



County of Los Angeles, California Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2021
Arlene Barrera • Auditor-Controller

**County of Los Angeles, California
Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2021**

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

COUNTY OF LOS ANGELES, CALIFORNIA
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 FOR THE YEAR ENDED JUNE 30, 2021
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COUNTY OF LOS ANGELES DEPARTMENT OF AUDITOR-CONTROLLER

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AUDITOR-CONTROLLER

OSCAR VALDEZ
CHIEF DEPUTY AUDITOR-CONTROLLER

ASSISTANT AUDITOR-CONTROLLERS

KAREN LOQUET
CONNIE YEE

December 15, 2021

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

Members of the Board and Citizens of County of Los Angeles:

In accordance with Section 25253 of the Government Code of California, I hereby submit the Annual Comprehensive Financial Report (ACFR) of the County of Los Angeles for the year ended June 30, 2021. 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 is 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 Securitization Corporation
Sewer Maintenance Districts	Los Angeles County Facilities, Inc.
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 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 of Supervisors (Board), each of whom is elected by residents from their respective supervisorial districts to serve a four-year term, with the potential to be elected for up to two additional four-year terms. The Assessor, District Attorney, and Sheriff are also elected officials that serve four-year terms, but are not subjected to term limits. All other departments are headed by appointed officials.

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

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

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

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

ECONOMIC OVERVIEW

With a Gross Domestic Product of \$807 billion in 2020, 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 Coronavirus Disease 2019 Pandemic (COVID-19) created many challenges in 2020 for the County's economy, which experienced negative growth for the first time since the Great Recession (2009), with a decrease in economic output of 1.5% as measured by gross product. Taxable sales also decreased by an estimated 10.1%, however, personal income grew by an estimated 7.3% in 2020. COVID-19 caused the closure of many business in 2020, and resulted in significant job losses to the County. The average unemployment rate rose to 13.6%, which was up significantly from 4.5% in 2019. The unemployment rate is expected to decline in future years, however the unpredictability of new COVID-19 variants continues to make economic recovery difficult to predict.

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 provided continued support to the 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 185,800 workers in 2020.

INTERNAL AND BUDGETARY CONTROLS

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

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

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

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

In addition to these procedural controls, the Auditor-Controller's (A-C) Audit Division performs periodic internal control, operational, and management audits of various County departments. On an annual basis, an audit plan is recommended by the A-C and approved by the County's Audit Committee, an oversight group appointed by the Board. 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 2021-22 Budget of \$36.2 billion focuses on expanding and sustaining extensive safety net services to the most vulnerable, while also supporting the County's equity-focused programs and initiatives. The American Rescue Plan provides the County with funding of \$1.9 billion to be spent over three years to help residents, and areas of the County most impacted by COVID-19 and most affected by poverty.

NEWLY FUNDED PROGRAM INITIATIVES

Outlined below are examples of significant program initiatives that were funded or augmented by the FY 2021-22 Budget process:

- Funding of \$100.0 million to begin the three-year phase-in period to fund direct community investments and alternatives to incarceration under the Cares First and Community Investment Program.
- Funding of \$28.2 million to the Department of Children and Family Services to implement the Family First Prevention Act (FFPSA). FFPSA aims to prevent children from entering foster care by allowing federal reimbursement for mental health services, substance use treatment, and in-home parenting skills training. It also seeks to improve the well-being of children already in foster care by incentivizing states to reduce placement of children in congregate care.
- Additional funding of \$19.1 million and 80 positions, fully offset with State funding, to continue the transition of the federal certification, State licensing, and investigation of complaints and reported incidents from the State to the Department of Public Health.
- Additional funding of \$16.6 million to fund Measure H strategies, for a total of \$426.7 million. Proposed focus areas include increasing and sustaining the supply of interim housing beds and motel vouchers, and increased funding for Permanent Supporting Housing services.

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 2021-22 Budget allocates \$1.3 billion for continued development, design and construction of capital projects in support of Board-directed

priorities. This investment will improve the County's ability to serve the public and protect the County's real estate portfolio.

The Capital Projects budget reflects a decrease of \$618.4 million in comparison with the previous year's budget. The County continues to refurbish and construct new facilities to promote the effective delivery of services to the public. During FY 2020-21, there was an emphasis on housing the homeless population, resulting in the acquisition and renovation of ten motel properties (Project Homekey) at a cost of \$104.0 million.

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 ten percent (10%) of on-going 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.

The County’s policies for use of the Reserve are not within the definition of a stabilization arrangement under GAAP. Therefore, the Reserve is classified as General Fund unassigned fund balance in the GAAP financial statements. As of June 30, 2021, the Reserve balance was \$718.0 million, and was increased to \$731.9 million during the FY 2021-22 adopted budget.

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 2020-21. The County’s single audit for FY 2019-20 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 ACFR for the past 39 fiscal years.

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

The Honorable Members of the Board of Supervisors and
Citizens of County of Los Angeles
December 15, 2021
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ACKNOWLEDGMENTS

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

Sincerely,

A handwritten signature in black ink that reads "Arlene Barrera". The signature is written in a cursive, flowing style.

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, 2020

Christopher P. Morill

Executive Director/CEO

COUNTY OF LOS ANGELES
BOARD OF SUPERVISORS AND PRINCIPAL COUNTY OFFICIALS
AS OF JUNE 30, 2021

BOARD OF SUPERVISORS

Hilda L. Solis, Chair
First District

Holly J. Mitchell
Second District

Sheila Kuehl
Third District

Janice Hahn
Fourth District

Kathryn Barger
Fifth District

Celia Zavala
Executive Officer
Board of Supervisors

PRINCIPAL COUNTY OFFICIALS

Jeffrey Prang
Assessor

George Gascón
District Attorney

Alex Villanueva
Sheriff

Fesia A. Davenport
Chief Executive Officer

Keith Knox
Treasurer and Tax Collector

Arlene Barrera
Auditor-Controller

Rodrigo Castro-Silva
County Counsel

COUNTY OF LOS ANGELES

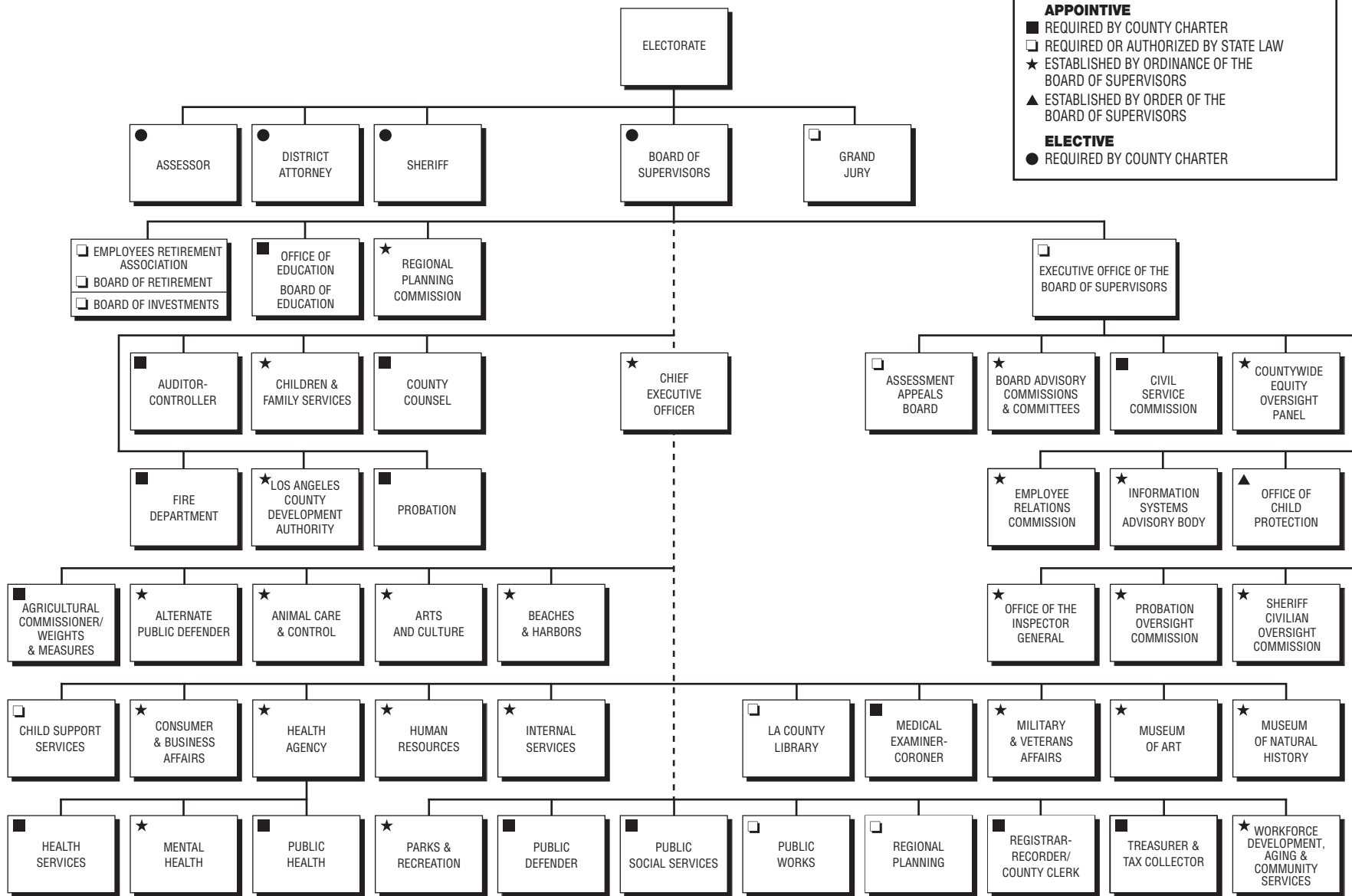
LEGEND

APPOINTEE

- 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



ix.





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, 2021, 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	73%	74%	19%

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, 2021, 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 Matters

As discussed in Note 2 to the basic financial statements, effective July 1, 2020, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

As discussed in Note 21 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, 2021, the County reported \$1.19 billion in advances payable (unearned revenues) related to these advances. Our opinions are 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 15, 2021

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2021**

This section of the County's Annual Comprehensive Financial Report (ACFR), formerly referred as the Comprehensive Annual Financial Report, presents a narrative overview and analysis of financial activities for the year ended June 30, 2021. The County early implemented Governmental Accounting Standards Board Statement (GASB) No. 98, "*The Annual Comprehensive Financial Report*" (GASB 98), and replaced the new term and acronym to the ACFR. 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 \$12.918 billion. Net position is classified into three categories and the unrestricted component was negative \$35.004 billion.

During the current year, the County's net position decreased by \$482 million. Net position related to governmental activities decreased by \$622 million, while net position related to business-type activities increased by \$140 million.

At the end of the current year, the County's General Fund reported a total fund balance of \$4.934 billion. The fund balance categories and amounts consisted of nonspendable fund balance of \$225 million, restricted fund balance of \$55 million, committed fund balance of \$597 million, assigned fund balance of \$791 million, and \$3.266 billion of unassigned fund balance.

The County's capital asset balances were \$20.723 billion at year-end and increased by \$733 million during the year.

During the current year, the County's total long-term debt increased by \$492 million. Newly issued and accreted long-term debt of \$959 million was more than the long-term debt maturities of \$467 million.

Overview of the Basic Financial Statements

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

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

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

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2021**

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, 2021

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** - During the current year, the County implemented GASB Statement No. 84, "*Fiduciary Activities*" (GASB 84). These funds are used to account for resources held for the benefit of parties outside the County. The fiduciary funds category are reported in the Pension and Other Postemployment Benefit Trust Funds, the Investment Trust Fund, and Custodial Funds (formerly referred as Agency Funds) using the economic resources measurement focus and the accrual basis of accounting. Since the resources of these funds are not available to support the County's own programs, they are not reflected in the government-wide financial statements.

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, 2021**

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 \$12.918 billion at the close of the most recent fiscal year.

Summary of Net Position
As of June 30, 2021 and 2020 (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 17,185,410	\$ 14,602,673	\$ 3,295,402	\$ 2,797,820	\$ 20,480,812	\$ 17,400,493
Capital assets	17,603,915	16,905,953	3,118,699	3,083,994	20,722,614	19,989,947
Total assets	<u>34,789,325</u>	<u>31,508,626</u>	<u>6,414,101</u>	<u>5,881,814</u>	<u>41,203,426</u>	<u>37,390,440</u>
Deferred outflows of resources	13,404,038	7,735,216	2,103,974	1,106,895	15,508,012	8,842,111
Current and other liabilities	6,123,568	4,755,867	710,873	861,869	6,834,441	5,617,736
Long-term liabilities	47,944,269	39,445,607	9,363,234	7,705,603	57,307,503	47,151,210
Total liabilities	<u>54,067,837</u>	<u>44,201,474</u>	<u>10,074,107</u>	<u>8,567,472</u>	<u>64,141,944</u>	<u>52,768,946</u>
Deferred inflows of resources	4,350,095	4,645,118	1,137,747	1,255,100	5,487,842	5,900,218
Net position:						
Net investment in capital assets	15,649,484	15,304,410	2,071,584	2,095,825	17,721,068	17,400,235
Restricted	4,297,717	3,926,849	66,423	67,499	4,364,140	3,994,348
Unrestricted (deficit)	<u>(30,171,770)</u>	<u>(28,834,009)</u>	<u>(4,831,786)</u>	<u>(4,997,187)</u>	<u>(35,003,556)</u>	<u>(33,831,196)</u>
Total net position	<u>\$ (10,224,569)</u>	<u>\$ (9,602,750)</u>	<u>\$ (2,693,779)</u>	<u>\$ (2,833,863)</u>	<u>\$ (12,918,348)</u>	<u>\$ (12,436,613)</u>

COUNTY OF LOS ANGELES
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FOR THE YEAR ENDED JUNE 30, 2021

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 \$2.583 billion for governmental activities. There was an increase of \$3.363 billion in pooled cash and investments, largely due to the improved cash position of the County's General Fund of \$2.629 billion, which was mainly attributable to \$1.186 billion of Coronavirus Disease 2019 (COVID-19) federal and State funds, \$679 million for public assistance, and \$575 million for health and mental health programs. In addition, there was an increase in pooled cash and investments in the Capital Projects funds, Mental Health Services Act fund, and the Safe, Clean Water Program Measure W funds by \$200 million, \$176 million, and \$125 million, respectively, at year-end. Other receivables were lower by \$158 million from the prior year primarily in the General Fund.

For business-type activities, current and other assets increased by \$498 million. The business-type activities pooled cash and investments and internal balances increased by \$562 million and \$522 million, respectively, from the prior year, primarily from an increase in the hospital county subsidy and COVID-19 revenues. This was offset by a decrease in accounts receivable and other receivables of \$578 million and \$18 million, respectively, from the prior year, primarily from a decrease in Global Payment Program revenues.

Deferred Outflows of Resources

In the current year, the County's deferred outflows of resources balances were \$15.508 billion. The deferred outflows of resources were \$13.404 billion and \$2.104 billion for governmental and business-type activities, respectively. The total deferred outflows of resources amounts and net increases of \$6.666 billion were mostly related to pension and OPEB RHC. The total OPEB related deferred outflows increased by \$1.807 billion and \$358 million for governmental and business-type activities, respectively, from the prior year. The net OPEB RHC increases of \$1.545 billion and \$280 million for governmental and business-type activities, respectively, were primarily from the assumption changes due to a lower discount rate from 4.69% to 3.78%, as discussed in Note 8 to the basic financial statements. The total pension related deferred outflows increased by \$3.864 billion and \$639 million for governmental and business-type activities, respectively, from the prior year. The pension amounts vary from year to year due to differences between projected and actual experience, assumption changes and changes in proportion.

Liabilities

Current and other liabilities increased by \$1.368 billion for governmental activities primarily from advances payable, which increased by \$1.454 billion. Of this amount, \$1.193 billion was attributable to COVID-19 federal funds received in advance as an advances payable, as discussed in Note 21. Accounts payable decreased by \$113 million for amounts owed for the year-end expenditure accruals. Accrued payroll was higher by \$28 million due to increases in amounts owed for the year-end payroll accruals. For business-type activities, a net decrease of \$151 million in current and other liabilities was largely associated with a decrease in accounts payable by \$163 million for amounts owed at year-end.

