (in thousands)

	Annuities	Endowments	Total
ASSETS			
Pooled cash and investments:			
Operating	\$ 447	1,841	\$ 2,288
Other	1	2	3
Total pooled cash and investments	<u>448</u>	<u>1,843</u>	<u>2,291</u>
Interest receivable	1	2	3
TOTAL ASSETS	<u><u>\$ 449</u></u>	<u><u>1,845</u></u>	<u><u>\$ 2,294</u></u>
LIABILITIES			
Due to other funds	\$	28	\$ 28
FUND BALANCES			
Nonspendable	410	1,725	2,135
Restricted for annuities and endowments	<u>39</u>	<u>92</u>	<u>131</u>
TOTAL FUND BALANCES	<u><u>449</u></u>	<u><u>1,817</u></u>	<u><u>2,266</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 449</u></u>	<u><u>1,845</u></u>	<u><u>\$ 2,294</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, 2020 (in thousands)

	<u>Annuities</u>	<u>Endowments</u>	<u>Total</u>
REVENUES			
Revenue from use of money and property-			
Investment income	\$ 9	33	\$ 42
EXPENDITURES - General government	<u>19</u>	<u>34</u>	<u>53</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(10)</u>	<u>(1)</u>	<u>(11)</u>
NET CHANGE IN FUND BALANCES	(10)	(1)	(11)
FUND BALANCES, JULY 1, 2019	<u>459</u>	<u>1,818</u>	<u>2,277</u>
FUND BALANCES, JUNE 30, 2020	<u>\$ 449</u>	<u>1,817</u>	<u>\$ 2,266</u>

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, 2020 (in thousands)

	Public Works	Equipment Acquisition	Total
ASSETS			
Current assets:			
Pooled cash and investments:			
Operating	\$ 52,697	6,973	\$ 59,670
Other	9,004	36	9,040
Total pooled cash and investments	<u>61,701</u>	<u>7,009</u>	<u>68,710</u>
Interest receivable	69	38	107
Other receivables	15,006		15,006
Due from other funds	123,160	31	123,191
Inventories	9,275		9,275
Total current assets	<u>209,211</u>	<u>7,078</u>	<u>216,289</u>
Noncurrent assets:			
Restricted assets		11,216	11,216
Capital assets:			
Equipment	223,101	64,960	288,061
Less accumulated depreciation	<u>(119,196)</u>	<u>(37,293)</u>	<u>(156,489)</u>
Total capital assets - net	<u>103,905</u>	<u>27,667</u>	<u>131,572</u>
Total noncurrent assets	<u>103,905</u>	<u>38,883</u>	<u>142,788</u>
TOTAL ASSETS	<u>313,116</u>	<u>45,961</u>	<u>359,077</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>285,652</u>		<u>285,652</u>
LIABILITIES			
Current liabilities:			
Accounts payable	9,464	43	9,507
Accrued payroll	22,444		22,444
Other payables	2,431		2,431
Accrued interest payable		361	361
Due to other funds	57,343		57,343
Advances from other funds	22,000		22,000
Advances payable	20	1,732	1,752
Current portion of long-term liabilities	<u>10,377</u>	<u>30,615</u>	<u>40,992</u>
Total current liabilities	<u>124,079</u>	<u>32,751</u>	<u>156,830</u>
Noncurrent liabilities:			
Accrued compensated absences	65,753		65,753
Bonds and notes		10,000	10,000
Workers' compensation	52,051		52,051
Net pension liability	375,571		375,571
Net OPEB liability	<u>942,223</u>		<u>942,223</u>
Total noncurrent liabilities	<u>1,435,598</u>	<u>10,000</u>	<u>1,445,598</u>
TOTAL LIABILITIES	<u>1,559,677</u>	<u>42,751</u>	<u>1,602,428</u>
DEFERRED INFLOWS OF RESOURCES	<u>175,583</u>		<u>175,583</u>
NET POSITION			
Net investment in capital assets	103,905	(2,003)	101,902
Restricted-			
Debt service		5,088	5,088
Unrestricted (deficit)	<u>(1,240,397)</u>	<u>125</u>	<u>(1,240,272)</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ (1,136,492)</u>	<u>3,210</u>	<u>\$ (1,133,282)</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, 2020 (in thousands)

	Public Works	Equipment Acquisition	Total
OPERATING REVENUES:			
Rentals	\$ 5	24,210	\$ 24,215
Charges for services	640,315		640,315
TOTAL OPERATING REVENUES	640,320	24,210	664,530
OPERATING EXPENSES:			
Salaries and employee benefits	490,463		490,463
Services and supplies	53,687	15	53,702
Other professional services	54,072		54,072
Depreciation and amortization	14,964	20,385	35,349
TOTAL OPERATING EXPENSES	613,186	20,400	633,586
OPERATING INCOME	27,134	3,810	30,944
NONOPERATING REVENUES (EXPENSES):			
Investment income	187	434	621
Interest expense		(1,983)	(1,983)
TOTAL NONOPERATING REVENUES (EXPENSES)	187	(1,549)	(1,362)
INCOME BEFORE TRANSFERS	27,321	2,261	29,582
Transfers in	11,792		11,792
Transfers out	(39)	(2)	(41)
CHANGE IN NET POSITION	39,074	2,259	41,333
TOTAL NET POSITION (DEFICIT), JULY 1, 2019	(1,175,566)	951	(1,174,615)
TOTAL NET POSITION (DEFICIT), JUNE 30, 2020	\$ (1,136,492)	3,210	\$ (1,133,282)

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020 (in thousands)