Long-term liabilities increased by \$8.499 billion and \$1.658 billion for governmental and business-type activities, respectively. Net OPEB liabilities significantly increased by \$2.901 billion and \$546 million for governmental and business-type activities, respectively. As previously stated, the increase in the net OPEB liability was primarily from the assumptions changes due to a lower discount rate from 4.69% to 3.78%. Net pension liabilities increased in the current year by \$5.005 billion and \$829 million for governmental and business-type activities, respectively, which was due to the net difference between the

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2021

Liabilities-Continued

projected and actual investment earnings and the change in assumptions. For governmental activities, liabilities for bonds payable, notes, loans, accrued compensated absences, workers' compensation and litigation and self-insurance were higher by \$443 million. For business-type activities, amounts owed to third party payors by the County's hospitals were higher by \$177 million as discussed in Note 13. Specific disclosures related to pension liabilities, OPEB liabilities, and other changes in long-term liabilities are discussed and referenced in Notes 7, 8, and 10 to the basic financial statements, respectively.

Deferred Inflows of Resources

In the current year, the County's deferred inflows of resources were \$5.488 billion. Deferred inflows of resources decreased by \$295 million and \$117 million for governmental and business-type activities, respectively. The total OPEB RHC related deferred inflows decreased by \$115 million and \$77 million for governmental and business-type activities, respectively, from the prior year. 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 \$170 million and \$40 million for governmental and business-type activities, respectively. Pension and OPEB matters are discussed in more detail in Note 7 and 8, 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 \$1 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 6.

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, \$17.721 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 \$4.364 billion. Asset restrictions are primarily due to external restrictions imposed by State legislation and bond covenants. Net position that pertains to the various separate legal entities included in the basic financial statements is also generally restricted because the entities' funding sources require that funds be used for specific purposes.

Unrestricted Net Position (Deficit)

The County's total unrestricted net position is negative \$35.004 billion. Both governmental and business-type activities reported deficits in this category of \$30.172 billion and \$4.832 billion, respectively. OPEB related liabilities of \$29.368 billion, along with pension liabilities totaling \$17.395 billion, continued to be the most significant factors associated with the reported deficits.

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FOR THE YEAR ENDED JUNE 30, 2021**

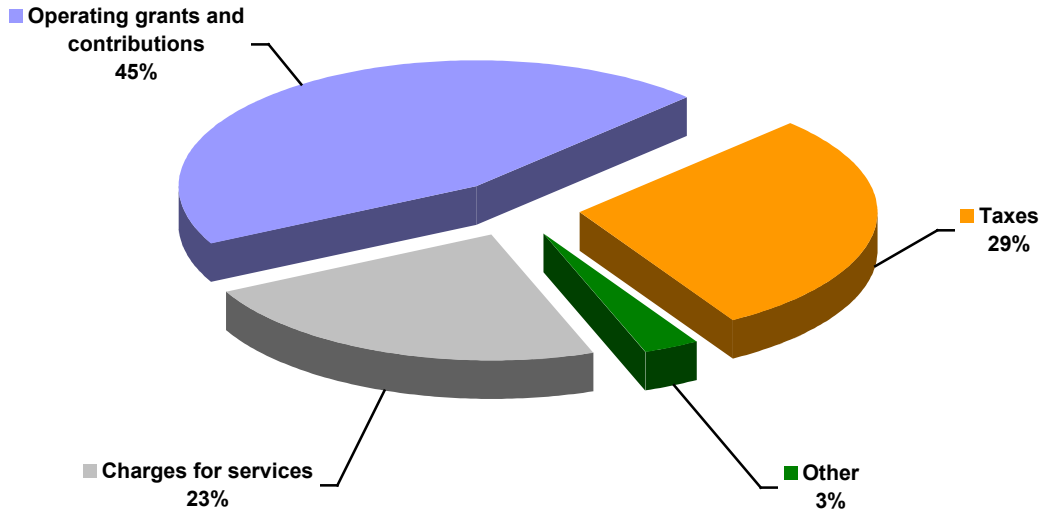
The following table details and identifies changes in net position for governmental and business-type activities:

Summary of Changes in Net Position
For the Years Ended June 30, 2021 and 2020
(in thousands)

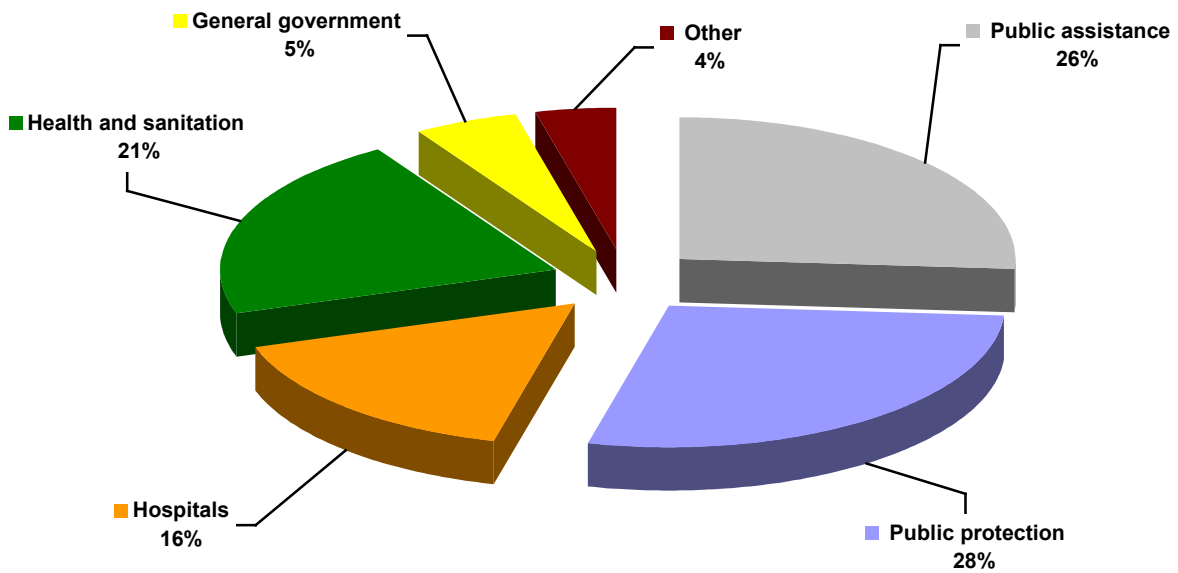
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 4,000,030	\$ 4,229,428	\$ 3,429,366	\$ 3,835,719	\$ 7,429,396	\$ 8,065,147
Operating grants and contributions	13,861,166	11,927,097	364,408	247,784	14,225,574	12,174,881
Capital grants and contributions	56,073	52,174	15,467	8,484	71,540	60,658
General revenues:						
Taxes	9,218,814	8,559,288	8,302	6,832	9,227,116	8,566,120
Unrestricted grants and contributions	571,163	85,688	746	459	571,909	86,147
Investment earnings (loss)	(32,284)	238,439	(1,090)	5,950	(33,374)	244,389
Miscellaneous	205,748	255,931	299	809	206,047	256,740
Total revenues	27,880,710	25,348,045	3,817,498	4,106,037	31,698,208	29,454,082
Expenses:						
General government	1,767,441	1,571,995			1,767,441	1,571,995
Public protection	8,963,490	7,648,073			8,963,490	7,648,073
Public ways and facilities	471,131	417,325			471,131	417,325
Health and sanitation	6,729,312	5,742,957			6,729,312	5,742,957
Public assistance	8,304,610	7,235,705			8,304,610	7,235,705
Education	174,937	146,480			174,937	146,480
Recreation and cultural services	514,751	476,798			514,751	476,798
Interest on long-term debt	107,106	199,528			107,106	199,528
Hospitals			5,030,015	4,844,797	5,030,015	4,844,797
Waterworks			110,955	109,259	110,955	109,259
Aviation			6,195	5,598	6,195	5,598
Total expenses	27,032,778	23,438,861	5,147,165	4,959,654	32,179,943	28,398,515
Excess (deficiency) before transfers	847,932	1,909,184	(1,329,667)	(853,617)	(481,735)	1,055,567
Transfers	(1,469,751)	(1,123,224)	1,469,751	1,123,224		
Change in net position	(621,819)	785,960	140,084	269,607	(481,735)	1,055,567
Net position - beginning	(9,602,750)	(10,388,710)	(2,833,863)	(3,103,470)	(12,436,613)	(13,492,180)
Net position - ending	<u>\$ (10,224,569)</u>	<u>\$ (9,602,750)</u>	<u>\$ (2,693,779)</u>	<u>\$ (2,833,863)</u>	<u>\$ (12,918,348)</u>	<u>\$ (12,436,613)</u>

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

REVENUES BY SOURCE – ALL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021



EXPENSES BY TYPE – ALL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021



COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2021

Governmental Activities

Revenues from governmental activities increased by \$2.533 billion (10.0%) 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 \$1.934 billion, which was primary attributable to \$1.626 billion of COVID-19 federal and State revenues. For health and sanitation programs, there was net revenue growth of \$827 million with \$734 million attributed to COVID-19 federal and State revenues. COVID-19 federal and State revenues from public health programs was \$388 million, correctional health services was \$169 million, community health programs was \$143 million, and mental health programs was \$34 million. Revenues for public assistance programs grew by \$677 million of which \$565 million was from COVID-19 federal and State revenues, as there were higher levels of administrative and program reimbursable costs. Revenue from general government was higher by \$329 million, of which \$280 million was from COVID-19 federal and State revenues. Revenues for public protection programs increased by \$28 million for COVID-19 federal and State revenues and \$83 million for non-COVID federal and State revenue primarily associated with the Sheriff's department.
- Taxes, the County's largest general revenue source, were \$660 million higher than the prior year and were mostly attributable to property taxes and sales and other taxes, which grew by \$581 million and \$79 million, respectively. The County's total taxable assessed property tax value is \$1.724 trillion, which grew by 6.07% 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 \$448 million and increased by \$84 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 \$423 million, an increase of \$145 million compared to the prior year. Revenues also increased by \$44 million from the sales and use taxes in the Homeless and Housing Measure H program and \$31 million from the documentary transfer taxes due to an improved real estate market.
- Unrestricted grants and contributions were \$485 million higher than the prior year. The increase was primarily attributable to Assembly Bill (AB85), where the County was subject to the State withholding revenue known as "1991 Health Realignment Funds". In the current year, the County evaluated the estimated amount owed to the State and determined we did not owe funds to the State at year-end. Accordingly, the revenue increased by \$495 million in the unrestricted grants and contributions.

Expenses related to governmental activities increased by \$3.594 billion (15.3%) during the current year. This was primarily attributable to an increase in salary and employee benefit expenses of \$3.266 billion and operating expenses of \$328 million. The salary and employee benefit expenses increase was largely attributable to an increase in the OPEB and pension expenses of \$2.177 billion and \$486 million, respectively, in all functional categories. In addition, there were general salary increases for salaries and wages, which grew by \$487 million. The increase in the operating expenses was primarily from health and sanitation, public assistance, and public protection by \$325 million, \$144 million, and \$97 million, respectively. Health and sanitation operating expenses were primarily higher due to an increase public health programs and community health program expenses by \$268 million and \$168 million, respectively, which was offset by a decline in mental health program expenses of \$94 million. Public assistance operating expenses primarily grew from the homeless and affordable housing programs of \$431 million and children and public social services programs of \$77 million, which was offset by lower litigation and self-insurance expenses of \$306 million. Public protection operating expenses were higher from the

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2021

Governmental Activities-Continued

Safe, Clean Water Program Measure W of \$119 million and offset with lower expenses for the Sheriff and Probation departments of \$26 million. General government operating expenses were lower by \$181 million due to lower litigation and self-insurance, inventory and election expenses of \$60 million, \$51 million, and \$44 million, respectively. Interest on long-term debt was \$107 million, a decrease of \$92 million from the prior year. Depreciation expense was \$465 million in the current year, an increase of \$8 million from the prior year amount of \$457 million.

Business-type Activities

Revenues from business-type activities for the current year were \$3.817 billion, an decrease of \$289 million (7.0%) from the previous year. The most significant decrease was in charges for services by \$406 million which was offset by an increase in operating grants and contributions by \$117 million for the County's hospitals. The decrease in charges for services can be primarily attributed to an decrease in Global Payment Program (GPP) revenue of \$670 million and offset by Medi-Cal Managed Care Rate Supplement revenue increase of \$297 million. GPP revenues declined from the prior year since the amount to be claimed is subject to how much the workload impacted by the COVID-19 pandemic can be factored into the GPP reporting, which is subject to federal approval. The increase in Medi-Cal Managed Care Rate Supplement revenues was due to an increase in the Federal Medical Assistance Percentage (FMAP) and enrollments to the managed care program. Operating grants and contributions increase was attributed to \$121 million from federal Provider Relief Funds. As discussed in Note 13 to the basic financial statements, County hospital revenues are derived from a wide range of federal and State funding sources.

Expenses related to business-type activities increased from the previous year by a net total of \$188 million (3.8%), and were associated primarily with the County's hospitals, where expenses increased by \$185 million. RHC OPEB, pension, and general salary increases were higher by \$390 million, \$82 million, and \$79 million, respectively. In addition, there was an increase of \$189 million for services and supplies and professional services related to the COVID-19 pandemic. This was offset by a decline in intergovernmental transfer expense of \$557 million. For all hospital facilities, the average daily inpatient census during the current year was 1,137 patients, which was higher than the 1,081 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 \$10.136 billion, an increase of \$1.033 billion in comparison with the prior year. Of the total fund balances, \$239 million is nonspendable to indicate the extent that funds are not in spendable form or are required to remain intact. An additional \$4.850 billion is classified as restricted, \$733 million as

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Governmental Funds-Continued

committed, and \$1.048 billion as assigned. The remaining balance of \$3.266 billion is classified as unassigned and is entirely associated with the General Fund.

Revenues from all governmental funds for the current year were \$27.776 billion, an increase of \$2.578 billion (10.2%) from the previous year. Expenditures for all governmental funds in the current year were \$26.019 billion, an increase of \$1.966 billion (8.2%) from the previous year. In addition, net other financing uses were \$724 million, a decrease of \$97 million (11.8%) as compared to \$821 million in the prior year.

The General Fund is the County's principal operating fund. During the current year, the fund balance in the General Fund increased by \$415 million (9.2%). At the end of the current fiscal year, the General Fund's total fund balance was \$4.934 billion. Of this amount, \$225 million is classified as nonspendable, \$55 million as restricted, \$597 million as committed, \$791 million as assigned and the remaining \$3.266 billion is classified as unassigned.

General Fund revenues during the current year were \$23.283 billion, an increase of \$2.305 billion (11.0%) from the previous year. General Fund expenditures during the current year were \$22.255 billion, an increase of \$1.556 billion (7.5%) from the previous year. Net other financing sources/uses was negative \$613 million in the current year as compared to negative \$194 million in the prior year.

Following are significant changes in General Fund revenues and expenditures:

- Intergovernmental revenues increased by \$2.024 billion overall, and were primarily associated with State and federal revenue increases of \$911 million and \$1.107 billion, respectively. The County recognized \$1.611 billion of State and federal revenues related to the COVID-19 pandemic. The AB85 amount owed was zero for the current year which resulted in a \$501 million increase in State realignment revenue. Other State and federal revenue growth was attributable to higher levels of reimbursable program and administrative costs in the Sheriff's department of \$113 million and social services programs of \$65 million. This was offset by lower levels of reimbursable program and administrative costs in the health administration programs of \$127 million, registrar-recorder programs of \$102 million, and ambulatory care network programs of \$78 million. The remaining variance was a net increase of \$41 million.
- Revenues from taxes increased by \$573 million and were primarily associated with an increase in property taxes of \$539 million and other taxes of \$34 million. The property taxes increase was primarily associated with growth in assessed property values of \$318 million. Residual property tax revenues, which are associated with redevelopment dissolution, were \$352 million in the current year, \$120 million higher than the prior year. Property tax growth was also reflected in "pass through" property tax revenues, which were \$71 million higher in the current year. Documentary transfer taxes increased other taxes by \$31 million fueled by low interest rates in the real estate market and the County median home prices saw record highs in this fiscal year.
- Investment loss resulted in an increase of \$164 million due to a decline in interest earnings and the fair value change in investments at year-end of \$80 million and \$84 million, respectively, which was primarily from a decrease in market yields throughout the fiscal year.

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FOR THE YEAR ENDED JUNE 30, 2021

Governmental Funds-Continued

- General Fund expenditures increased by a total of \$1.556 billion, or 7.5%. Current expenditures increased by \$1.560 billion, and debt service and capital outlay expenditures were slightly lower by \$4 million. The most significant increase in current expenditures was reflected in public assistance programs, where expenditures grew by \$1.005 billion. This was primarily due to an increase of \$199 million for salary and employee benefit expenditures and \$796 million for increased spending on programs, including \$282 million for affordable housing programs, \$240 million for economic and senior assistance programs, \$196 million for homeless and housing programs, and \$79 million for public assistance and children and family assistance. General government spending increased by \$303 million and was primarily associated with \$87 million for economic development programs to assist small businesses during the COVID-19 pandemic and \$214 million for costs associated with capital improvements. Health and sanitation programs costs were higher by \$241 million. This was primarily from expenditures for salary and employee benefit increases of \$139 million and \$279 million for public health programs costs in response to the COVID-19 pandemic. This was offset by lower costs of \$94 million for ambulatory care network and community health programs and \$94 million for mental health programs. Public protection program costs were higher by \$19 million, of which \$15 million was to support new programs, the Eviction Defense and Prevention Program and Self-Help Legal Access Center, in the Department of Consumer and Business Affairs.

The Fire Protection District reported a year-end fund balance of \$214 million, which represented an increase of \$42 million in fund balance compared to the previous year increase of \$25 million, resulting in a net difference of \$17 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 \$111 million, of which \$74 million was related to property taxes and primarily associated with growth in assessed property values, and \$43 million for contract cities services. This was offset by \$8 million in lower federal and State revenues. Expenditures were higher by \$101 million, of which salaries and employee benefits and capital outlay costs increased by \$91 million and \$20 million, respectively, and offset by \$10 million in a decrease of services and supplies costs.

The Flood Control District reported a year-end fund balance of \$499 million, which represented an increase of \$17 million in fund balance compared to the previous year decrease of \$5 million, resulting in a net difference of \$22 million. The change in fund balance was primarily due to lower transfers out of \$22 million to the Safe, Clean Water Program Measure W Special Revenue Fund for infrastructure improvement projects to support flood protection and water conservation. Revenues and expenditures were nearly the same as the previous year.

The LA County Library Fund reported a year-end fund balance of \$109 million, which represented an increase of \$12 million in fund balance compared to the previous year increase of \$10 million, resulting in a net difference of \$2 million. The LA County Library operations were significantly impacted by the COVID-19 pandemic. Revenues increased by \$6 million, of which \$8 million was related to property taxes associated with growth in assessed valuation, and \$5 million in federal and State revenues. This was offset by \$5 million in lower charges for services and miscellaneous revenues due to the library closures and loss of \$2 million in interest. Expenditures were nearly the same as the previous year.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2021

Governmental Funds-Continued

The Regional Park and Open Space District reported a year-end fund balance of \$517 million, which represented an increase of \$67 million in fund balance compared to the previous year increase of \$46 million, resulting in a net difference of \$21 million. The net change in fund balance was primarily attributable to a reduction of investment income of \$10 million and a decrease in expenditures of \$30 million from delays of issuing 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 \$11 million and expenditures were lower by \$32 million.

The Mental Health Services Act (MHSA) Fund reported a year-end fund balance of \$1.097 billion, which represented a increase of \$215 million in fund balance compared to the previous decrease of \$57 million, resulting in a net difference of \$272 million. Current year revenues were higher by \$227 million, primarily from an increase in State revenues, while transfers out were lower by \$45 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 14 to the basic financial statements. The amount of subsidy, per facility, ranged from \$145 million for the Olive-View UCLA Medical Center to \$607 million for the LAC+USC Medical Center. The total subsidy amount was \$1.252 billion 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 \$883 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 (\$123 million), Harbor-UCLA Medical Center (\$52 million), and Olive-View UCLA Medical Center (\$40 million). The total current year amount of \$215 million in Measure B transfers was the same as the prior year.

Waterworks Funds reported year-end net position of \$776 million, which was \$4 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 \$11 million, operating expenses were higher by \$2 million, and nonoperating revenue/(expenses) were lower by \$2 million.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2021**

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 15 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 \$241 million in the General Fund's available (unassigned) fund balance from the previous year.

Budgetary Summary - Revenues/Financing Sources

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

<u>Category</u>	Increase (Decrease) From Original Budget	Final Budget Amount	Actual Amount	Variance- Positive (Negative)
Taxes	\$ 233,584	\$ 6,789,890	\$ 6,884,252	\$ 94,362
Intergovernmental revenues	814,447	13,628,914	13,159,893	(469,021)
Charges for services	73,031	3,189,985	2,800,767	(389,218)
All other revenues	29,682	509,848	592,928	83,080
Other sources and transfers in	24,875	1,323,369	952,779	(370,590)
Total	\$ 1,175,619	\$ 25,442,006	\$ 24,390,619	\$ (1,051,387)

Changes from Amounts Originally Budgeted

During the year, net increases in budgeted revenues and other financing sources were approximately \$1.176 billion. The most significant changes occurred in the following areas:

- The estimated revenue for "Intergovernmental revenues" increased by \$814 million. The increase is primarily from COVID-19 federal and State revenues, which is associated with \$281 million for the Department of Public Health pandemic-related activities, \$156 million to mitigate and respond to the pandemic in the jail medical facilities, \$120 million for Rent Relief Assistance and Small Business Recovery Programs, \$119 million for the Employee Assistance Grant and Elderly Nutrition Programs, and \$23 million for Food and Nutrition programs. In addition, there were an increase of \$92 million in public safety augmentation sales tax revenue for the Sheriff's department. The remaining net budget increases of \$23 million were related to a variety of federal and State funded programs.
- The budget for tax revenues increased by \$234 million. The \$234 million increase was primarily 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.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2021

Changes from Amounts Originally Budgeted-Continued

- The estimated revenue for "Charge for services" increased by \$73 million. The increase is primarily from the ambulatory care network, which is associated with improved Medi-Cal managed care revenues from the COVID-19 pandemic of \$60 million and Registrar-Recorder 2021 special election revenues of \$14 million. There were \$1 million of net budget decreases in charges for services.

Actual Revenues/Financing Sources Compared with Final Budget Amounts

Actual revenues and other financing sources recognized by the General Fund were approximately \$24.391 billion. This amount was \$1.051 billion, or 4.1%, 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 \$469 million lower than the amount budgeted. Approximately \$358 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 \$178 million were not realized for various capital improvements and disaster recovery programs, as these initiatives were not completed prior to year-end. Mental and public health programs accounted for approximately \$158 million, which experienced lower than anticipated reimbursable costs and correspondingly lower than expected revenues not associated with the pandemic. This was offset by higher revenue from the ambulatory care network and sheriff's department. The ambulatory care network services increased by \$132 million primarily from the Quality Incentive Program and Provider Relief Fund revenues. As previously discussed, the public safety augmentation sales tax revenues were higher by \$92 million for the Sheriff's department. The were net increases of \$1 million from a variety of programs.
- Actual charges for services were \$389 million lower than the amount budgeted. The decrease was primarily attributable to \$327 million and \$135 million of costs associated with ambulatory care network and public health programs, respectively, which experienced lower than anticipated reimbursable costs for charges for services due to the shift of resources to respond to the COVID-19 pandemic. This was offset by higher revenue from the Sheriff's department and the non-department central revenue budget. The Sheriff's department experienced an increase in revenues for housing justice-involved individuals awaiting transfer to the California Department of Corrections and Rehabilitation due to the COVID-19 pandemic by \$45 million. Approximately \$22 million were higher for reimbursements to recover the County's central services costs from the County hospitals and contract cities. There were net increases of \$6 million from a variety of other programs.
- The actual amount of "other sources and transfers in" was \$371 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 \$217 million lower than budgeted. In addition, "transfers in" totaling \$70 million were assumed in the budget for capital improvements and extraordinary building maintenance projects, which did not incur expected costs. Costs associated with Probation, Sheriff, and Consumer Protection departmental programs funded by the Other Public Protection Special Revenue Funds were \$47 million less than budgeted. The "transfers in" for the housing for health program, funded by the Homeless and Housing Measure H nonmajor special revenue fund, were \$11 million less than

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2021**

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

budgeted. There were various other sources and transfers that comprised the remaining variance of \$26 million.

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	\$ (233,347)	\$ 2,408,591	\$ 1,559,327	\$ 849,264
Public protection	219,670	6,438,246	6,181,927	256,319
Health and sanitation	82,035	6,692,996	6,133,056	559,940
Public assistance	362,449	8,637,971	7,965,194	672,777
All other expenditures	165,145	1,947,387	931,418	1,015,969
Transfers out	350,856	1,353,143	1,351,668	1,475
Contingencies	212,095	234,208		234,208
Fund balance changes-net	16,716	(73,662)	27,305	(100,967)
Total	\$ 1,175,619	\$ 27,638,880	\$ 24,149,895	\$ 3,488,985

Changes from Amounts Originally Budgeted

During the year, net increases in General Fund appropriations and fund balance component changes were approximately \$1.176 billion. The most significant changes occurred in the following areas:

- Public assistance appropriations were increased by \$362 million. The increase in appropriation was primarily to support the County's Coronavirus Relief Fund Spending Plan, which included an increase of \$187 million to provide rent relief and small businesses negatively impacted by COVID-19, \$119 million to provide food and nutrition to the seniors and individuals who have food insecurities and Small Business Assistance programs, and \$23 million to provide supportive housing through "Project Room Key" for homeless individuals and families. In addition, there was an increase in appropriation of \$34 million to provide social services to support the "Project Room Key" clients. There were net decreases of \$1 million for other public assistance programs.
- Public protection appropriations were increased by \$220 million. Law enforcement appropriations were increased by \$219 million which was funded by provisional financing uses and other revenues for the Sheriff's department operations costs which includes increases in salaries and employee benefits, services and supplies, legal settlements, and costs for the operation of body scanners. The Consumer and Business Affairs appropriation increased by \$17 million for COVID-19 grant programs to small businesses and community-based organizations providing reentry and diversion services and to expand the Los Angeles County Eviction Defense Program. Probation appropriations were increased by \$8 million to help provide mental health, custodial, and security services, various alternations and improvements at the probation camps, and COVID-19 related expenditures. This was offset by a reduction in appropriation for the unspent Tobacco Settlement funds in the federal and State disaster budget by \$35 million. There were net increases of \$11 million for other public protection programs.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2021

Changes from Amounts Originally Budgeted-Continued

- Appropriations for "transfers out" were increased by \$351 million. The increase was primarily attributable to augmenting the amount of fund transfers from the General Fund to the various Hospital Enterprise Funds by \$356 million. The remaining variance of \$5 million was from transfers out to various other funds.
- General government appropriations decreased by \$233 million. The decrease was largely attributable to appropriations not associated with specific County departments. Provisional appropriations decreased by \$298 million and were transferred to fund the Sheriff's department operation costs, "Project Room Key" homeless and housing programs, and community programs. In addition, \$33 million shifted funds for extraordinary maintenance to capital projects, and there was an appropriation increase of \$64 million to support the Small Business Recovery Programs, Food Nutrition programs, and distance learning due to the COVID-19 pandemic. In addition, an appropriation increase of \$28 million for the Registrar-Recorder associated with the 2020 Presidential and special elections during the current year. There were net increases of \$6 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 \$3.489 billion (12.6%) lower than the final total budget of \$27.639 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 \$1.016 billion less than the budgeted amount. Of this variance, \$998 million was in the capital outlay category and was related to numerous capital improvements anticipated in the budget that remained in the planning and development stages and did not incur expenditures during the year. Most of the unused balance has been re-established in the following year's budget to ensure the continuity of the projects, many of which are multi-year in nature.
- The general government function reported actual expenditures that were \$849 million less than the amount budgeted. Of this amount, \$456 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 \$181 million were due to the hiring freeze and vacancies. The Board of Supervisors had budgetary savings of \$109 million to be spent in future years for various community projects. The County Counsel and Judgments and Damages budget units had budgetary savings of \$56 million due to lower than anticipated attorney and legal settlements costs. The Chief Executive Office had budgetary savings of \$18 million due to lower than anticipated COVID-19 related program costs. The Assessor's Office had a budgetary savings of \$17 million associated with delays in the Assessor Modernization Project. The remaining net increase of \$12 million was spread across the general government departments and was mostly related to savings in the areas of services and supplies.
- Actual public assistance expenditures were \$673 million lower than the final budget. Social services, children and family, and workforce development, aging, and community programs were lower than budgeted by \$297 million, \$189 million, and \$28 million, respectively. Administrative cost savings in these areas were due to lower than anticipated costs for professional, contracted, and information technology services, and the budgetary spending freeze. There were also direct program savings associated with lower than anticipated caseloads. In addition, there were salaries and employee benefits savings of \$72 million due to the hiring freeze, hiring delays and

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2021**

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

vacancies. The remaining variance of \$87 million was related to homeless and housing programs due to delays in carrying out multi-year projects.

- Actual public protection expenditures were \$256 million less than the budgeted amount. Salaries and employee benefits savings of \$131 million were due to the hiring freeze and vacancies. The Sheriff and Probation departments had budgetary savings of \$41 million due to the budgetary freeze in purchasing non-essential expenditures. The Diversion and Reentry budget unit had a budgetary savings of \$30 million for programs not fully implemented and will be utilized next year for housing support. The federal and State Disaster budget unit had budgetary savings of \$22 million to be spent on COVID-19 pandemic projects, which were carried over to the following fiscal year. Trial Court operations had a budgetary savings of \$15 million due to the closure of their court facilities due to COVID-19 pandemic and lower than anticipated indigent defense aid cases. The remaining variance of \$17 million was related to other public protection programs.
- Overall expenditures for the health and sanitation category were \$560 million less than the budgeted amount. Specifically, the budgetary savings were from the mental health, ambulatory care network, and public health programs of \$215 million, \$184 million, and \$153 million, respectively, due to lower than anticipated costs for professional, contracted, and information technology services, and the budgetary spending freeze. There was also \$86 million from salaries and employee benefits savings from the hiring freeze, hiring delays, and vacancies. This was offset with \$71 million in the health service administration budget for services provided to other County General Fund departments. The remaining variance of \$7 million was due to higher 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, 2021, were \$20.723 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 5 to the basic financial statements.

The total increase in the County's capital assets (net of depreciation) for the current fiscal year was \$733 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	\$ 7,700,595	\$ 7,649,058	\$ 51,537
Buildings and improvements	5,689,879	5,724,949	(35,070)
Infrastructure	4,123,744	4,201,735	(77,991)
Equipment	643,373	638,867	4,506
Software	224,488	271,428	(46,940)
Capital assets, in progress	2,340,535	1,503,910	836,625
Total	<u>\$ 20,722,614</u>	<u>\$ 19,989,947</u>	<u>\$ 732,667</u>

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2021

The County's major capital asset initiatives during the current year continued to focus on new facilities and major improvements. The most significant increase in capital assets was in Capital assets, in progress, which increased by \$837 million. Governmental activities for construction-in-progress increased by \$778 million and were primarily for public protection of \$81 million, health and sanitation of \$480 million, public assistance of \$56 million, and recreation and cultural services of \$136 million. The governmental activities major construction projects included the Martin Luther King, Jr. Behavioral Health Center, Vermont Corridor County Administration Building, Los Angeles County Museum of Art Building for the Permanent Collection, Vignes Street Housing, and the Olive View-UCLA Medical Center, Rancho Los Amigos National Rehabilitation Center, and LAC+USC Medical Center Residential Treatment Program projects. In addition, there were capitalized software-in-progress costs of \$25 million for the Assessor's Modernization Project Phase 4 and \$10 million for the Registrar-Recorder/County Clerk's Voting System for All People Tally System Enhancement.

During the current year, software and building and improvement capital assets declined from the prior year. However, under buildings and improvements, the County acquired ten motel properties through the "Homekey" Program, totaling \$74 million of capitalized costs in building and improvements, to be used as interim and permanent supportive housing for people experiencing homelessness. In addition, \$31 million were for the acquisition of Land for "Homekey", which contributed to the increase of Land and easements.

Business-type activities capital assets, in progress, increased by \$59 million. The major construction-in-progress was \$38 million at the Rancho Los Amigos National Rehabilitation Center for various projects, including the Harriman Building Renovation and Recuperative Care Center. There were also \$16 million of construction-in-progress costs at Harbor-UCLA Medical Center for various projects, including the new Outpatient/Support Building and the Electrical Switchgear Replacement, and \$14 million of construction-in-progress costs at Olive View-UCLA Medical Center for various projects, including the Recuperative Care Center.

As of June 30, 2021, there were \$59 million of capital asset commitments outstanding.

Debt Administration

During the current year, the County's liabilities for long-term debt, including accreted interest, increased by \$492 million, as newly issued debt and accretions of \$959 million were more than the debt maturities of \$467 million. Specific changes related to governmental and business-type activities are presented in Note 10 to the basic financial statements.