	Public Works	Equipment Acquisition	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Rentals received	\$ 5		\$ 5
Rentals received from other funds		26,506	26,506
Cash received from charges for services	64,246		64,246
Cash received from charges for services to other funds	566,471		566,471
Cash paid for salaries and employee benefits	(514,261)		(514,261)
Cash paid for services and supplies	(38,632)	(15)	(38,647)
Other operating expenses	(54,072)		(54,072)
Net cash provided by operating activities	<u>23,757</u>	<u>26,491</u>	<u>50,248</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash advances paid/returned to other funds	5	(2,174)	(2,169)
Transfers in	11,753		11,753
Transfers out		(2)	(2)
Net cash provided by (required for) noncapital financing activities	<u>11,758</u>	<u>(2,176)</u>	<u>9,582</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from bonds and notes		10,000	10,000
Interest paid on capital borrowing		(2,407)	(2,407)
Principal payments on bonds and notes		(25,925)	(25,925)
Acquisition and construction of capital assets	(21,831)	(4,097)	(25,928)
Net cash required for capital and related financing activities	<u>(21,831)</u>	<u>(22,429)</u>	<u>(44,260)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	228	439	667
Net increase in cash and cash equivalents	13,912	2,325	16,237
Cash and cash equivalents, July 1, 2019	47,789	15,900	63,689
Cash and cash equivalents, June 30, 2020	<u>\$ 61,701</u>	<u>18,225</u>	<u>\$ 79,926</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF CASH FLOWS - Continued
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020 (in thousands)

	Public Works	Equipment Acquisition	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income	\$ 27,134	3,810	\$ 30,944
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	14,964	20,385	35,349
Increase (decrease) in:			
Other receivables	(6,218)		(6,218)
Due from other funds	(4,649)	2,296	(2,353)
Inventories	944		944
Increase (decrease) in:			
Accounts payable	589		589
Accrued payroll	1,144		1,144
Other payables	(538)		(538)
Accrued compensated absences	7,984		7,984
Due to other funds	13,522		13,522
Workers' compensation	1,799		1,799
Net pension liability and related changes in deferred outflows and inflows of resources	19,050		19,050
Net OPEB liability and related changes in deferred outflows and inflows of resources	(51,968)		(51,968)
TOTAL ADJUSTMENTS	<u>(3,377)</u>	<u>22,681</u>	<u>19,304</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 23,757</u>	<u>26,491</u>	<u>\$ 50,248</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:			
Pooled cash and investments	\$ 61,701	7,009	\$ 68,710
Restricted assets		11,216	11,216
TOTAL	<u>\$ 61,701</u>	<u>18,225</u>	<u>\$ 79,926</u>

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, 2020 (in thousands)

	Pension Trust Fund	OPEB Trust Fund	Total
ASSETS			
Pooled cash and investments	\$ 104,401		\$ 104,401
Other investments:			
Short-term investments	2,665,871	24,783	2,690,654
Equity	23,332,239	755,005	24,087,244
Fixed income	18,778,182	570,375	19,348,557
Private equity	7,141,781		7,141,781
Real estate	5,128,771	142,775	5,271,546
Hedge funds	2,193,437		2,193,437
Cash collateral on loaned securities	1,177,374		1,177,374
Interest receivable	133,935	5	133,940
Other receivables	704,918		704,918
TOTAL ASSETS	61,360,909	1,492,943	62,853,852
LIABILITIES			
Accounts payable	1,598,943		1,598,943
Other payables	1,251,558	315	1,251,873
TOTAL LIABILITIES	2,850,501	315	2,850,816
NET POSITION			
Net position restricted for pension and other postemployment benefits	<u>\$ 58,510,408</u>	<u>1,492,628</u>	<u>\$ 60,003,036</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, 2020 (in thousands)

	Pension Trust Fund	OPEB Trust Fund	Total
ADDITIONS			
Contributions:			
Pension and OPEB trust contributions:			
Employer	\$ 1,800,137	907,521	\$ 2,707,658
Member	659,296	49,200	708,496
Total contributions	<u>2,459,433</u>	<u>956,721</u>	<u>3,416,154</u>
Investment earnings:			
Investment income	5,906,599	13,486	5,920,085
Net decrease in the fair value of investments	(4,256,243)	(6,452)	(4,262,695)
Securities lending income	15,987		15,987
Total investment earnings	<u>1,666,343</u>	<u>7,034</u>	<u>1,673,377</u>
Less - Investment expenses:			
Expense from investing activities	209,320	863	210,183
Expense from securities lending activities	11,146		11,146
Total net investment expense	<u>220,466</u>	<u>863</u>	<u>221,329</u>
Net investment earnings	<u>1,445,877</u>	<u>6,171</u>	<u>1,452,048</u>
Miscellaneous	<u>2,383</u>		<u>2,383</u>
TOTAL ADDITIONS	<u>3,907,693</u>	<u>962,892</u>	<u>4,870,585</u>
DEDUCTIONS			
Administrative expenses:			
Salaries and employee benefits	66,577		66,577
Services and supplies	18,807	246	19,053
Total administrative expenses	<u>85,384</u>	<u>246</u>	<u>85,630</u>
Benefit payments	3,581,109	708,495	4,289,604
Miscellaneous	<u>25,628</u>		<u>25,628</u>
TOTAL DEDUCTIONS	<u>3,692,121</u>	<u>708,741</u>	<u>4,400,862</u>
CHANGE IN NET POSITION	215,572	254,151	469,723
NET POSITION, JULY 1, 2019	<u>58,294,836</u>	<u>1,238,477</u>	<u>59,533,313</u>
NET POSITION, JUNE 30, 2020	<u>\$ 58,510,408</u>	<u>1,492,628</u>	<u>\$ 60,003,036</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - INVESTMENT TRUST FUNDS
 JUNE 30, 2020 (in thousands)

	Pooled Investment Trust Fund	Specific Investment Trust Fund	Total
ASSETS			
Pooled cash and investments	\$ 20,872,122		\$ 20,872,122
Other investments		90,963	90,963
Interest receivable	24,099	371	24,470
TOTAL ASSETS	<u>20,896,221</u>	<u>91,334</u>	<u>20,987,555</u>
NET POSITION			
Net position restricted for pool participants and investment trust fund	<u>\$ 20,896,221</u>	<u>91,334</u>	<u>\$ 20,987,555</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - INVESTMENT TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020 (in thousands)

	Pooled Investment Trust Fund	Specific Investment Trust Fund	Total
ADDITIONS			
Contributions to investment trust funds	\$ 50,433,464	29,019	\$ 50,462,483
Investment income	358,105	5,959	364,064
TOTAL ADDITIONS	<u>50,791,569</u>	<u>34,978</u>	<u>50,826,547</u>
DEDUCTIONS			
Distributions from investment trust funds	50,473,356	109,812	50,583,168
CHANGE IN NET POSITION	318,213	(74,834)	243,379
NET POSITION, JULY 1, 2019	<u>20,578,008</u>	<u>166,168</u>	<u>20,744,176</u>
NET POSITION, JUNE 30, 2020	<u>\$ 20,896,221</u>	<u>91,334</u>	<u>\$ 20,987,555</u>