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

- New debt of \$427 million (including bond premium proceeds) was issued to finance the construction of the Los Angeles County Museum of Art Building Project.
- Lease Revenue Obligation Notes (LRON) of \$504 million were issued for governmental and business-type activities in the amounts of \$297 million and \$207 million, respectively. For governmental activities, debt was issued to finance renovations for a behavioral health center, social services and probation buildings, beach and park facilities, libraries, residential treatment centers, and various general government buildings. For business-type activities, debt was issued to finance hospital improvements.
- New debt of \$23 million was issued to finance the acquisition of equipment for governmental activities. Equipment debt totaling \$50 million was redeemed during the year in accordance with maturity schedules.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2021**

In addition to the above borrowing, the County continued to finance General Fund cash flow shortages occurring periodically during the fiscal year by selling \$1.200 billion in tax and revenue anticipation notes. The notes matured and were redeemed on June 30, 2021.

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+

During the current year, the County's bond ratings and outlook remained the same as the previous year. The Regional Park and Open Space District bonds matured on October 1, 2019 and are no longer reflected in the schedule of ratings.

Economic Conditions and Outlook

Los Angeles County passed the one-year mark in its response to the unprecedented COVID-19 public health emergency and ensuing economic crisis. The County's 2021-2022 Budget reflects the County's values and vision, and provides a transitional spending plan that balances the need to equitably address our current critical needs while maintaining our ability to focus on our fundamental regional safety net responsibilities. The Board of Supervisors adopted the County's 2021-2022 Budget on June 28, 2021. The Budget was adopted based on estimated fund balances that would be available at the end of 2020-2021. The Board updated the Budget on October 5, 2021, to reflect final 2020-2021 fund balances and other pertinent financial information. For the County's General Fund, the 2021-2022 Budget utilized \$2.438 billion of fund balance, which exceeded the previously estimated fund balance of \$1.541 billion. Of the additional fund balance of \$897 million, \$232 million was used to carryover lapsed appropriations and ensure the continuity of funded program initiatives. The remaining \$665 million was primarily used to fund programs for the Cares First, Jails Last initiative and Alternatives to Incarceration; affordable housing and homelessness; community and equity investments; funding to respond to the COVID-19 pandemic; the support of older adults, children and families; jobs and economic development; arts and cultural programs; invest in the election systems; information technology and productivity investments; sustainability and energy efficiency projects; enhancing public safety; and investing in public assets.

The County's budget continues to reflect the County's long-standing commitment to responsible and sustainable fiscal practices. As the economy recovers, the County is forecasting increases in a variety of locally generated revenues along with increases in statewide sales tax revenue. We are forecasting an increase of 3.7 percent to the property tax assessment roll based on slower than projected growth in the Consumer Price Index and declines in the assessed valuation of commercial properties such as offices, hotels, and retail spaces due to the business closures and people working from home due to the COVID-19 pandemic. Increases in statewide sales tax collections is due primarily to a projected rise in consumer spending and pent up demand as the various sectors of the economy reopen. There are also some increases in unavoidable costs in salary and employee benefits for cost of living and bonuses, higher retirement contribution rates, health insurance premiums, and the restoration of the deferred compensation match to County employees. 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

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2021

future budget recommendations that support the needs of County residents and advance the Board's priorities.

The County's budget outlook continues to be influenced by the fiscal condition and outlook of the State of California. The State Legislative Analyst's Office (LAO) reports that despite the ongoing global COVID-19 pandemic and its disparate health and economic impact to the State, revenues are growing at historic rates. The LAO estimates that the State will have a potential surplus of \$31 billion in FY 2022-2023. The immediate key budget issue for the State is to monitor the State Appropriations Limit and how that impacts their budget decisions for FY 2022-2023. The LAO is also cautiously optimistic on whether the revenue growth can continue to grow and be sustainable in the future. For the longer term, the LAO recommends the State examine its budget condition and assess its capacity for new commitments, such as spending increases or tax reductions. Under the current economic conditions, the LAO estimates that the existing projected budget surplus will be able to add capacity and consider increasing reserves in future budget years. Health and human services programs are subject to considerable challenges and uncertainty as the State depends on information from the federal government or State executive branch.

The County's budget outlook is also influenced by federal legislation and grants. The American Rescue Plan of 2021 (ARP) Coronavirus State and Local Government Fiscal Recovery Funds (Fiscal Recovery Funds) was signed into federal law on March 11, 2021 to speed up the country's recovery from the economic and health effects of the COVID-19 pandemic and ongoing recession. The County is expected to receive about \$1.95 billion in Fiscal Recovery Funds in two tranches. The first tranche, \$975 million, was received on May 19, 2021 and the second tranche is expected to be paid in May, 2022. On July 27, 2021, the County approved the ARP Fiscal Recovery Funds Spending Plan. The spending plan totals \$975 million across three strategic pillars: (1) \$568 million for equity-based investments to position the County to recover better than before the pandemic; (2) \$240 million to support an equitable and inclusive recovery; and (3) \$167 million to preserve the County's fiscal stability and shore up our safety net programs. The ARP funds are to be used to cover eligible costs between March 3, 2021 and December 31, 2024 and be expended by December 31, 2026.

On November 15, 2021, the Infrastructure Investment and Jobs Act was signed into federal law and will rebuild America's roads, bridges and rails, expand access to clean drinking water, ensure every American has access to high-speed internet, tackle climate crisis, advance environmental justice, and invest in communities that have too often been left behind was signed in federal law. The budgetary impact 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, 2021 (in thousands)

	PRIMARY GOVERNMENT			DISCRETELY PRESENTED COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
ASSETS				
Pooled cash and investments: (Notes 1 and 4)				
Operating	\$ 8,091,440	796,182	\$ 8,887,622	\$ 646,087
Other	5,035,710	195,035	5,230,745	
Total pooled cash and investments	13,127,150	991,217	14,118,367	646,087
Other investments (Note 4)	83,253		83,253	280,907
Taxes receivable	341,327	797	342,124	
Accounts receivable - net (Note 13)		1,761,506	1,761,506	26,699
Interest receivable	15,014	560	15,574	189
Other receivables (Note 13)	3,774,186	98,243	3,872,429	67,454
Internal balances (Note 14)	(294,570)	294,570		
Inventories	137,775	39,768	177,543	13,004
Restricted assets (Note 4)	1,275	108,741	110,016	8,487
Capital assets: (Notes 1, 5 and 9)				
Capital assets, not being depreciated	9,594,929	446,201	10,041,130	94,787
Capital assets, net of accumulated depreciation	8,008,986	2,672,498	10,681,484	86,393
Total capital assets	17,603,915	3,118,699	20,722,614	181,180
TOTAL ASSETS	34,789,325	6,414,101	41,203,426	1,224,007
DEFERRED OUTFLOWS OF RESOURCES (Note 19)	13,404,038	2,103,974	15,508,012	15,862
LIABILITIES				
Accounts payable	814,460	411,185	1,225,645	76,551
Accrued payroll	553,841	105,949	659,790	
Other payables	101,823	11,775	113,598	9,647
Accrued interest payable	14,818	18,428	33,246	
Advances payable	4,638,626	163,536	4,802,162	18,094
Long-term liabilities: (Note 10)				
Due within one year	1,387,540	532,833	1,920,373	6,167
Due in more than one year	46,556,729	8,830,401	55,387,130	96,176
TOTAL LIABILITIES	54,067,837	10,074,107	64,141,944	206,635
DEFERRED INFLOWS OF RESOURCES (Note 19)	4,350,095	1,137,747	5,487,842	2,400
NET POSITION				
Net investment in capital assets	15,649,484	2,071,584	17,721,068	147,246
Restricted for:				
Capital projects	42,911		42,911	
Debt service		66,423	66,423	472
Permanent funds - nonspendable	2,125		2,125	
Permanent funds - spendable	86		86	
General government	225,233		225,233	
Public protection	1,086,300		1,086,300	
Public ways and facilities	838,198		838,198	
Health and sanitation	1,390,812		1,390,812	
Recreation	520,468		520,468	
Community development				514,223
First 5 LA				315,695
Other	191,584		191,584	
Unrestricted (deficit)	(30,171,770)	(4,831,786)	(35,003,556)	53,198
TOTAL NET POSITION (DEFICIT) (Note 3)	\$ (10,224,569)	(2,693,779)	\$ (12,918,348)	\$ 1,030,834

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, 2021 (in thousands)

FUNCTIONS	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT:				
Governmental activities:				
General government	\$ 1,767,441	666,991	499,411	46,127
Public protection	8,963,490	1,638,907	1,980,707	9,915
Public ways and facilities	471,131	34,698	272,405	31
Health and sanitation	6,729,312	1,532,582	4,507,994	
Public assistance	8,304,610	9,071	6,567,913	
Education	174,937	3,264	11,508	
Recreation and cultural services	514,751	114,517	21,228	
Interest on long-term debt	107,106			
Total governmental activities	<u>27,032,778</u>	<u>4,000,030</u>	<u>13,861,166</u>	<u>56,073</u>
Business-type activities:				
Hospitals	5,030,015	3,327,525	362,756	
Waterworks	110,955	97,332	1,475	169
Aviation	6,195	4,509	177	15,298
Total business-type activities	<u>5,147,165</u>	<u>3,429,366</u>	<u>364,408</u>	<u>15,467</u>
Total primary government	<u>\$ 32,179,943</u>	<u>7,429,396</u>	<u>14,225,574</u>	<u>71,540</u>
DISCRETELY PRESENTED COMPONENT UNITS	<u>\$ 1,054,197</u>	<u>31,394</u>	<u>930,644</u>	<u>4,285</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 loss

Miscellaneous

TRANSFERS - NET

Total general revenues and transfers

CHANGE IN NET POSITION

NET POSITION (DEFICIT), JULY 1, 2020

NET POSITION (DEFICIT), JUNE 30, 2021

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
\$ (554,912)		\$ (554,912)		PRIMARY GOVERNMENT:
(5,333,961)		(5,333,961)		Governmental activities:
(163,997)		(163,997)		General government
(688,736)		(688,736)		Public protection
(1,727,626)		(1,727,626)		Public ways and facilities
(160,165)		(160,165)		Health and sanitation
(379,006)		(379,006)		Public assistance
(107,106)		(107,106)		Education
(9,115,509)		(9,115,509)		Recreation and cultural services
				Interest on long-term debt
				Total governmental activities
	(1,339,734)	(1,339,734)		Business-type activities:
	(11,979)	(11,979)		Hospitals
	13,789	13,789		Waterworks
	(1,337,924)	(1,337,924)		Aviation
(9,115,509)	(1,337,924)	(10,453,433)		Total business-type activities
				Total primary government
			\$ (87,874)	DISCRETELY PRESENTED COMPONENT UNITS
7,982,185	7,367	7,989,552		GENERAL REVENUES:
45,514		45,514		Taxes:
484,225		484,225		Property taxes
114,272		114,272		Utility users taxes
30,925		30,925		Voter approved taxes
561,693	935	562,628		Documentary transfer taxes
				Other taxes
571,163	746	571,909		Sales and use taxes, levied by the State
(32,284)	(1,090)	(33,374)	(611)	Grants and contributions not restricted to special programs
205,748	299	206,047	130	Investment loss
(1,469,751)	1,469,751			Miscellaneous
8,493,690	1,478,008	9,971,698	(481)	TRANSFERS - NET
(621,819)	140,084	(481,735)	(88,355)	Total general revenues and transfers
(9,602,750)	(2,833,863)	(12,436,613)	1,119,189	CHANGE IN NET POSITION
\$ (10,224,569)	(2,693,779)	\$ (12,918,348)	\$ 1,030,834	NET POSITION (DEFICIT), JULY 1, 2020
				NET POSITION (DEFICIT), JUNE 30, 2021

COUNTY OF LOS ANGELES
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021 (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 4)					
Operating	\$ 2,708,928	222,156	577,636	109,983	521,775
Other	4,947,872	17,467	3,570	2,432	1,686
Total pooled cash and investments	<u>7,656,800</u>	<u>239,623</u>	<u>581,206</u>	<u>112,415</u>	<u>523,461</u>
Other investments (Note 4)	3,351			117	
Taxes receivable	243,220	51,011	16,122	7,431	1,941
Interest receivable	10,468	137	524	92	463
Other receivables	3,405,432	53,247	7,532	1,627	3,103
Due from other funds (Note 14)	600,132	2,038	23,846	4,806	12
Advances to other funds (Note 14)	18,084		6,404		
Inventories	117,370	11,216	1	324	
TOTAL ASSETS	<u>12,054,857</u>	<u>357,272</u>	<u>635,635</u>	<u>126,812</u>	<u>528,980</u>
DEFERRED OUTFLOWS OF RESOURCES (Note 19)					
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 12,054,857</u>	<u>357,272</u>	<u>635,635</u>	<u>126,812</u>	<u>528,980</u>
LIABILITIES					
Accounts payable	\$ 684,009	4,415	6,641	2,810	
Accrued payroll	481,556	44,143		4,915	
Other payables	94,890	2,546		509	
Due to other funds (Note 14)	489,473	35,253	36,060	4,024	8,903
Advances payable	4,500,312		82,285		
Third party payor (Notes 10 and 13)	181,002				
TOTAL LIABILITIES	<u>6,431,242</u>	<u>86,357</u>	<u>124,986</u>	<u>12,258</u>	<u>8,903</u>
DEFERRED INFLOWS OF RESOURCES (Note 19)	<u>689,891</u>	<u>57,123</u>	<u>11,280</u>	<u>5,389</u>	<u>2,638</u>
FUND BALANCES (Note 20)					
Nonspendable	225,233	11,216	1	324	
Restricted	55,061	202,576	499,269	31,894	517,439
Committed	597,337				
Assigned	790,573		99	76,947	
Unassigned	3,265,520				
TOTAL FUND BALANCES	<u>4,933,724</u>	<u>213,792</u>	<u>499,369</u>	<u>109,165</u>	<u>517,439</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 12,054,857</u>	<u>357,272</u>	<u>635,635</u>	<u>126,812</u>	<u>528,980</u>

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

MENTAL HEALTH SERVICES ACT	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
			ASSETS
			Pooled cash and investments: (Notes 1 and 4)
\$ 1,257,551	2,630,060	\$ 8,028,089	Operating
717	52,412	5,026,156	Other
1,258,268	2,682,472	13,054,245	Total pooled cash and investments
	79,785	83,253	Other investments (Note 4)
	21,602	341,327	Taxes receivable
1,129	2,110	14,923	Interest receivable
	216,342	3,687,283	Other receivables
11,707	60,170	702,711	Due from other funds (Note 14)
	10,915	35,403	Advances to other funds (Note 14)
	1	128,912	Inventories
1,271,104	3,073,397	18,048,057	TOTAL ASSETS
	202,346	202,346	DEFERRED OUTFLOWS OF RESOURCES (Note 19)
\$ 1,271,104	3,275,743	\$ 18,250,403	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES
			LIABILITIES
\$	110,140	\$ 808,015	Accounts payable
	57	530,671	Accrued payroll
	1,380	99,325	Other payables
174,019	319,135	1,066,867	Due to other funds (Note 14)
	55,394	4,637,991	Advances payable
	246	181,248	Third party payor (Notes 10 and 13)
174,019	486,352	7,324,117	TOTAL LIABILITIES
	24,368	790,689	DEFERRED INFLOWS OF RESOURCES (Note 19)
			FUND BALANCES (Note 20)
	2,126	238,900	Nonspendable
1,097,085	2,447,126	4,850,450	Restricted
	135,537	732,874	Committed
	180,234	1,047,853	Assigned
		3,265,520	Unassigned
1,097,085	2,765,023	10,135,597	TOTAL FUND BALANCES
\$ 1,271,104	3,275,743	\$ 18,250,403	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, 2021 (in thousands)