COUNTY OF LOS ANGELES
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020 (in thousands)

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<u>PROPERTY TAX FUNDS</u>				
ASSETS				
Pooled cash and investments	\$ 373,591	79,764,970	79,658,719	\$ 479,842
TOTAL ASSETS	<u>\$ 373,591</u>	<u>79,764,970</u>	<u>79,658,719</u>	<u>\$ 479,842</u>
LIABILITIES				
Due to other governments	\$ 373,591	79,764,970	79,658,719	\$ 479,842
TOTAL LIABILITIES	<u>\$ 373,591</u>	<u>79,764,970</u>	<u>79,658,719</u>	<u>\$ 479,842</u>
<u>DEPARTMENTAL FUNDS</u>				
ASSETS				
Pooled cash and investments	\$ 1,580,171	107,786,839	107,597,802	\$ 1,769,208
Other investments	300	28,619	28,617	302
Taxes receivable	259,974	648,312	630,744	277,542
Interest receivable	122,425	56,214	123,809	54,830
TOTAL ASSETS	<u>\$ 1,962,870</u>	<u>108,519,984</u>	<u>108,380,972</u>	<u>\$ 2,101,882</u>
LIABILITIES				
Due to other governments	\$ 1,962,870	108,519,984	108,380,972	\$ 2,101,882
TOTAL LIABILITIES	<u>\$ 1,962,870</u>	<u>108,519,984</u>	<u>108,380,972</u>	<u>\$ 2,101,882</u>
<u>TOTAL AGENCY FUNDS</u>				
ASSETS				
Pooled cash and investments	\$ 1,953,762	187,551,809	187,256,521	\$ 2,249,050
Other investments	300	28,619	28,617	302
Taxes receivable	259,974	648,312	630,744	277,542
Interest receivable	122,425	56,214	123,809	54,830
TOTAL ASSETS	<u>\$ 2,336,461</u>	<u>188,284,954</u>	<u>188,039,691</u>	<u>\$ 2,581,724</u>
LIABILITIES				
Due to other governments	\$ 2,336,461	188,284,954	188,039,691	\$ 2,581,724
TOTAL LIABILITIES	<u>\$ 2,336,461</u>	<u>188,284,954</u>	<u>188,039,691</u>	<u>\$ 2,581,724</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	217
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	224
These schedules contain trend information to help the reader assess the County's most significant local revenue source, the property tax.	
DEBT CAPACITY	228
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.....	234
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.....	236
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)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
					(2)			(3)		
Governmental activities										
Net investment in capital assets (1)	\$ 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	15,304,410
Restricted	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	3,926,849
Unrestricted (deficit)	(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)	(28,834,009)
Subtotal governmental activities net position	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)	(9,602,750)
Business-type activities										
Net investment in capital assets (1)	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	2,095,825
Restricted	122,216	104,997	68,169	76,908	84,672	92,699	112,775	134,647	138,686	67,499
Unrestricted (deficit)	(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)	(4,997,187)
Subtotal business-type activities net position	1,027,850	757,071	565,397	418,406	(837,157)	(1,084,452)	(965,970)	(2,868,260)	(3,103,470)	(2,833,863)
Primary government										
Net investment in capital assets (1)	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	17,400,235
Restricted	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	3,994,348
Unrestricted (deficit)	(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)	(33,831,196)
Total primary government net position	\$ 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)	(12,436,613)

Notes:

- (1) The County adopted GASB 63 in FY 2012-13. For FY 2010-11 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)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Expenses					(2)			(3)		
Governmental activities:										
General government	\$ 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	1,571,995
Public protection	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	7,648,073
Public ways and facilities	417,250	355,527	381,211	366,582	415,586	375,295	397,231	415,805	453,758	417,325
Health and sanitation	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	5,742,957
Public assistance	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	7,235,705
Education	104,159	112,497	119,680	119,037	107,336	141,195	127,901	160,097	161,012	146,480
Recreation and cultural services	311,422	310,369	316,372	278,459	365,755	388,284	276,625	487,173	320,838	476,798
Interest on long-term debt	134,429	110,541	105,491	97,777	99,400	93,022	104,899	106,425	124,549	199,528
Subtotal governmental activities expenses	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	23,438,861
Business-type activities:										
Hospitals	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	4,844,797
Waterworks	83,592	94,651	84,824	84,499	85,479	86,463	90,517	95,301	104,906	109,259
Aviation	4,658	5,022	5,332	6,402	6,675	5,661	2,776	11,148	5,954	5,598
Los Angeles County Development Authority (1)	284,048	289,924								
Subtotal business-type activities expenses	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	4,959,654
Total primary government expenses	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	28,398,515
Program Revenues										
Governmental activities:										
Charges for services										
General government	451,082	455,062	473,047	488,685	469,598	514,167	556,361	530,893	570,425	584,296
Public protection	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	1,548,253
Health and sanitation	635,950	665,863	615,531	784,997	535,836	620,468	715,414	762,326	1,606,315	1,921,273
Recreation and cultural services	179,705	183,151	200,827	200,639	206,794	149,032	154,686	251,160	160,111	117,960
Other charges for services	82,462	103,799	51,735	55,027	46,125	48,362	41,164	53,449	62,014	57,646
Subtotal governmental activities charges for services	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	4,229,428
Operating grants and contributions	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	11,927,097
Capital grants and contributions	149,569	38,352	104,486	12,850	35,685	24,860	64,055	26,310	72,955	52,174
Total governmental activities program revenues	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	16,208,699
Business-type activities:										
Charges for services										
Hospitals	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	3,744,598
Other charges for services	72,429	81,239	75,762	78,625	77,746	83,286	81,694	90,526	89,468	91,121
Subtotal business-type activities charges for services	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	3,835,719
Operating grants and contributions	681,471	776,779	522,112	485,888	500,840	315,070	457,686	651,303	488,087	247,784
Capital grants and contributions	437	1,311	47	3,156	2,353	5,582	1,195	8,291	3,850	8,484
Total business-type activities program revenues	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	4,091,987
Total primary government program revenues	\$ 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	20,300,686

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.

Continued...

COUNTY OF LOS ANGELES
 CHANGES IN NET POSITION (UNAUDITED) - Continued
 LAST TEN FISCAL YEARS (in thousands)
(accrual basis of accounting)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Net (expenses) / revenues:										
Governmental activities	\$ (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)	(7,230,162)
Business-type activities	(949,216)	(1,117,562)	(1,010,311)	(905,866)	(568,768)	(835,827)	(666,115)	(662,771)	(919,828)	(867,667)
Total primary government net expenses	(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)	(8,097,829)
General Revenues and Transfers										
Governmental Activities:										
Taxes	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	8,559,288
Unrestricted grants and contributions	677,767	608,967	745,406	513,458	512,079	374,264	428,435	433,799	473,800	85,688
Investment income (loss)	80,746	82,271	(920)	64,354	74,220	122,763	53,363	101,730	380,361	238,439
Miscellaneous	129,963	134,827	150,957	134,611	181,119	141,146	178,922	149,384	269,931	255,931
Extraordinary Items - Net position transferred to private-purpose trust fund	(6,282)									
Transfers (Net)	(859,079)	(818,923)	(913,686)	(731,152)	(603,762)	(581,699)	(777,901)	(747,863)	(671,446)	(1,123,224)
Subtotal governmental activities	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	8,016,122
Business-type activities:										
Taxes	4,265	4,382	4,347	4,681	4,919	5,309	5,676	6,013	6,504	6,832
Unrestricted grants and contributions	41	51	37	33					32	459
Investment income (loss)	2,142	1,770	(171)	3,908	1,289	1,463	898	675	6,600	5,950
Miscellaneous	28,232	21,657	13,171	19,101	26,012	61	122	110	36	809
Transfers (Net)	859,079	818,923	913,686	731,152	603,762	581,699	777,901	747,863	671,446	1,123,224
Subtotal business-type activities	893,759	846,783	931,070	758,875	635,982	588,532	784,597	754,661	684,618	1,137,274
Total primary government	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	9,153,396
Changes in Net Position										
Governmental activities	(836,849)	(1,788,768)	(678,405)	(1,074,201)	(358,541)	(539,991)	(754,873)	(1,026,664)	261,014	785,960
Business-type activities	(55,457)	(270,779)	(79,241)	(146,991)	67,214	(247,295)	118,482	91,890	(235,210)	269,607
Total primary government	\$ (892,306)	(2,059,547)	(757,646)	(1,221,192)	(291,327)	(787,286)	(636,391)	(934,774)	25,804	1,055,567

COUNTY OF LOS ANGELES
 FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)
 LAST TEN FISCAL YEARS (in thousands)
(modified accrual basis of accounting)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
General Fund										
Nonspendable	\$ 259,127	259,597	253,836	272,007	272,384	324,555	212,281	136,890	311,958	126,630
Restricted	35,377	55,115	59,786	40,577	55,694	67,880	70,157	77,406	79,210	83,372
Committed		332,255	528,865	482,740	334,346	364,679	429,440	704,954	780,517	594,193
Assigned	763,038	405,285	376,181	538,078	491,954	446,579	494,783	480,065	620,773	696,775
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	3,017,834
Total General Fund	2,722,443	2,641,951	2,879,650	3,102,808	3,189,823	3,384,242	3,650,973	3,895,191	4,434,009	4,518,804
All Other Governmental Funds (1)										
Nonspendable	54,082	46,371	11,191	11,953	14,047	12,817	13,859	15,979	16,040	14,324
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	4,188,113
Committed	111,363	125,838	123,956	115,116	112,034	109,538	119,251	122,379	127,829	134,851
Assigned	143,704	147,775	171,992	190,659	202,283	197,022	213,021	220,586	226,468	246,725
Total All Other Governmental Funds	3,482,261	3,501,627	3,227,388	3,173,790	3,569,237	3,682,021	3,808,789	3,968,114	4,344,834	4,584,013
Total Governmental Fund Balance	\$ 6,204,704	6,143,578	6,107,038	6,276,598	6,759,060	7,066,263	7,459,762	7,863,305	8,778,843	9,102,817

Notes:

(1) "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.



COUNTY OF LOS ANGELES
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)
 LAST TEN FISCAL YEARS (in thousands)
 (modified accrual basis of accounting)