Fund balances - total governmental funds (page 29)		\$ 10,135,597
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	\$ 7,533,609	
Construction-in-progress	2,061,320	
Buildings and improvements - net	3,784,851	
Equipment - net	368,281	
Intangible software - net	215,417	
Infrastructure - net	<u>3,513,661</u>	17,477,139
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	\$ 11,347	
Deferred outflows from OPEB	5,263,174	
Deferred outflows from pension	7,579,984	
Deferred inflows from service concession arrangements	(77,584)	
Deferred inflows from OPEB	(3,566,589)	
Deferred inflows from pension	<u>(541,825)</u>	8,668,507
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	\$ (202,346)	
Deferred inflows from tobacco settlement revenues	202,346	
Deferred inflows from property taxes	235,997	
Deferred inflows from long-term receivables	<u>352,346</u>	588,343
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	\$ 62	
Accrued interest on long-term receivables	<u>34</u>	96
Installment receivables from service concession arrangements.		77,584
Accrued interest payable is not recognized in governmental funds.		(14,765)
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	\$ (2,212,819)	
Unamortized premiums on bonds	(230,545)	
Accreted interest on bonds	(4,421)	
Capital lease obligations	(156,781)	
Accrued compensated absences	(1,954,067)	
Workers' compensation	(2,864,489)	
Litigation and self-insurance	(209,618)	
Pollution remediation obligation	(38,187)	
Net pension liability	(14,416,361)	
Net OPEB liability	(23,768,250)	
Third party payor liability	<u>(75,065)</u>	(45,930,603)
Assets and liabilities of certain internal service funds are included in governmental activities in the accompanying statement of net position.		<u>(1,226,467)</u>
Net position (deficit) of governmental activities (page 25)		<u><u>\$ (10,224,569)</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, 2021 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	LA COUNTY LIBRARY	REGIONAL PARK AND OPEN SPACE DISTRICT
REVENUES					
Taxes	\$ 6,894,825	1,011,218	182,390	108,993	102,089
Licenses, permits and franchises	63,193	19,349	1,454	1	
Fines, forfeitures and penalties	163,163	3,405	1,022	437	364
Revenue from use of money and property:					
Investment loss (Note 4)	(17,375)	(1,278)	(1,875)	(415)	(1,661)
Rents and concessions (Note 9)	94,998	78	6,243	13	
Royalties	10		429		
Intergovernmental revenues:					
Federal	5,757,152	39,798	55	11,217	
State	7,150,568	7,238	11,744	667	
Other	49,379	796	258	40	
Charges for services	2,909,960	274,115	124,604	2,605	366
Miscellaneous	217,269	804	81	720	
TOTAL REVENUES	23,283,142	1,355,523	326,405	124,278	101,158
EXPENDITURES					
Current:					
General government	1,807,937				
Public protection	6,149,194	1,329,820	308,666		
Public ways and facilities					
Health and sanitation	5,968,030				
Public assistance	7,898,985				
Education				153,737	
Recreation and cultural services	398,537				34,089
Debt service:					
Principal	10,337	4,289		53	
Interest and other charges	20,835	601		17	
Capital outlay	1,134	20,462			
TOTAL EXPENDITURES	22,254,989	1,355,172	308,666	153,807	34,089
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,028,153	351	17,739	(29,529)	67,069
OTHER FINANCING SOURCES (USES)					
Transfers in (Note 14)	960,625	42,875		42,153	
Transfers out (Note 14)	(1,577,304)	(22,261)	(1,115)	(802)	
Issuance of debt (Note 10)					
Bond premium proceeds (Note 10)					
Capital leases (Note 9)	1,134	20,462			
Sales of capital assets	2,312	110	105	15	
TOTAL OTHER FINANCING SOURCES (USES)	(613,233)	41,186	(1,010)	41,366	
NET CHANGE IN FUND BALANCES	414,920	41,537	16,729	11,837	67,069
FUND BALANCES, JULY 1, 2020	4,518,804	172,255	482,640	97,328	450,370
FUND BALANCES, JUNE 30, 2021	\$ 4,933,724	213,792	499,369	109,165	517,439

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

MENTAL HEALTH SERVICES ACT	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS	
			REVENUES
\$	816,329	\$ 9,115,844	Taxes
	21,336	105,333	Licenses, permits and franchises
	29,115	197,506	Fines, forfeitures and penalties
			Revenue from use of money and property:
(3,703)	(5,421)	(31,728)	Investment loss (Note 4)
	48,105	149,437	Rents and concessions (Note 9)
	2	441	Royalties
			Intergovernmental revenues:
	11,432	5,819,654	Federal
781,748	366,868	8,318,833	State
	11,258	61,731	Other
	436,259	3,747,909	Charges for services
	71,878	290,752	Miscellaneous
<u>778,045</u>	<u>1,807,161</u>	<u>27,775,712</u>	TOTAL REVENUES
			EXPENDITURES
			Current:
	10,716	1,818,653	General government
	196,874	7,984,554	Public protection
	412,637	412,637	Public ways and facilities
272	155,839	6,124,141	Health and sanitation
	187,475	8,086,460	Public assistance
	50	153,787	Education
	8,783	441,409	Recreation and cultural services
			Debt service:
	281,671	296,350	Principal
	220,285	241,738	Interest and other charges
	437,894	459,490	Capital outlay
<u>272</u>	<u>1,912,224</u>	<u>26,019,219</u>	TOTAL EXPENDITURES
<u>777,773</u>	<u>(105,063)</u>	<u>1,756,493</u>	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
			OTHER FINANCING SOURCES (USES)
	606,376	1,652,029	Transfers in (Note 14)
(562,600)	(960,436)	(3,124,518)	Transfers out (Note 14)
	660,364	660,364	Issuance of debt (Note 10)
	63,605	63,605	Bond premium proceeds (Note 10)
		21,596	Capital leases (Note 9)
	669	3,211	Sales of capital assets
<u>(562,600)</u>	<u>370,578</u>	<u>(723,713)</u>	TOTAL OTHER FINANCING SOURCES (USES)
215,173	265,515	1,032,780	NET CHANGE IN FUND BALANCES
881,912	2,499,508	9,102,817	FUND BALANCES, JULY 1, 2020
<u>\$ 1,097,085</u>	<u>2,765,023</u>	<u>\$ 10,135,597</u>	FUND BALANCES, JUNE 30, 2021

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, 2021 (in thousands)

Net change in fund balances - total governmental funds (page 33)		\$ 1,032,780
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	\$ 1,136,003	
Less - current year depreciation expense	<u>(431,578)</u>	704,425
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.		(13,756)
Contribution of capital assets is not recognized in the governmental funds.		9,950
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.		(1,580)
Changes in unavailable revenues are reported as changes in deferred inflows of resources for governmental funds, but were recognized when earned for governmental activities.		106,756
Timing differences result in more or less revenues and expenses in the statement of activities.		
Change in accrued interest on long-term receivables	\$ (51)	
Change in unamortized premiums	<u>3,281</u>	3,230
Issuance of long-term debt provides resources in the governmental funds, but increases long-term liabilities in the statement of net position.		(745,565)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
Certificates of participation and bonds	\$ 56,853	
Notes, loans, and lease revenue obligation notes	224,818	
Other long-term notes, loans and capital leases	<u>14,679</u>	296,350
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	\$ (160,152)	
Change in litigation and self-insurance	330,701	
Change in pollution remediation obligation	10,486	
Change in accrued compensated absences	(192,764)	
Change in net pension liability, net of related deferred outflows of resources and deferred inflows of resources	(931,727)	
Change in net OPEB liability, net of related deferred outflows of resources and deferred inflows of resources	(925,952)	
Change in third party payor liability	(62,677)	
Change in accrued interest payable	4,634	
Change in accretion of bonds and notes	7,820	
Change in accretion of tobacco settlement bonds	(4,421)	
Transfer of capital assets between governmental fund and enterprise fund	<u>(529)</u>	(1,924,581)
The portion of internal service funds that is reported with governmental activities.		<u>(89,828)</u>
Change in net position of governmental activities (page 27)		<u><u>\$ (621,819)</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 BALANCE -
 BUDGET AND ACTUAL ON BUDGETARY BASIS
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2021 (in thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 6,556,306	6,789,890	6,884,252	94,362
Licenses, permits and franchises	57,444	58,069	63,193	5,124
Fines, forfeitures and penalties	143,587	143,587	163,163	19,576
Revenue from use of money and property:				
Investment income	43,909	44,512	44,536	24
Rents and concessions	103,262	104,022	94,998	(9,024)
Royalties			10	10
Intergovernmental revenues:				
Federal	5,632,204	6,203,546	5,949,178	(254,368)
State	7,103,079	7,324,324	7,157,497	(166,827)
Other	79,184	101,044	53,218	(47,826)
Charges for services	3,116,954	3,189,985	2,800,767	(389,218)
Miscellaneous	131,964	159,658	227,028	67,370
TOTAL REVENUES	22,967,893	24,118,637	23,437,840	(680,797)
EXPENDITURES				
Current:				
General government	2,641,938	2,408,591	1,559,327	849,264
Public protection	6,218,576	6,438,246	6,181,927	256,319
Health and sanitation	6,610,961	6,692,996	6,133,056	559,940
Public assistance	8,275,522	8,637,971	7,965,194	672,777
Recreation and cultural services	426,719	433,211	415,114	18,097
Debt service-				
Interest	4,345	4,345	4,345	
Capital outlay	1,351,178	1,509,831	511,959	997,872
TOTAL EXPENDITURES	25,529,239	26,125,191	22,770,922	3,354,269
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,561,346)	(2,006,554)	666,918	2,673,472
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	515	584	2,312	1,728
Transfers in	1,297,979	1,322,785	950,467	(372,318)
Transfers out	(1,002,287)	(1,353,143)	(1,351,668)	1,475
Appropriations for contingencies	(22,113)	(234,208)		234,208
Changes in fund balance	90,378	73,662	(27,305)	(100,967)
TOTAL OTHER FINANCING SOURCES (USES)	364,472	(190,320)	(426,194)	(235,874)
NET CHANGE IN FUND BALANCE	(2,196,874)	(2,196,874)	240,724	2,437,598
FUND BALANCE, JULY 1, 2020 (Note 15)	2,196,874	2,196,874	2,196,874	
FUND BALANCE, JUNE 30, 2021 (Note 15)	\$		2,437,598	2,437,598

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, 2021 (in thousands)

	FIRE PROTECTION DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 986,563	1,006,058	1,008,845	2,787
Licenses, permits and franchises	18,540	18,540	19,349	809
Fines, forfeitures and penalties	2,576	2,576	3,405	829
Revenue from use of money and property:				
Investment income	1,399	1,399	384	(1,015)
Rents and concessions	101	101	78	(23)
Intergovernmental revenues:				
Federal	25,236	52,712	40,309	(12,403)
State	19,306	19,493	14,166	(5,327)
Other			796	796
Charges for services	240,055	261,661	287,720	26,059
Miscellaneous	1,397	1,397	804	(593)
TOTAL REVENUES	1,295,173	1,363,937	1,375,856	11,919
EXPENDITURES				
Current-Public protection:				
Salaries and employee benefits	1,166,512	1,187,855	1,184,640	3,215
Services and supplies	177,587	195,020	171,003	24,017
Other charges	30,617	11,436	6,806	4,630
Capital assets	2,269	47,795	45,643	2,152
TOTAL EXPENDITURES	1,376,985	1,442,106	1,408,092	34,014
DEFICIENCY OF REVENUES OVER EXPENDITURES	(81,812)	(78,169)	(32,236)	45,933
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	215	215	110	(105)
Transfers in	44,678	45,358	42,872	(2,486)
Transfers out	(4,798)	(19,976)	(19,976)	
Appropriations for contingencies	(2,021)	(21,016)		21,016
Changes in fund balance	(29,352)	498	(16,528)	(17,026)
TOTAL OTHER FINANCING SOURCES (USES)	8,722	5,079	6,478	1,399
NET CHANGE IN FUND BALANCE	(73,090)	(73,090)	(25,758)	47,332
FUND BALANCE, JULY 1, 2020 (Note 15)	73,090	73,090	73,090	
FUND BALANCE, JUNE 30, 2021 (Note 15)	\$		47,332	47,332

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, 2021 (in thousands)

	FLOOD CONTROL DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 171,190	180,802	182,006	1,204
Licenses, permits and franchises	1,252	1,252	1,454	202
Fines, forfeitures and penalties	805	805	1,022	217
Revenue from use of money and property:				
Investment income	11,883	11,883	2,968	(8,915)
Rents and concessions	7,442	7,442	6,243	(1,199)
Royalties	633	633	429	(204)
Intergovernmental revenues:				
Federal			55	55
State	7,168	7,168	11,744	4,576
Other	578	578	258	(320)
Charges for services	136,647	136,647	124,563	(12,084)
Miscellaneous	10	10	81	71
TOTAL REVENUES	337,608	347,220	330,823	(16,397)
EXPENDITURES				
Current-Public protection:				
Services and supplies	299,726	341,726	329,057	12,669
Other charges	6,966	6,966	1,373	5,593
Capital assets	1,065	1,065	767	298
Capital outlay	147,528	105,404	88,659	16,745
TOTAL EXPENDITURES	455,285	455,161	419,856	35,305
DEFICIENCY OF REVENUES OVER EXPENDITURES	(117,677)	(107,941)	(89,033)	18,908
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	50	50	105	55
Transfers out	(3,974)	(4,098)	(1,115)	2,983
Appropriations for contingencies		(9,612)		9,612
Changes in fund balance			10,941	10,941
TOTAL OTHER FINANCING SOURCES (USES)	(3,924)	(13,660)	9,931	23,591
NET CHANGE IN FUND BALANCE	(121,601)	(121,601)	(79,102)	42,499
FUND BALANCE, JULY 1, 2020 (Note 15)	121,601	121,601	121,601	
FUND BALANCE, JUNE 30, 2021 (Note 15)	\$		42,499	42,499

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, 2021 (in thousands)

	LA COUNTY LIBRARY			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 104,931	107,355	108,729	1,374
Licenses, permits and franchises			1	1
Fines, forfeitures and penalties	375	375	437	62
Revenue from use of money and property:				
Investment income	1,200	1,200	474	(726)
Rents and concessions	15	15	13	(2)
Intergovernmental revenues:				
Federal		1,283	11,177	9,894
State	540	540	667	127
Other	130	130	40	(90)
Charges for services	6,349	6,349	2,605	(3,744)
Miscellaneous	600	600	720	120
TOTAL REVENUES	114,140	117,847	124,863	7,016
EXPENDITURES				
Current-Education:				
Salaries and employee benefits	120,211	120,211	109,072	11,139
Services and supplies	86,704	89,056	49,118	39,938
Other charges	947	947	828	119
Capital assets	594	594	12	582
TOTAL EXPENDITURES	208,456	210,808	159,030	51,778
DEFICIENCY OF REVENUES OVER EXPENDITURES	(94,316)	(92,961)	(34,167)	58,794
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	13	13	15	2
Transfers in	49,530	50,599	42,153	(8,446)
Appropriation for contingencies		(2,424)		2,424
Changes in fund balance	(7,376)	(7,376)	2,668	10,044
TOTAL OTHER FINANCING SOURCES (USES)	42,167	40,812	44,836	4,024
NET CHANGE IN FUND BALANCE	(52,149)	(52,149)	10,669	62,818
FUND BALANCE, JULY 1, 2020 (Note 15)	52,149	52,149	52,149	
FUND BALANCE, JUNE 30, 2021 (Note 15)	\$		62,818	62,818

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, 2021 (in thousands)

	REGIONAL PARK AND OPEN SPACE DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 100,400	100,400	102,089	1,689
Fines, forfeitures and penalties	866	866	364	(502)
Revenue from use of money and property- Investment income	2,800	2,800	2,558	(242)
TOTAL REVENUES	104,066	104,066	105,011	945
EXPENDITURES				
Current-Recreation and cultural services:				
Services and supplies	13,326	13,826	6,916	6,910
Other charges	348,433	347,933	32,071	315,862
TOTAL EXPENDITURES	361,759	361,759	38,987	322,772
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(257,693)	(257,693)	66,024	323,717
OTHER FINANCING SOURCES (USES)				
Transfers in	116,061	116,061	112,116	(3,945)
Transfers out	(115,647)	(115,649)	(111,700)	3,949
Changes in fund balance	14,586	14,588	16,479	1,891
TOTAL OTHER FINANCING SOURCES (USES)	15,000	15,000	16,895	1,895
NET CHANGE IN FUND BALANCE	(242,693)	(242,693)	82,919	325,612
FUND BALANCE, JULY 1, 2020 (Note 15)	242,693	242,693	242,693	
FUND BALANCE, JUNE 30, 2021 (Note 15)	\$		325,612	325,612

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, 2021 (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	\$ 16,411	16,411	6,430	(9,981)
Intergovernmental revenues-				
State	610,422	610,422	781,748	171,326
TOTAL REVENUES	626,833	626,833	788,178	161,345
EXPENDITURES				
Current-Health and sanitation-				
Services and supplies	860	860		860
TOTAL EXPENDITURES	860	860		860
EXCESS OF REVENUES OVER EXPENDITURES	625,973	625,973	788,178	162,205
OTHER FINANCING USES				
Transfers out	(778,622)	(778,651)	(562,600)	216,051
Appropriations for contingencies	(22,640)	(22,640)		22,640
Changes in fund balance	(85,491)	(85,462)	(85,463)	(1)
TOTAL OTHER FINANCING USES	(886,753)	(886,753)	(648,063)	238,690
NET CHANGE IN FUND BALANCE	(260,780)	(260,780)	140,115	400,895
FUND BALANCE, JULY 1, 2020 (Note 15)	260,780	260,780	260,780	
FUND BALANCE, JUNE 30, 2021 (Note 15)	\$		400,895	400,895