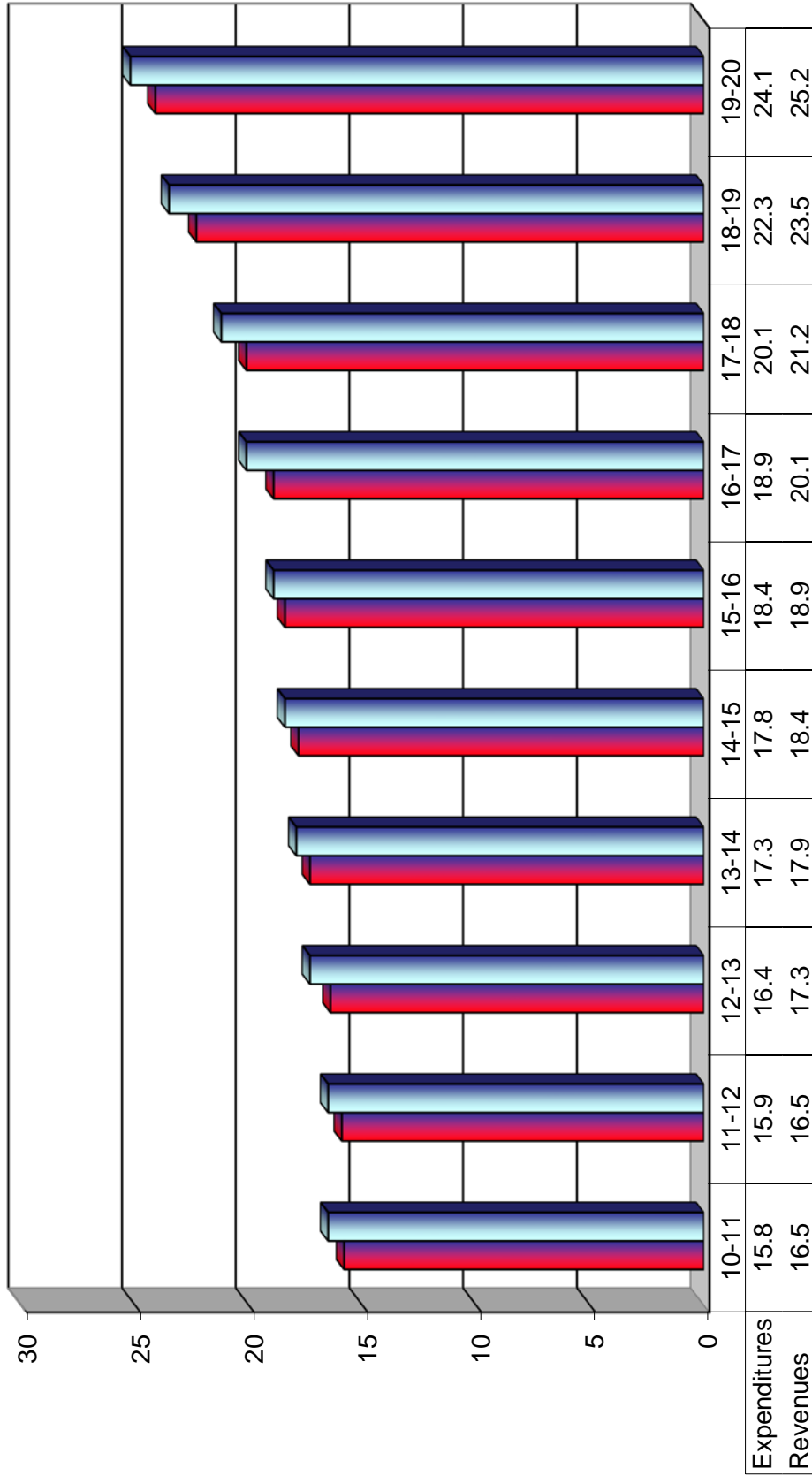
Revenues (by source)	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Taxes	\$ 4,955,254	5,104,498	5,486,739	5,772,589	6,078,449	6,350,290	6,736,037	7,330,450	8,073,428	8,387,725
Licenses, permits and franchises	80,278	83,252	91,833	91,160	92,079	93,069	98,554	98,800	102,365	110,805
Fines, forfeitures and penalties	341,143	300,310	302,310	284,318	279,246	251,321	242,837	222,072	236,611	227,304
Revenue from use of money and property:										
Investment income (loss)	80,584	81,947	(551)	64,097	73,966	122,423	57,043	102,130	379,249	237,915
Rents and concessions	111,659	114,178	118,224	124,664	133,208	134,627	157,590	149,423	161,772	151,890
Royalties	1,285	3,446	3,029	2,435	1,503	900	801	804	824	482
Intergovernmental revenues:										
Federal	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	4,713,682
State	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	7,204,006
Other	162,385	131,217	215,145	83,587	69,212	69,237	86,281	53,958	69,878	64,886
Charges for services	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	3,759,680
Miscellaneous	218,607	224,000	283,518	210,090	259,466	215,413	256,217	230,346	351,554	339,798
Total Revenues	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	25,198,173
Expenditures (by function)										
Current:										
General government	898,099	999,962	997,690	1,026,961	1,172,098	1,057,069	1,175,868	1,274,231	1,299,405	1,515,440
Public protection	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	7,768,257
Public ways and facilities	340,886	324,449	326,159	338,953	378,345	322,182	361,137	347,713	406,019	396,357
Health and sanitation	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	5,898,687
Public assistance	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	7,128,267
Education	110,550	109,159	115,750	121,237	123,723	132,397	130,056	150,032	152,112	153,282
Recreation and cultural services	302,924	299,663	319,863	346,690	357,458	376,270	401,564	447,846	441,641	483,498
Debt services:										
Principal	218,856	186,951	123,581	350,393	463,680	393,501	114,661	91,083	134,225	301,678
Interest and other charges	269,895	110,998	101,089	99,038	97,877	133,261	113,274	111,179	129,598	205,838
Capital outlay	101,592	176,197	397,807	218,498	139,228	61,518	19,997	69,646	237,052	201,510
Total Expenditures	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	24,052,814
Excess of Revenues over Expenditures	774,180	505,352	841,735	538,773	585,858	526,231	1,134,841	1,050,741	1,184,916	1,145,359
Other Financing Sources (Uses)										
Transfers in	639,472	719,565	782,464	664,819	757,897	572,677	662,781	927,210	1,558,376	1,338,201
Transfers out	(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)	(2,450,189)
Issuance of debt	326,363	192,281	293,284	366,957	461,811	305,527	34,642	75,489	541,555	632,392
Refunding bonds issued		50,675				199,885				(394,116)
Payment to refunded bonds escrow agent			3,848		27,354	(199,885)			44,179	48,516
Bond premium proceeds			2,780	1,736	866	547	404	17,661	1,586	2,016
Proceeds from capital leases	43,523	15,128	1,365	1,586	2,422	3,031	2,649	3,261	3,118	1,795
Sales of capital assets	17,732	4,733	1,365	1,586	2,422	3,031	2,649	3,261	3,118	1,795
Total other financing sources (uses)	(483,220)	(560,196)	(612,527)	(369,213)	(103,396)	(219,028)	(741,342)	(647,198)	(269,378)	(821,385)
Extraordinary item - Net position transferred to private-purpose trust fund		(6,282)								
Net change in fund balances	\$ 290,960	(61,126)	229,208	169,560	482,462	307,203	393,499	403,543	915,538	323,974
Debt service as a percentage of noncapital expenditures (1)	3.17 %	1.92 %	1.41 %	2.69 %	3.23 %	2.93 %	1.25 %	1.02 %	1.21 %	2.17 %

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 \$ 366,201 457,331 432,727 631,200 454,502 416,575 693,502 233,447 569,861 708,720

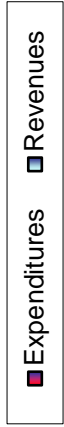
COUNTY OF LOS ANGELES

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
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	(6) 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%
2019 - 2020	1,603,606,366	64,264,989	19,711,509	(62,042,993)	1,625,539,871	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	
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
2019 - 2020	1.000000	.018084	.152695	.003500	1.174279

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 12,723 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, 2020 AND JUNE 30, 2011 (in thousands)

Taxpayer	2020			2011		
	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.	\$ 9,233,950	1	0.59%	\$ 4,573,638	1	0.46%
Douglas Emmett Residential	3,877,273	2	0.25%	3,310,574	2	0.33%
Maguire Properties	3,698,038	3	0.24%	2,543,077	4	0.25%
Southern California Gas Co.	2,994,078	4	0.19%	1,558,240	10	0.16%
Tishman Speyer / Archstone Smith / ASN	2,788,125	5	0.18%			
Chevron USA Inc. (Texaco)	2,667,639	6	0.17%	2,127,436	5	0.21%
EQR / ERP Limited	2,619,871	7	0.17%			
Pincay RE LLC Lessor	2,513,432	8	0.16%			
Universal Studios, LLC	2,294,129	9	0.15%			
Tesoro Refining and Marketing Co.	2,210,638	10	0.14%			
BP West Coast / Arco Terminal Services				2,798,203	3	0.28%
TrizecHahn Colony Square GP LLC				1,858,932	6	0.18%
Exxon Mobil Corporation				1,722,277	7	0.17%
AT&T / Pacific Bell Telephone Co.				1,718,650	8	0.17%
Verizon / MCI Communications Services				1,655,076	9	0.16%
Total	\$ 34,897,173		2.24%	\$ 23,866,103		2.37%

Note:
 (1) See schedule "Assessed Value and Actual Value of Taxable Property." Total assessed value, \$1,561,274,882 as of June 30, 2020 is based on Secured \$1,603,606,366 plus Unitary \$19,711,509 less exemptions of \$62,042,993. Total assessed value, \$1,005,726,046 as of June 30, 2011 is based on Secured \$1,040,789,623 plus Unitary \$12,120,596 less exemptions of \$47,184,173. (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		Amount	Percentage of Levy
2010 - 2011	\$ 12,651,611	97.6%	\$ 12,344,040	97.6%	\$ 307,571	\$ 12,651,611	100.0 %
2011 - 2012	12,822,884	97.9%	12,556,003	97.9%	266,881	12,822,884	100.0 %
2012 - 2013	13,286,464	98.2%	13,044,463	98.2%	223,372	13,267,835	99.9 %
2013 - 2014	13,673,951	98.4%	13,452,687	98.4%	205,401	13,658,088	99.9 %
2014 - 2015	14,394,534	98.4%	14,167,462	98.4%	184,810	14,352,272	99.7 %
2015 - 2016	14,906,832	98.6%	14,704,346	98.6%	174,374	14,878,720	99.8 %
2016 - 2017	15,750,769	98.8%	15,563,458	98.8%	168,132	15,731,590	99.9 %
2017 - 2018	16,910,307	98.7%	16,685,415	98.7%	156,245	16,841,660	99.6 %
2018 - 2019	17,927,929	98.6%	17,682,677	98.6%	147,988	17,830,665	99.5 %
2019 - 2020	19,059,924	97.6%	18,611,655	97.6%	(2)	18,611,655	97.6 %

Note:

(1) Reflects property taxes levied in prior years but collected in the current year.

(2) No amounts are shown in FY 2019-20 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)

Fiscal Year	Governmental Activities									
	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	
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	
2019-20			1,249,978	625,629	7,820	170,221			148,826	

Business-Type Activities

Fiscal Year	Business-Type Activities									
	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)	
2010-11	\$	539,072	162,212	4,791			\$	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		235	2,732,438	0.47%	266	
2017-18		724,816	259,574	31,275		165	2,797,718	0.44%	277	
2018-19		703,836	331,690	30,118		92	3,306,317	0.50%	325	
2019-20		878,306	108,021	81,153			3,270,046	0.50%	321	

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
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	10,184	1,529,882,495		0.000000	0.0000
2019-20	10,173	1,625,539,871		0.000000	0.0000

Notes:

- (1) See "Demographic and 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 Almanac: website: www.laalmanac.com/population

COUNTY OF LOS ANGELES
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED)
June 30, 2020

2019-20 Net Assessed Valuation	\$ 1,625,539,871,274
Redevelopment Incremental Valuation	221,201,325,408
Full Cash Value (2019-20)	<u>1,404,338,545,866</u> (1)
Population - (2020)	10,173,000 (2)

	Percent Applicable	Debt June 30, 2020
OVERLAPPING TAX AND ASSESSMENT DEBT:		
Metropolitan Water District	48.640	\$ 18,142,720
Los Angeles Community College District	100	4,234,460,000
Other Community College Districts	Various (3)	3,996,653,630
Arcadia Unified School District	100	217,495,890
Beverly Hills Unified School District	100	502,185,006
Glendale Unified School District	100	280,774,986
Long Beach Unified School District	100	1,473,970,702
Los Angeles Unified School District	100	10,624,010,000
Pasadena Unified School District	100	286,685,000
Pomona Unified School District	100	301,283,209
Redondo Beach Unified School District	100	209,071,206
Santa Monica-Malibu Unified School District	100	566,375,232
Torrance Unified School District	100	468,959,196
Other Unified School Districts	Various (3)	4,362,803,807
High School and School Districts	Various (3)	2,174,739,694
City of Los Angeles	100	729,520,000
City of Industry	100	58,520,000
Other Cities	100	45,565,000
Community Facilities Districts	100	676,142,353
1915 Act and Benefit Assessment Bonds - Estimate	100	126,385,232
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$ 31,353,742,863</u>
Less: Los Angeles Unified School District General Obligation Bonds, Election of 2005 Series H & J Qualified School Construction Bonds: amount accumulated in Interest and Sinking Fund and set aside for repayment		
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT		<u>(27,330,000)</u>
DIRECT GENERAL FUND DEBT:		
Los Angeles County General Fund Obligations	100	\$ 2,202,474,000 (4)
Subtotal Direct General Fund Obligation Debt		<u>\$ 2,202,474,000</u>
OVERLAPPING GENERAL FUND DEBT:		
Los Angeles County Office of Education Certificates of Participation	100	\$ 5,182,434
Community College District Certificates of Participation	Various (5)	22,166,255
Baldwin Park Unified School District Certificates of Participation	100	28,470,000
Compton Unified School District Certificates of Participation	100	31,180,000
Los Angeles Unified School District Certificates of Participation	100	164,430,000
Paramount Unified School District Certificates of Participation	100	27,860,000
Other Unified School District Certificates of Participation	Various (5)	181,094,081
High School and Elementary School District General Fund Obligations	Various (5)	162,688,236
City of Beverly Hills General Fund Obligations	100	100,800,000