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, 2021 (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 4)				
Operating	\$ 168,217	54,143	296,855	144,439
Other	23,313	62,166	84,745	21,958
Total pooled cash and investments	<u>191,530</u>	<u>116,309</u>	<u>381,600</u>	<u>166,397</u>
Taxes receivable				
Accounts receivable - net (Note 13)	632,498	352,776	598,334	159,158
Interest receivable	104	35	263	36
Other receivables	14,146	8,624	22,995	3,623
Due from other funds (Note 14)	126,685	72,314	413,477	19,111
Advances to other funds (Note 14)				
Inventories	13,382	6,844	15,943	3,599
Total current assets	<u>978,345</u>	<u>556,902</u>	<u>1,432,612</u>	<u>351,924</u>
Noncurrent assets:				
Restricted assets (Note 4)	62,666	18,059	11,202	11,732
Other receivables (Note 13)	22,091	7,527	16,426	2,810
Capital assets: (Notes 1, 5 and 9)				
Land and easements	1,671	1,894	16,194	217
Buildings and improvements	940,605	226,536	1,050,748	480,119
Equipment	144,229	98,141	158,170	31,671
Intangible - software	16,921	14,359	20,704	5,616
Infrastructure				
Construction in progress	93,134	14,165	9,115	105,524
Less accumulated depreciation	(368,573)	(200,626)	(430,729)	(158,760)
Total capital assets - net	<u>827,987</u>	<u>154,469</u>	<u>824,202</u>	<u>464,387</u>
Total noncurrent assets	<u>912,744</u>	<u>180,055</u>	<u>851,830</u>	<u>478,929</u>
TOTAL ASSETS	<u>1,891,089</u>	<u>736,957</u>	<u>2,284,442</u>	<u>830,853</u>
DEFERRED OUTFLOWS OF RESOURCES (Note 19)	<u>628,535</u>	<u>361,538</u>	<u>926,608</u>	<u>187,293</u>
LIABILITIES				
Current liabilities:				
Accounts payable	106,839	130,376	107,884	62,095
Accrued payroll	33,917	18,582	44,713	8,737
Other payables	4,461	2,199	3,857	1,205
Accrued interest payable	13,336	4,422		653
Due to other funds (Note 14)	77,313	37,917	177,115	27,111
Advances from other funds (Note 14)	4,737	2,553	6,401	1,265
Advances payable	13,214	57,017	73,548	19,180
Current portion of long-term liabilities (Note 10)	213,892	63,594	148,847	103,186
Total current liabilities	<u>467,709</u>	<u>316,660</u>	<u>562,365</u>	<u>223,432</u>
Noncurrent liabilities:				
Accrued compensated absences (Note 10)	83,742	46,437	104,469	21,003
Bonds and notes payable net of premiums for bonds payable (Note 10)	519,762	192,503		199,948
Capital lease obligations (Notes 9 and 10)		11		
Workers' compensation (Notes 10 and 17)	108,177	44,479	160,271	31,577
Litigation and self-insurance (Notes 10 and 17)	3,033	426	10,405	12
Net pension liability (Notes 7 and 10)	741,544	416,086	1,013,774	223,002
Net OPEB liability (Notes 8 and 10)	1,303,659	758,844	2,031,288	413,071
Third party payor (Notes 10 and 13)	161,524	58,171	153,331	22,625
Total noncurrent liabilities	<u>2,921,441</u>	<u>1,516,957</u>	<u>3,473,538</u>	<u>911,238</u>
TOTAL LIABILITIES	<u>3,389,150</u>	<u>1,833,617</u>	<u>4,035,903</u>	<u>1,134,670</u>
DEFERRED INFLOWS OF RESOURCES (Note 19)	<u>315,183</u>	<u>295,503</u>	<u>438,114</u>	<u>88,947</u>
NET POSITION				
Net investment in capital assets	257,449	(41,271)	819,957	195,335
Restricted-				
Debt service	10,181	8,020		43,140
Unrestricted (deficit)	(1,452,339)	(997,374)	(2,082,924)	(443,946)
TOTAL NET POSITION (DEFICIT) (Note 3)	<u>\$ (1,184,709)</u>	<u>(1,030,625)</u>	<u>(1,262,967)</u>	<u>(205,471)</u>

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
Waterworks	Nonmajor Aviation	Total	Internal Service Funds
\$ 121,072	11,456	\$ 796,182	\$ 63,351
2,683	170	195,035	9,554
<u>123,755</u>	<u>11,626</u>	<u>991,217</u>	<u>72,905</u>
797		797	
17,270	1,470	1,761,506	
112	10	560	57
	1	49,389	8,653
2,928	28	634,543	114,864
1,553		1,553	
		39,768	8,863
<u>146,415</u>	<u>13,135</u>	<u>3,479,333</u>	<u>205,342</u>
		103,659	6,357
		48,854	
12,318	134,692	166,986	
119,091	42,227	2,859,326	
2,572	1,634	436,417	291,105
1,322		58,922	
1,223,499	82,492	1,305,991	
43,031	14,246	279,215	
(752,979)	(76,491)	(1,988,158)	(164,329)
<u>648,854</u>	<u>198,800</u>	<u>3,118,699</u>	<u>126,776</u>
<u>648,854</u>	<u>198,800</u>	<u>3,271,212</u>	<u>133,133</u>
<u>795,269</u>	<u>211,935</u>	<u>6,750,545</u>	<u>338,475</u>
		<u>2,103,974</u>	<u>549,533</u>
3,988	3	411,185	6,445
		105,949	23,170
	53	11,775	2,498
	17	18,428	53
6,053	1,061	326,570	58,681
		14,956	22,000
25	55	163,039	528
3,204	110	532,833	26,247
<u>13,270</u>	<u>1,299</u>	<u>1,584,735</u>	<u>139,622</u>
		255,651	74,415
5,934	1,293	919,440	245
		11	
		344,504	54,374
		13,876	
		2,394,406	584,120
		4,506,862	1,093,017
		395,651	
<u>5,934</u>	<u>1,293</u>	<u>8,830,401</u>	<u>1,806,171</u>
<u>19,204</u>	<u>2,592</u>	<u>10,415,136</u>	<u>1,945,793</u>
		<u>1,137,747</u>	<u>164,097</u>
642,717	197,397	2,071,584	119,783
		61,341	5,082
133,348	11,946	(4,831,289)	(1,346,747)
<u>\$ 776,065</u>	<u>209,343</u>	<u>(2,698,364)</u>	<u>\$ (1,221,882)</u>
		4,585	
		<u>\$ (2,693,779)</u>	

ASSETS

Current assets:

Pooled cash and investments: (Notes 1 and 4)

Operating

Other

Total pooled cash and investments

Taxes receivable

Accounts receivable - net (Note 13)

Interest receivable

Other receivables

Due from other funds (Note 14)

Advances to other funds (Note 14)

Inventories

Total current assets

Noncurrent assets:

Restricted assets (Note 4)

Other receivables (Note 13)

Capital assets: (Notes 1, 5 and 9)

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 19)

LIABILITIES

Current liabilities:

Accounts payable

Accrued payroll

Other payables

Accrued interest payable

Due to other funds (Note 14)

Advances from other funds (Note 14)

Advances payable

Current portion of long-term liabilities (Note 10)

Total current liabilities

Noncurrent liabilities:

Accrued compensated absences (Note 10)

Bonds and notes payable net of premiums for bonds payable (Note 10)

Capital lease obligations (Notes 9 and 10)

Workers' compensation (Notes 10 and 17)

Litigation and self-insurance (Notes 10 and 17)

Net pension liability (Notes 7 and 10)

Net OPEB liability (Notes 8 and 10)

Third party payor (Notes 10 and 13)

Total noncurrent liabilities

TOTAL LIABILITIES

DEFERRED INFLOWS OF RESOURCES (Note 19)

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, 2021 (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 13)	\$ 1,122,041	604,396	1,348,187	252,901
Rentals				
Charges for services				
Other (Note 13)	99,674	32,138	103,447	8,870
TOTAL OPERATING REVENUES	1,221,715	636,534	1,451,634	261,771
OPERATING EXPENSES:				
Salaries and employee benefits	884,526	468,025	1,179,491	234,438
Services and supplies	222,246	110,222	284,326	38,650
Other professional services	263,854	157,238	453,924	61,547
Depreciation and amortization (Note 5)	27,866	11,286	30,815	12,789
Medical malpractice		2,576		
Rent	5,110	1,246	(6,296)	1,027
TOTAL OPERATING EXPENSES	1,403,602	750,593	1,942,260	348,451
OPERATING LOSS	(181,887)	(114,059)	(490,626)	(86,680)
NONOPERATING REVENUES (EXPENSES):				
Taxes				
Investment income (loss)	103	43	(166)	(694)
Gain (loss) on disposal of property	(172)	22	(215)	(372)
Interest expense	(32,929)	(9,238)	(9)	(11,770)
Intergovernmental transfers expense (Note 13)	(123,177)	(140,176)	(187,991)	(81,047)
Intergovernmental revenues:				
State				
Federal	48,422	24,457	38,879	8,541
Other				
TOTAL NONOPERATING REVENUES (EXPENSES)	(107,753)	(124,892)	(149,502)	(85,342)
LOSS BEFORE CONTRIBUTIONS AND TRANSFERS	(289,640)	(238,951)	(640,128)	(172,022)
Capital contributions	201	31	297	
Transfers in (Note 14)	313,761	188,851	729,846	250,914
Transfers out (Note 14)	(528)	(792)	(5,828)	(6,919)
CHANGE IN NET POSITION	23,794	(50,861)	84,187	71,973
NET POSITION (DEFICIT), JULY 1, 2020	(1,208,503)	(979,764)	(1,347,154)	(277,444)
NET POSITION (DEFICIT), JUNE 30, 2021	\$ (1,184,709)	(1,030,625)	(1,262,967)	(205,471)

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Waterworks	Nonmajor Aviation	Total	Internal Service Funds	
\$		\$ 3,327,525	\$	OPERATING REVENUES:
	4,223	4,223	19,934	Net patient service revenues (Note 13)
97,332	286	97,618	668,626	Rentals
299		244,428		Charges for services
97,631	4,509	3,673,794	688,560	Other (Note 13)
				TOTAL OPERATING REVENUES
		2,766,480	631,782	OPERATING EXPENSES:
84,455	3,277	743,176	48,532	Salaries and employee benefits
2,529	257	939,349	66,451	Services and supplies
23,823	2,618	109,197	33,518	Other professional services
		2,576		Depreciation and amortization (Note 5)
		1,087		Medical malpractice
110,807	6,152	4,561,865	780,283	Rent
(13,176)	(1,643)	(888,071)	(91,723)	TOTAL OPERATING EXPENSES
				OPERATING LOSS
7,367		7,367		NONOPERATING REVENUES (EXPENSES):
(338)	(38)	(1,090)	(545)	Taxes
		(737)	456	Investment income (loss)
(148)	(43)	(54,137)	(55)	Gain (loss) on disposal of property
		(532,391)		Interest expense
457		457		Intergovernmental transfers expense (Note 13)
1,047	177	121,523		Intergovernmental revenues:
717		717		State
9,102	96	(458,291)	(144)	Federal
(4,074)	(1,547)	(1,346,362)	(91,867)	Other
169	15,298	15,996		TOTAL NONOPERATING REVENUES (EXPENSES)
		1,483,372	3,267	LOSS BEFORE CONTRIBUTIONS AND TRANSFERS
(10)	(73)	(14,150)		Capital contributions
(3,915)	13,678	138,856	(88,600)	Transfers in (Note 14)
779,980	195,665		(1,133,282)	Transfers out (Note 14)
\$ 776,065	209,343			CHANGE IN NET POSITION
		1,228		NET POSITION (DEFICIT), JULY 1, 2020
		\$ 140,084		NET POSITION (DEFICIT), JUNE 30, 2021
				Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
				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, 2021 (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	\$ 1,241,692	630,402	1,818,413	387,781
Rentals received				
Rentals received from other funds				
Cash received from charges for services				
Other operating revenues	99,674	32,138	103,447	8,870
Cash received for services provided to other funds	21,222	21,190	31,309	442
Cash paid for salaries and employee benefits	(789,027)	(429,072)	(1,037,581)	(205,564)
Cash (paid) returned for services and supplies	(68,576)	46,908	(145,570)	(21,385)
Other operating expense	(278,493)	(159,106)	(456,824)	(62,829)
Cash paid for services from other funds	(147,092)	(93,448)	(30,210)	(34,442)
Net cash provided by operating activities	79,400	49,012	282,984	72,873
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash advances received from other funds	143,855	52,604	250,154	131,872
Cash advances paid to other funds	(143,855)	(52,604)	(249,344)	(191,802)
Interest paid on advances				(26)
Intergovernmental transfers	(123,177)	(140,176)	(187,991)	(81,047)
Intergovernmental receipts	48,422	24,457	38,879	8,541
Transfers in	165,801	153,588	113,890	234,683
Transfers out	(528)	(792)	(5,828)	(6,919)
Net cash provided by (required for) noncapital financing activities	90,518	37,077	(40,240)	95,302
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from taxes				
Capital contributions				
Proceeds from bonds and notes	97,899	15,456	15,447	78,141
Interest paid on capital borrowing	(34,001)	(9,959)	(9)	(11,818)
Principal payments on bonds and notes	(84,005)	(4,936)		(32,627)
Principal payments on capital leases	(18)	(31)		
Acquisition and construction of capital assets	(32,850)	(21,956)	(21,299)	(41,914)
Net cash provided by (required for) capital and related financing activities	(52,975)	(21,426)	(5,861)	(8,218)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income (loss)	53	59	(406)	(731)
Net increase (decrease) in cash and cash equivalents	116,996	64,722	236,477	159,226
Cash and cash equivalents, July 1, 2020	137,200	69,646	156,325	18,903
Cash and cash equivalents, June 30, 2021	\$ 254,196	134,368	392,802	178,129

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Waterworks	Nonmajor Aviation	Total	Internal Service Funds	
\$		\$ 4,078,288	\$	CASH FLOWS FROM OPERATING ACTIVITIES
	4,223	4,223		Cash received from patient services
				Rentals received
			19,965	Rentals received from other funds
96,855	6,225	103,080	85,855	Cash received from charges for services
299		244,428		Other operating revenues
		74,163	596,729	Cash received for services provided to other funds
		(2,461,244)	(533,432)	Cash paid for salaries and employee benefits
(86,545)	(7,787)	(282,955)	(50,331)	Cash (paid) returned for services and supplies
(2,029)	(257)	(959,538)	(66,451)	Other operating expense
		(305,192)		Cash paid for services from other funds
<u>8,580</u>	<u>2,404</u>	<u>495,253</u>	<u>52,335</u>	Net cash provided by operating activities
				CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES
	55	578,540		Cash advances received from other funds
(144)		(637,749)	(1,224)	Cash advances paid to other funds
		(26)		Interest paid on advances
		(532,391)		Intergovernmental transfers
2,221	177	122,697		Intergovernmental receipts
		667,962	3,267	Transfers in
(10)	(73)	(14,150)		Transfers out
<u>2,067</u>	<u>159</u>	<u>184,883</u>	<u>2,043</u>	Net cash provided by (required for) noncapital financing activities
				CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES
7,462		7,462		Proceeds from taxes
	15,298	15,298		Capital contributions
		206,943	23,465	Proceeds from bonds and notes
(148)	(45)	(55,980)	(363)	Interest paid on capital borrowing
(401)	(107)	(122,076)	(49,870)	Principal payments on bonds and notes
		(49)		Principal payments on capital leases
(8,799)	(17,082)	(143,900)	(27,779)	Acquisition and construction of capital assets
<u>(1,886)</u>	<u>(1,936)</u>	<u>(92,302)</u>	<u>(54,547)</u>	Net cash provided by (required for) capital and related financing activities
				CASH FLOWS FROM INVESTING ACTIVITIES
(309)	(34)	(1,368)	(495)	Investment income (loss)
8,452	593	586,466	(664)	Net increase (decrease) in cash and cash equivalents
115,303	11,033	508,410	79,926	Cash and cash equivalents, July 1, 2020
<u>\$ 123,755</u>	<u>11,626</u>	<u>\$ 1,094,876</u>	<u>\$ 79,262</u>	Cash and cash equivalents, June 30, 2021

Continued...