COUNTY OF LOS ANGELES
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED) - Continued
June 30, 2020

City of Carson Pension Obligation Bonds	100	108,020,000
City of El Monte Pension Obligation Bonds	100	118,725,000
City of Inglewood Pension Obligation Bonds	100	188,171,302
City of Los Angeles General Fund and Judgment Obligations	100	1,430,854,980
City of Long Beach General Fund Obligations and Pension Obligation Bonds	100	121,765,000
City of Montebello Pension Obligation Bonds	100	153,425,000
City of Pasadena General Fund Obligations	100	406,342,944
City of Pasadena Pension Obligation Bonds	100	136,820,000
Other Cities' General Fund Obligations and Pension Obligation Bonds	100	1,728,735,850
Los Angeles County Sanitation Districts Financing Authority	100	55,590,000
Antelope Valley Hospital District General Fund Obligations	100	8,360,512
Subtotal Overlapping General Fund Debt		\$ 5,180,681,594
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$ 7,383,155,594
Less: Los Angeles Unified School District Qualified Zone Academy Bonds supported by investment funds and economically defeased certificates of participation		(9,623,000)
Cities' supported bonds		(426,549,940)
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$ 6,946,982,654
OVERLAPPING TAX INCREMENT DEBT (SUCCESSOR AGENCIES)		\$ 2,896,202,470
GROSS COMBINED TOTAL DEBT		\$ 41,633,100,927 (6)
NET COMBINED TOTAL DEBT		\$ 41,169,597,987
TOTAL GROSS DIRECT DEBT		\$ 2,202,474,000
TOTAL NET DIRECT DEBT		\$ 2,202,474,000
TOTAL GROSS OVERLAPPING DEBT		\$ 39,430,626,927
TOTAL NET OVERLAPPING DEBT		\$ 38,967,123,987
<u>RATIOS TO 2019-20 NET ASSESSED VALUATION</u>		
Total Overlapping Tax and Assessment Debt		1.93 %
<u>RATIOS TO FULL CASH VALUE</u>		
Gross Combined Direct Debt (\$2,202,474,000)		0.16 %
Net Combined Direct Debt (\$2,202,474,000)		0.16 %
Gross Combined Total Debt		2.96 %
Net Combined Total Debt		2.93 %
<u>RATIOS TO REDEVELOPMENT INCREMENTAL VALUATION</u>		
Total Overlapping Tax Increment Debt		1.31 %

Notes:

- (1) This balance is reduced by homeowners exemptions of \$7,161,834,137.
- (2) Yearly estimates from the Los Angeles Almanac.
- (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) Includes Certificates of Participation and Bonds, Notes, Loans and Other Debt, and Capital Leases.
- (5) 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.
- (6) 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
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%
2019 - 2020	1,625,539,871	20,319,248		20,319,248	100.00%

COMPUTATION OF LEGAL DEBT MARGIN

June 30, 2020

Assessed valuation (net taxable)	1,625,539,871
Applicable percentage in computing capacity	1.25 %
Total debt limit	\$ 20,319,248
Less: Total net applicable debt	
Legal debt margin, June 30, 2020	\$ 20,319,248

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		Total Debt Service	Coverage	Special Assessment Collection	Debt Service		Total Debt Service	Coverage
		Principal	Interest				Principal	Interest		
2010-11	\$ 713,746	\$ 1,735,000	\$ 1,424,409	\$ 3,159,409	0.23	\$ 80,152,000	\$ 25,375,000	\$ 10,514,544	\$ 35,889,544	2.23
2011-12	679,673	1,860,000	1,359,346	3,219,346	0.21	79,484,000	26,560,000	9,270,388	35,830,388	2.22
2012-13	637,823	2,010,000	1,275,646	3,285,646	0.19	80,380,000	27,855,000	7,925,013	35,780,013	2.25
2013-14	591,361	2,165,000	1,182,721	3,347,721	0.18	80,455,000	29,255,000	6,497,263	35,752,263	2.25
2014-15	545,354	2,325,000	1,090,709	3,415,709	0.16	80,090,000	30,735,000	4,997,513	35,732,513	2.24
2015-16 (1)						28,889,000	32,270,000	3,422,388	35,692,388	0.81
2016-17						28,899,000	11,715,000	2,312,925	14,027,925	2.06
2017-18						125,567,000	12,320,000	1,691,856	14,011,856	8.96
2018-19						28,655,000	12,955,000	1,038,725	13,993,725	2.05
2019-20 (2)						867,000	13,620,000	351,975	13,971,975	0.06

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.

(2) Regional Park and Open Space Special Assessment Bonds Series 2005A and 2007A have been paid off as of October 1, 2019.

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 *
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	628,809,000	62,221	1,493	4.6%
2019	10,184 (3)	658,900,000 (3)	64,700 (3)	1,464	4.5% (3)
2020	10,173 (4)	654,900,000 (4)	64,376	1,437	4.3% (5)

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 October 2020.
- (5) Amount is a projection as of February 2020, prior to the COVID-19 pandemic.

Sources:

- * 2011-2020: Los Angeles Economic Development Corporation Economic Forecast: website address: www.laedc.org.
- 2019-2020: Los Angeles Almanac: website address: www.laalmanac.com/population
- 2019-2020: UCLA Anderson Los Angeles County Long Term Forecast as of October 2020.
- ** 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, 2020			June 30, 2011		
	Number of Employees	Rank	Percentage of Total	Number of Employees	Rank	Percentage of Total
Educational & Health Services	799,800	1	19.47 %	670,900	2	16.96 %
Trade, Transportation and Utilities	777,000	2	18.92 %	749,600	1	18.95 %
Professional & Business Services	590,100	3	14.37 %	530,600	4	13.41 %
Government	579,300	4	14.10 %	581,700	3	14.70 %
Leisure & Hospitality	378,600	5	9.22 %	396,600	5	10.02 %
Manufacturing	314,700	6	7.66 %	376,100	6	9.51 %
Financial Activities	218,600	7	5.32 %	210,300	7	5.32 %
Information	178,400	8	4.34 %	190,900	8	4.82 %
Construction	146,100	9	3.56 %	104,100	10	2.63 %
Other Services	118,900	10	2.90 %	137,000	9	3.46 %
Ten largest industries	4,101,500		99.86 %	3,947,800		99.78 %
All other industries	5,700		0.14 %	8,500		0.22 %
Total industries	4,107,200		100.00 %	3,956,300		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)	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
General Government	10,831	10,680	10,578	10,528	10,571	10,764	10,902	11,093	11,378	11,399
Public Protection (3)	35,428	35,433	33,702	33,556	33,537	33,664	33,694	32,877	32,850	32,920
Health and Sanitation	26,133	26,029	25,839	26,431	27,144	27,703	28,639	30,351	31,457	32,122
Public Assistance	20,280	20,043	19,963	20,346	20,808	21,376	21,913	21,963	22,015	22,023
Education	1,481	1,431	1,459	1,442	1,432	1,475	1,496	1,467	1,480	1,502
Recreation and Cultural Services	2,761	2,812	2,811	2,853	2,839	2,898	2,931	2,991	2,996	2,895
Total	96,914	96,428	94,352	95,156	96,331	97,880	99,575	100,742	102,176	102,861

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 TIME1, 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)	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
General Government										
Assessor - Number of re-appraisable transfers processed	158,643	149,864	146,369	150,006	138,322	137,918	137,818	137,842	122,658	127,266
Auditor-Controller - Number of warrants issued monthly (2)	220,649	230,243	222,142	215,210	189,729	177,203	177,256	170,648	177,148	162,027
Registrar-Recorder - Number of registered voters	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	7,168,621
Public Protection										
Sheriff - Inmate population (3)	15,300	16,400	18,710	18,951	19,041	16,740	16,713	17,114	16,797	15,914
Sheriff - Crime rate total (4)	246.84	252.13	252.20	231.93	235.6	250.30	262.34	242.17	230.23	211.39
Probation - Juvenile halls/camps population (5)	2,385	2,354	2,004	1,635	1,438	1,270	1,193	1,070	859	788
Health and Sanitation										
Health Services - Average daily inpatient census (6)	1,321	1,263	1,234	1,213	1,212	1,171	1,157	1,113	1,145	1,153
Health Services - Outpatient visits (7)	2,811,000	2,970,000	3,161,000	3,339,000	2,793,000	3,013,000	2,654,000	2,797,000	2,866,000	2,979,000
Mental Health - Number of outpatient services to children and youth (8)	62,732	69,708	73,513	73,062	61,111	78,930	27,204	36,589	38,523	36,906
Public Assistance										
Children and Family Services - Child protective services caseloads	521,600	539,700	533,500	540,200	533,400	507,900	504,700	502,500	494,900	495,900
Children and Family Services - Adoption caseloads	24,500	23,900	23,800	23,700	22,700	22,300	22,200	22,400	22,900	23,200
Public Social Services - Average persons aided monthly thru CalWorks (9)	442,200	438,400	428,100	422,800	410,100	397,200	325,600	310,600	281,000	268,800
Public Social Services - Average number of indigents aided monthly	106,600	108,100	104,800	104,800	97,100	93,100	79,800	87,900	87,900	89,100
Community and Senior Services - Number of vulnerable adults served	30,654	33,187	36,788	37,779	38,558	42,341	44,692	47,696	44,703	44,338
Education										
LA County Library - Number of items which circulate to the public (10)	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	4,263,635
Recreation and Culture										
Museum of Art - Total education program participants (11)	423,560	487,297	512,658	502,269	530,163	526,919	554,799	512,343	524,206	488,754
Museum of Natural History - Annual attendance (11)	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	739,269
Parks and Recreation - Total passive and active park users (12)	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	5,818,520

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 spent in jail in FY 2019-20 has increased to 63.5 days as compared to an average of 60 days in FY 2018-19.
 - Represents number of offenses per 10,000 residents and refers to most serious crimes.
 - FY 2019-20 figure reflects thirteen 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 a 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) FY 2014-15 data went down due to weeding process. FY 2019-20 data went down due to temporary business/facility closure caused by the COVID-19 pandemic.
- (11) FY 2019-20 data went down due to temporary business/facility closure caused by the COVID-19 pandemic.
- (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. FY 2019-20 data went down due to temporary business/facility closure caused by the COVID-19 pandemic.

Sources:
2020-2021 Recommended County Budget and Departments

COUNTY OF LOS ANGELES
 CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM (UNAUDITED)
 LAST TEN FISCAL YEARS

Function / Program (1)	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Public Protection										
Animal Shelters (2)	6	6	6	6	6	6	7	7	7	7
Public ways and facilities										
Mileage of maintained County roads	3,219	3,218	3,206	3,187	3,187	3,187	3,185	3,185	3,289	3,290
Miles of unincorporated County bikeways	148	148	162	171	182	175	179	186	203	210
Airports	5	5	5	5	5	5	5	5	5	5
Dams	14	14	15	14	14	14	14	14	14	14
Storm drains, in miles	3,070	3,100	3,200	3,331	3,348	3,357	3,380	3,399	3,399	3,399
Flood pump stations	45	48	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	17	17	17	17	17	17	17	19	19
Education										
Libraries (4)	85	84	85	85	86	86	87	87	87	86
Bookmobiles	5	4	3	3	3	3	3	3	3	3
Recreation and Cultural services										
Museums (5)	5	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	20	20	20	20	20	20
Beaches	15	15	15	15	15	15	15	15	15	15
Boat Slips	4,700	4,700	4,700	4,700	4,700	4,614	4,602	4,579	4,524	4,463

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 and was closed in FY 2019-20
- (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:

2019-20 Recommended Budget book, Department of Animal Care and Control website, Department of Health Services website, Department of Parks and Recreation website and Department of Beaches and Harbor website.