COUNTY OF LOS ANGELES
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021 (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 LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating loss	\$ (181,887)	(114,059)	(490,626)	(86,680)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation and amortization	27,866	11,286	30,815	12,789
(Increase) decrease in:				
Accounts receivable - net	117,716	(16,847)	350,252	123,527
Other receivables	12,952	1,615	394	2,469
Due from other funds	(38,601)	(24,129)	126,450	(14,680)
Inventories	13,490	1,915	229	(596)
Increase (decrease) in:				
Accounts payable	(61,893)	55,790	(128,928)	(21,928)
Accrued payroll	1,613	1,117	1,654	248
Other payables	23	22	31	9
Accrued compensated absences	9,052	6,485	11,004	2,705
Due to other funds	54,981	5,977	237,245	5,347
Advances payable	(53,590)	54,970	(6,372)	12,796
Workers' compensation	3,151	1,303	4,780	1,054
Litigation and self-insurance	(9,529)	1,954	(9,195)	(255)
Net pension liability and related changes in deferred outflows and inflows of resources	47,665	22,828	64,739	14,217
Net OPEB liability and related changes in deferred outflows and inflows of resources	33,261	7,198	59,701	10,641
Third party payor	103,130	31,587	30,811	11,210
TOTAL ADJUSTMENTS	<u>261,287</u>	<u>163,071</u>	<u>773,610</u>	<u>159,553</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 79,400</u>	<u>49,012</u>	<u>282,984</u>	<u>72,873</u>
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
Contributions of capital assets	\$ 201	31	297	
Gain (loss) on disposal of capital assets	(172)	22	(215)	(372)
TOTAL	<u>\$ 29</u>	<u>53</u>	<u>82</u>	<u>(372)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:				
Pooled cash and investments	\$ 191,530	116,309	381,600	166,397
Restricted assets	62,666	18,059	11,202	11,732
TOTAL	<u>\$ 254,196</u>	<u>134,368</u>	<u>392,802</u>	<u>178,129</u>

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
Waterworks	Nonmajor Aviation	Total	Internal Service Funds

\$ (13,176)	(1,643)	\$ (888,071)	\$ (91,723)
23,823	2,618	109,197	33,518
(1,696)	5,533	578,485	
	103	17,533	6,353
1,219	303	50,562	8,327
		15,038	412
(1,595)	(4,059)	(162,613)	(3,549)
		4,632	726
	(100)	(15)	67
		29,246	10,878
(495)	(351)	302,704	1,338
		7,804	
		10,288	2,012
500		(16,525)	
		149,449	39,796
		110,801	44,180
		176,738	
21,756	4,047	1,383,324	144,058
\$ 8,580	2,404	\$ 495,253	\$ 52,335

RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:

Operating loss
Adjustments to reconcile operating loss to net cash provided by operating activities:
Depreciation and amortization
(Increase) decrease in:
Accounts receivable - net
Other receivables
Due from other funds
Inventories
Increase (decrease) in:
Accounts payable
Accrued payroll
Other payables
Accrued compensated absences
Due to other funds
Advances payable
Workers' compensation
Litigation and self-insurance
Net pension liability and related changes in deferred outflows and inflows of resources
Net OPEB liability and related changes in deferred outflows and inflows of resources
Third party payor

TOTAL ADJUSTMENTS

NET CASH PROVIDED BY OPERATING ACTIVITIES

SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

\$ 169		\$ 698	\$
		(737)	456
\$ 169		\$ (39)	\$ 456

TOTAL

RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:

\$ 123,755	11,626	\$ 991,217	\$ 72,905
		103,659	6,357
\$ 123,755	11,626	\$ 1,094,876	\$ 79,262

TOTAL

COUNTY OF LOS ANGELES
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021 (in thousands)

	PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST	INVESTMENT TRUST	CUSTODIAL	
			EXTERNAL INVESTMENT POOLS	OTHER CUSTODIAL
ASSETS				
Pooled cash and investments (Note 4)	\$ 116,592	671,567	22,471,739	\$ 1,414,832
Other investments: (Note 4)			114,480	302
Short-term investments	3,181,977			
Equity	30,851,061			
Fixed income	21,971,514			
Private equity	11,471,947			
Real estate	5,513,340			
Hedge funds	2,748,465			
Cash collateral on loaned securities	1,198,528			
Taxes receivable				847,874
Interest receivable	169,926	551	19,282	
Other receivables	449,014			148,681
TOTAL ASSETS	77,672,364	672,118	22,605,501	2,411,689
LIABILITIES				
Accounts payable	1,056,323			3,060
Other payables (Note 4)	1,297,188			633,619
Due to other governments				64,490
TOTAL LIABILITIES	2,353,511			701,169
NET POSITION				
Restricted for:				
Pension	73,012,026			
OPEB	2,306,827			
Other		672,118	22,605,501	1,710,520
TOTAL NET POSITION	\$ 75,318,853	672,118	22,605,501	\$ 1,710,520

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, 2021 (in thousands)

	PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST	INVESTMENT TRUST	CUSTODIAL	
			EXTERNAL INVESTMENT POOLS	OTHER CUSTODIAL
ADDITIONS				
Contributions:				
Pension and OPEB trust contributions:				
Employer	\$ 3,070,243			\$
Member	809,594			
Contributions to investment trust and custodial funds		244,958	53,808,612	22,856,789
Total contributions	3,879,837	244,958	53,808,612	22,856,789
Investment earnings:				
Investment income (loss)	5,930,673	(4,674)	(87,091)	
Net increase in the fair value of investments	10,419,378			
Securities lending income (Note 4)	5,072			
Total investment earnings	16,355,123	(4,674)	(87,091)	
Less - Investment expenses:				
Expense from investing activities	272,769			
Expense from securities lending activities (Note 4)	317			
Total net investment expense	273,086			
Net investment earnings	16,082,037	(4,674)	(87,091)	
Other additions				2,482,412
Miscellaneous	2,928			
TOTAL ADDITIONS	19,964,802	240,284	53,721,521	25,339,201
DEDUCTIONS				
Administrative expenses:				
Salaries and employee benefits	69,983			
Services and supplies	21,187			
Total administrative expenses	91,170			
Benefit payments	4,533,055			
Distributions from investment trust and custodial funds		118,143	51,553,598	22,975,733
Other deductions				2,424,648
Miscellaneous	24,760			
TOTAL DEDUCTIONS	4,648,985	118,143	51,553,598	25,400,381
CHANGE IN NET POSITION	15,315,817	122,141	2,167,923	(61,180)
NET POSITION, JULY 1, 2020, AS RESTATED (Note 2)	60,003,036	549,977	20,437,578	1,771,700
NET POSITION, JUNE 30, 2021	\$ 75,318,853	672,118	22,605,501	\$ 1,710,520

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, 2021 (in thousands)

	LOS ANGELES COUNTY DEVELOPMENT AUTHORITY	FIRST 5 LA	TOTAL
ASSETS			
Pooled cash and investments-			
Operating (Notes 1 and 4)	\$ 316,454	329,633	\$ 646,087
Other investments (Note 4)	280,907		280,907
Accounts receivable - net	26,699		26,699
Interest receivable		189	189
Other receivables	58,696	8,758	67,454
Inventories	13,004		13,004
Restricted assets	8,487		8,487
Capital assets: (Notes 1 and 5)			
Capital assets, not being depreciated	92,748	2,039	94,787
Capital assets, net of accumulated depreciation	78,037	8,356	86,393
Total capital assets	170,785	10,395	181,180
TOTAL ASSETS	875,032	348,975	1,224,007
DEFERRED OUTFLOWS OF RESOURCES	15,862		15,862
LIABILITIES			
Accounts payable	54,667	21,884	76,551
Other payables	9,647		9,647
Advances payable	18,094		18,094
Long-term liabilities: (Note 10)			
Due within one year	5,972	195	6,167
Due in more than one year	95,369	807	96,176
TOTAL LIABILITIES	183,749	22,886	206,635
DEFERRED INFLOWS OF RESOURCES	2,400		2,400
NET POSITION			
Net investment in capital assets	136,852	10,395	147,247
Restricted for:			
Debt service	472		472
Community development	514,223		514,223
First 5 LA		315,694	315,694
Unrestricted	53,198		53,198
TOTAL NET POSITION	\$ 704,745	326,089	\$ 1,030,834

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, 2021 (in thousands)

	LOS ANGELES COUNTY DEVELOPMENT AUTHORITY	FIRST 5 LA	TOTAL
PROGRAM (EXPENSES) REVENUES:			
Expenses	\$ (949,868)	(104,329)	\$ (1,054,197)
Program revenues:			
Charges for services	31,394		31,394
Operating grants and contributions	848,733	81,911	930,644
Capital grants and contributions	4,285		4,285
Net program (expenses) revenues	<u>(65,456)</u>	<u>(22,418)</u>	<u>(87,874)</u>
GENERAL REVENUES:			
Investment income (loss)	263	(874)	(611)
Miscellaneous	8	122	130
Total general revenues	<u>271</u>	<u>(752)</u>	<u>(481)</u>
CHANGE IN NET POSITION	(65,185)	(23,170)	(88,355)
NET POSITION, JULY 1, 2020	<u>769,930</u>	<u>349,259</u>	<u>1,119,189</u>
NET POSITION, JUNE 30, 2021	<u>\$ 704,745</u>	<u>326,089</u>	<u>\$ 1,030,834</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, 2021

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, 2021

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, 2021

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, 2021

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, 2021, the restricted net position balances were \$4.298 billion and \$66.42 million for governmental activities and business-type activities, respectively. For governmental activities, \$529.13 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, 2021

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 5% 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 Fund 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 Library'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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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, 2021

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 (ISFs) 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 the fiduciary activities of the County's Pension Plan administered by LACERA.

The OPEB Trust Fund is used to account for the fiduciary 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 Fund

The Investment Trust Fund is used to account for the fiduciary activities from the external portion of the investment pool and individual investment accounts which are administered through a trust agreement or equivalent arrangement in which the County is not a beneficiary. Participants include deposits held on behalf of cities and special districts.

Custodial Funds

External Investment Pools Funds

The External Investment Pools Funds is used to account for the fiduciary activities from the external portion of the investment pool for participants that do not have a trust agreement or equivalent arrangement in which the County is not a beneficiary. The participants primarily consist of deposits held on behalf of School Districts, Courts, and Sanitation Districts.

Other Custodial Funds

The Other Custodial Funds are used to account for the fiduciary activities which are held for other governmental agencies or individuals in a custodial capacity.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Basis of Accounting

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers revenues to be available if collectible within one year after year-end, except for property taxes, which are considered available to the extent that they are collectible within 60 days after year-end. When property taxes are measurable but not available, the collectible portion (taxes levied less estimated uncollectibles) is recorded as deferred inflows of resources in the period when an enforceable legal claim to the assets arises. 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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Basis of Accounting-Continued

as operating expenses of the Hospitals. All other revenues and expenses not meeting this definition are reported as nonoperating items. As discussed in Note 13, intergovernmental transfer payments are recorded in the Hospitals and this item is classified as a nonoperating expense.

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 \$40.920 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, 2021. 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 15 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) 2020-2021 assessed valuation of the County approximated \$1.724 trillion.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Property Taxes-Continued

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

The County is divided into 12,790 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 FY 2020-2021 property taxes by the deadline. The California Revenue and Taxation Code (R&TC) grants the Treasurer and Tax Collector the authority to cancel payment penalties in limited circumstances. The Treasurer and Tax Collector has been 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, 2021, the County's share of residual property tax revenues was \$423.74 million, of which \$352.41 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, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Deposits and Investments

Deposits and investments as discussed in Note 4 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 funds as of June 30, 2021, that were owed to or were more appropriately classified in County operating funds. Accordingly, certain cash balances have been reclassified from the custodial funds.

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 4. 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, 2021

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 are 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 5. 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, 2021

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 19.

Advances Payable

The County uses certain 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. See Note 21 for additional information.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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 eight 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, 2019 rolled forward to June 30, 2020
Measurement Date - June 30, 2020
Measurement Period - July 1, 2019 to June 30, 2020

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, 2019 rolled forward to June 30, 2020
Measurement Date - June 30, 2020
Measurement Period - July 1, 2019 to June 30, 2020

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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 rolled forward to June 30, 2020

Measurement Date - June 30, 2020

Measurement Period - July 1, 2019 to June 30, 2020

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 20.

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, 2021

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, 2021

2. NEW ACCOUNTING PRONOUNCEMENTS

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

GASB Statement No. 84 - Statement No. 84, *Fiduciary Activities*, establishes criteria for the identification of fiduciary activities for accounting and financial reporting purposes. The focus of the criteria generally is on whether a government is controlling the assets of the fiduciary activity and also the beneficiaries with whom a fiduciary relationship exists. This statement is effective for reporting periods after December 31, 2020. See below for the restatement of Net Position due to implementation of this statement.

GASB Statement No. 90 - Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*, improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The statement is effective for reporting periods after December 31, 2020. This statement did not have a material impact on the financial statements.

GASB Statement No 97 - Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, (1) increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. GASB Statement No. 97 for paragraphs 6-9 is effective for reporting periods beginning after June 15, 2021. All other requirements of this statement are effective for reporting periods beginning after June 15, 2021. The County elected to early implement all requirements of this statement. This statement did not have a material impact to the financial statements.

GASB Statement No 98 - Statement No. 98, *The Annual Comprehensive Financial Report*, establishes the term annual comprehensive financial report and its acronym in generally accepted accounting principles for state and local governments. The County early implemented this statement.

Restatement of Net Position

The County implemented GASB 84 during the fiscal year, which resulted in a restatement of net position. Net Position reported on the Statement of Changes in Fiduciary Net Position for the fiduciary funds consisted of the following at July 1, 2020 (in thousands):

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

2. NEW ACCOUNTING PRONOUNCEMENTS-Continued

Restatement of Net Position-Continued

	July 1, 2020, as previously reported	Restatement	Net Position July 1, 2020, as restated
Fiduciary Funds:			
Investment Trust Fund	\$ 20,987,555	(20,437,578)	\$ 549,977
Custodial:			
External Investment Pools Funds		20,437,578	20,437,578
Other Custodial Funds		1,773,366	1,773,366

3. DEFICIT NET POSITION

The following activities/funds had a net deficit at June 30, 2021 (in thousands):

	<u>Accumulated Deficit</u>
<u>Government-wide:</u>	
Governmental Activities	\$ 10,224,569
Business-type Activities	2,693,779
<u>Enterprise Funds:</u>	
Harbor-UCLA Medical Center	1,184,709
Olive View-UCLA Medical Center	1,030,625
LAC+USC Medical Center	1,262,967
Rancho Los Amigos National Rehab Center	205,471
<u>Internal Service Funds:</u>	
Public Works	1,227,702

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

4. 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, 2021 (in thousands):

	Pooled Cash and Investments	Other Investments	Restricted Assets		Total
			Pooled Cash and Investments	Other Investments	
Governmental Funds	\$ 13,054,245	83,253			\$ 13,137,498
Proprietary Funds	1,064,122		109,614	402	1,174,138
Fiduciary Funds (excluding Pension and OPEB)	24,558,138	114,782			24,672,920
Pension and OPEB Trust Funds	116,592	76,936,832			77,053,424
Discretely Presented Component Units	646,087	280,907		8,487	935,481
Total	\$ 39,439,184	77,415,774	109,614	8,889	\$ 116,973,461

A summary of cash and investments (by type) as of June 30, 2021 is as follows (in thousands):

Cash:	Cash and investments are reported as follows:	
County		
Imprest Cash	\$ 10,692	Governmental Funds \$ 13,137,498
Cash in Vault	138	Proprietary Funds 1,174,138
Cash in Bank	100,544	Investment Trust Fund 671,567
Deposits in Transit	14,309	Custodial Funds 24,001,353
Held by Outside Trustees	666	Pension and OPEB
LACDA	25,068	Trust Funds (LACERA) 77,053,424
Total Cash	151,417	Discretely presented component units:
		First 5 LA 329,633
		LACDA 605,848
		Total Cash and Investments \$ 116,973,461
Investments:		
In Treasury Pool	39,423,114	
In Specific Purpose Investment (SPI)	117,832	
In Other Specific Investments	302	
Held by Outside Trustees	79,638	
In LACERA	76,936,832	
In Discretely Presented Component Unit - LACDA	264,326	
Total Investments	116,822,044	
Total Cash and Investments	\$ 116,973,461	

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

4. CASH AND INVESTMENTS-Continued

County Treasurer Cash

As of June 30, 2021, the County Treasurer (Treasurer) maintained accounts in six banks. The carrying amount of the Treasurer's total deposits in financial institutions was \$100.54 million, deposits in transit were \$14.31 million, and cash in the Treasurer's vault was \$0.14 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, 2021.

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, 2021, 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. Forty-eight percent (47.73%) 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 either the Investment Trust Fund or the External Investment Pool (Custodial Fund). Certain SPI have been made by the County as directed by external depositors.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

4. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

This investment activity occurs separately from the County's Pool and is reported in the External Specific Investment Pool (Custodial Fund) in the amount of \$114.48 million. The Pool is not registered as an investment company with the SEC. California Government Code statutes and the County Board set forth the various investment policies that the Treasurer must follow.

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

Investments in LAIF are governed by the California Government Code and overseen by a five member Local Investment Advisory Board as designated by the California Government Code. As of June 30, 2021, the total amount invested by all California local governments and special districts in LAIF was \$37.070 billion. LAIF is part of the State of California's Pooled Money Investment Account (PMIA), which as of June 30, 2021 had a balance of \$193.320 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 structured notes and asset-backed securities totaling \$4.470 billion at June 30, 2021. Collectively, these represent 2.31% of the PMIA balance of \$193.320 billion. The SPI holdings in the LAIF investment pool as of June 30, 2021, were \$40.45 million, which were valued using a fair value factor provided by LAIF.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

4. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

The Treasurer has the following recurring fair value measurements as of June 30, 2021 (in thousands):

Pool	Fair Value	Fair Value Measurement Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	External Government Investment Pools
Commercial Paper	\$ 10,007,179	\$	\$ 10,007,179	\$	\$
Corporate and Deposit Notes	83,958		83,958		
Los Angeles County Securities	5,000			5,000	
Negotiable Certificates of Deposit	2,600,064		2,600,064		
U.S. Agency Securities	17,553,788		17,553,788		
U.S. Treasury Securities:					
U.S. Treasury Notes	2,609,790		2,609,790		
U.S. Treasury Bills	6,538,803		6,538,803		
Municipals	24,532		24,532		
Total Investments	<u>\$ 39,423,114</u>	<u>\$</u>	<u>\$ 39,418,114</u>	<u>\$ 5,000</u>	<u>\$</u>
<u>SPI</u>					
Local Agency Investment Fund	\$ 40,447	\$	\$	\$	\$ 40,447
Los Angeles County Securities	3,351			3,351	
U.S. Agency Securities	74,034		74,034		
Total Investments	<u>\$ 117,832</u>	<u>\$</u>	<u>\$ 74,034</u>	<u>\$ 3,351</u>	<u>\$ 40,447</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, 2021

4. 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' debts 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, 2021

4. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

A summary of investments held by the Pool at June 30, 2021 is as follows (dollars in thousands):

Pool	Fair Value	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity In Years
Commercial Paper	\$ 10,007,179	\$ 10,007,387	0.03% - 0.17%	07/01/21 - 09/30/21	0.09
Corporate and Deposit Notes	83,958	83,425	0.50% - 2.25%	03/03/22 - 06/18/24	1.57
Los Angeles County Securities	5,000	5,000	0.59%	06/30/22	1.00
Negotiable Certificates of Deposit	2,600,064	2,600,000	0.03% - 0.27%	07/01/21 - 11/02/21	0.09
Municipals	24,532	24,312	2.96%	08/01/24	3.09
U.S. Agency Securities	17,553,788	17,746,974	0.02% - 2.63%	07/16/21 - 01/27/33	5.38
U.S. Treasury Securities:					
U.S. Treasury Notes	2,609,790	2,639,686	0.25% - 1.63%	07/31/21 - 11/15/30	5.08
U.S. Treasury Bills	6,538,803	6,538,765	0.02% - 0.12%	07/06/21 - 04/21/22	0.36
Total	<u>\$ 39,423,114</u>	<u>\$ 39,645,549</u>			2.82

The unrealized loss on investments held in the Pool was \$222.43 million as of June 30, 2021. This amount takes into account all changes in fair value that occurred during the year. The method used to apportion the unrealized loss was based on a pro-rata share of each funds' cash balance as of June 30, 2021 relative to the County Pool balances. A separate financial report is issued for the Pool for the year ended June 30, 2021 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, 2021 is as follows (dollars in thousands):

SPI	Fair Value	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity In Years
Local Agency Investment Fund	\$ 40,447	\$ 40,444			0.80
Los Angeles County Securities	3,351	3,200	5.00%	12/02/27	6.43
U.S. Agency Securities	74,034	73,230	2.00% - 3.27%	03/23/35 - 08/27/43	17.90
Total	<u>\$ 117,832</u>	<u>\$ 116,874</u>			8.37

Other Specific Investments	Fair Value	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity In Years
U.S. Treasury Bills	\$ 302	\$ 302	0.02%	11/26/21	0.41

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

4. 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.

Historically, 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. However, due to the low interest rate environment caused by the COVID-19 pandemic, the weighted average maturity target was increased between 1.0 and 3.0 years on August 12, 2020. 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, 2021, is \$39.423 billion, of which 56.93% will mature in six months or less. Of the remainder, 36.28% have a maturity of more than one year. At June 30, 2021, the weighted average maturity in years for the Pool was 2.82 years.

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, 2021, there were none.

At June 30, 2021, the Pool contained floating rate notes at fair value of \$5.00 million (0.01% 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, 2021

4. 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 of three 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, 2021 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 NRSROs 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, 2021, 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, 2021 (dollars in thousands):

Issuer	Pool		SPI	
	Fair Value	% of Portfolio	Fair Value	% of Portfolio
Federal Home Loan Bank	\$ 6,637,302	16.84%	\$ 24,203	20.54%
Federal Home Loan Mortgage Corporation	3,698,729	9.38%	8,709	7.39%
Federal Farm Credit Bank	5,322,832	13.50%	41,122	34.90%

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

4. 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, 2021:

Pool	S&P	Moody's	Fitch	% of Portfolio
Commercial Paper	Not Rated	Not Rated	Not Rated	25.39 %
Corporate and Deposit Notes (ST)	AAA	Aaa	Not Rated	0.06 %
	A+	A1	A+	0.03 %
Corporate and Deposit Notes (LT)	A+	Aa2	AA	0.13 %
Los Angeles County Securities	Not Rated	Not Rated	Not Rated	0.01 %
Municipals	AA	Not Rated	AA	0.06 %
Negotiable Certificates of Deposits	Not Rated	Not Rated	Not Rated	6.60 %
U.S. Agency Securities	AA+	Aaa	AAA	16.41 %
	AA+	Aaa	Not Rated	4.82 %
	Not Rated	Aaa	AAA	9.38 %
	Not Rated	Aaa	Not Rated	0.13 %
	Not Rated	Not Rated	Not Rated	13.78 %
U.S. Treasury Securities*				23.20 %
				100.00 %
SPI				
Local Agency Investment Fund	Not Rated	Not Rated	Not Rated	34.33 %
Los Angeles County Securities	Not Rated	Not Rated	Not Rated	2.84 %
U.S. Agency Securities	AA+	Aaa	AAA	34.90 %
	AA+	Aaa	Not Rated	20.54 %
	Not Rated	Aaa	AAA	7.39 %
				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, 2021

4. 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, 2021, 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, 2021 were \$.67 million. A total of \$304.82 million of investments held by outside trustees are invested in the Pool. In addition, the outside trustees invested \$79.64 million outside of the Pool.

The following is a summary of deposits and investments held by outside trustees as of June 30, 2021 (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	\$ 79,638	\$ 79,638	0.01% - 0.02%	07/01/21	N/A

The following is a summary of the credit quality distribution and concentration of credit risk as of June 30, 2021:

<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, 2021

4. 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 ACFR for the year ended June 30, 2021 (certain terms have been modified to conform with the County's ACFR 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 ACFR.

Investments

The investments of the Pension and OPEB Trust Funds are reported at fair value at June 30, 2021, (in thousands) and are as follows:

	Fair Value
Cash Collateral on Loaned Securities	\$ 1,198,528
Short-term Investments	3,181,977
Domestic and International Equity	30,851,061
Fixed Income	21,971,514
Real Estate*	5,513,340
Private Equity	11,471,947
Hedge Funds	2,748,465
Total	\$ 76,936,832

* Refer to Note J of LACERA's ACFR for the year ended June 30, 2021, for additional discussion on special purpose entities.

The Pension and OPEB Trust Funds also had deposits with the Pool at June 30, 2021 totaling \$116.59 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 Fiduciary 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, 2021

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Credit Risk

Credit risk is the risk that an issuer or a counterparty to an investment transaction 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 ranges of 80% to 100% for Core and 0% to 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, 2021

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Credit Quality Ratings

The following is a schedule as of June 30, 2021 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 \$16.35 million are excluded from this presentation.

Credit Quality Ratings of Investments in Fixed Income Securities - Pension Plan
As of June 30, 2021
(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	\$ 3,301,874	1,195,987	1,480	172,471	4,497,797	2,346	160,507	\$ 9,332,462	44.31 %
Aa			4,221	32,962	1,042,542	24,674	20,947	1,125,346	5.34 %
A				386,122	877,203	38,208	47,334	1,348,867	6.40 %
Baa			2,695	585,436	1,079,893	78,426	140,929	1,887,379	8.96 %
Ba				211,026	33,863	47,809	188,558	481,256	2.29 %
B				1,115,369	662	120,190	383,016	1,619,237	7.69 %
Caa				190,817		13,097	216,681	420,595	2.00 %
Ca				7,630		784	6,797	15,211	0.07 %
C				1,132				1,132	0.01 %
Not Rated		1,027		317,497	4,195,662	110,193	205,097	4,829,476	22.93 %
Total Investment in Fixed Income Securities - Pension Plan	\$ 3,301,874	1,197,014	8,396	3,020,462	11,727,622	435,727	1,369,866	\$21,060,961	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, 2021
(dollars in thousands)

Quality Ratings	Pooled Investments	Total	Percentage of Portfolio
Not Rated	\$ 894,200	\$ 894,200	100.00 %
Total Investment in Fixed Income Securities - OPEB Trust	\$ 894,200	\$ 894,200	100.00 %

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

4. 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, 2021, 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, 2021

4. 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, 2021 presents the duration by investment type. Whole loan mortgages included in the Pension Plan Portfolio of \$16.35 million are excluded from this presentation.

Duration in Fixed Income Securities - Pension Plan
As of June 30, 2021
(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	\$ 3,301,874	7.08
U.S. Government Agency	1,197,014	3.39
Municipal / Revenue Bonds	8,396	13.41
Subtotal U.S. Treasuries, U.S. Government Agency, and Municipal Instruments	4,507,284	
Corporate Bonds and Credit Securities:		
Asset-Backed Securities	251,781	2.99
Corporate and Other Credit	2,762,494	2.73
Fixed Income Swaps and Options	6,187	N/A
Pooled Funds	11,727,622	3.47
Subtotal Corporate Bonds and Credit Securities	14,748,084	
Non-U.S. Fixed Income	435,727	2.37
Private Placement Fixed Income	1,369,866	3.40
Subtotal Non-U.S. and Private Placement Securities	1,805,593	
Total Fixed Income Securities - Pension Plan	\$ 21,060,961	

*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, 2021

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Interest Rate Risk-Continued

Duration in Fixed Income Securities - OPEB Trust
As of June 30, 2021
(dollars in thousands)

Investment Type	Fair Value	Portfolio Weighted Average Effective Duration*
Corporate Bonds and Credit Securities:		
Pooled Investments	\$ 894,200	3.41
Total Fixed Income Securities - OPEB Trust	\$ 894,200	

*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% 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. Most of the exposure is from separately managed accounts with the remaining exposure from non-U.S. commingled funds. For the commingled funds, LACERA owns units, and the fund holds the actual securities and/or currencies. The values shown include LACERA's separately managed account holdings and 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, 2021

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Non-U.S. Investment Securities at Fair Value - Pension Plan
As of June 30, 2021
(in thousands)

Currency	Equity	Fixed Income	Foreign Currency	Real Estate Commingled Funds	Private Equity Investments	Forward Contracts	Total
AFRICA							
Angolian Kwanza	\$	4,788				\$	4,788
Central African CFA franc		2,317					2,317
Ghana New Cedi		7,798					7,798
Kenya Shilling	4,338	2,133					6,471
Mauritian Rupee		4,547					4,547
Moroccan Dirham		3,775					3,775
Nigerian Naira	8,383	5,445					13,828
Rwandan Franc		4,542					4,542
South African Rand	163,350	30,442	77				193,869
Tunisian Dinar		4,366					4,366
West African CFA Franc		11,786					11,786
AMERICAS							
Argentine Peso		10,889					10,889
Bahamian Dollar		5,884					5,884
Barbadian Dollar		794					794
Belize Dollar		1,150					1,150
Brazilian Real	176,747	39,358	465				223,874
Canadian Dollar	912,837	10,290	766			7,304	923,893
Chilean Peso	21,484	3,313					24,797
Colombian Peso	5,114	17,641	5				22,760
Dominican Peso		7,355					7,355
Honduran Lempira		912					912
Mexican Peso	86,166	43,521	(57)				129,630
Paraguayan Guarani		2,007					2,007
Peruvian Sol	5,730	6,438					12,168
Uruguayan Peso		6,134					6,134
Venezuelan Bolivar		1,124					1,124
ASIA							
Armenian Dram		5,196					5,196
Australian Dollar	582,851	1,499	810				585,160
Chinese Renminbi	207,769	17,241	4				225,014
Georgia Lari		7,107					7,107
Hong Kong Dollar	1,124,714		699			3,978	1,129,391
Indian Rupee	155,324	11,351					166,675
Indonesian Rupiah	55,584	25,989	42				81,615
Japanese Yen	1,486,494		1,248			(82)	1,487,660
Kazakhstani Tenge		5,518					5,518
Kuwaiti Dinar	8,078						8,078
Malaysian Ringgit	61,692	10,306	131				72,129
New Zealand Dollar	46,881	261	12			787	47,941
Pakistan Rupee	2,405	3,109					5,514
Philippine Peso	25,662	1,220	3				26,885
Singapore Dollar	78,336	2,351	280			2,462	83,429
South Korean Won	488,596	1,743	342			19,887	510,568
Taiwan Dollar	417,184		96				417,280
Thai Baht	52,389	7,844	8				60,241
Uzbekistani So'm		5,115					5,115
Vietnamese Dong	37,223						37,223
EUROPE							
Belarusian Ruble		6,341					6,341
British Pound Sterling	1,481,904	60,616	385	485	122,063	27,817	1,693,270
Czech Republic Koruna	3,588	16,354					19,942
Danish Krone	222,322		479			3,106	225,907
Euro	2,589,916	172,931	13,719	287,627	644,294	1,918	3,710,405
Hungarian Forint	17,363	3,486					20,849
Norwegian Krone	128,472		90				128,562
Polish Zloty	39,781	6,537	197				46,515
Romanian New Leu	17,169	8,210					25,379
Russian Ruble	127,259	23,145					150,404
Serbian Dinar		4,367					4,367
Swedish Krona	508,125		516			237	508,878
Swiss Franc	685,030		265			817	686,112
Ukrainian Hryvnia		22,175					22,175
MIDDLE EAST							
Bahraini Dinar		5,687					5,687
Egyptian Pound	2,732	18,671					21,403
Israeli New Shekel	42,162	1,799	5			68	44,034
Jordanian Dinar	7,197						7,197
Qatari Rial	18,655	17,795					36,450
Saudi Riyal	1,410	11,763					13,173
Turkish Lira	10,340	7,122					17,462
UAE Dirham	18,277	15,373	13				33,663
Total Investment Securities Subject to Foreign Currency Risk - Pension Plan							
	\$ 12,137,033	746,971	20,600	288,112	766,357	68,299	\$14,027,372

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Non-U.S. Investment Securities at Fair Value - OPEB Trust
As of June 30, 2021
(in thousands)

Currency	Equity	Fixed Income	Total
AFRICA			
Liberian Dollar	\$	766	\$ 766
South African Rand	5,202	7,350	12,552
AMERICAS			
Brazilian Real	7,955	8,131	16,086
Canadian Dollar	33,523	8,784	42,307
Cayman Islands Dollar		356	356
Chilean Peso	705	2,162	2,867
Colombian Peso	219	4,391	4,610
Dominican Peso		110	110
Mexican Peso	2,566	9,464	12,030
Panamanian Balboa		1,249	1,249
Peruvian Sol		2,165	2,165
Uruguay Peso		233	233
ASIA			
Australian Dollar	22,521	832	23,353
Chinese Renminbi	6,181	9,244	15,425
Hong Kong Dollar	44,151		44,151
Indian Rupee	15,851		15,851
Indonesian Rupiah	1,671	9,017	10,688
Japanese Yen	72,313	1,185	73,498
Kuwaiti Dinar	789		789
Malaysian Ringgit	2,087	6,703	8,790
New Zealand Dollar	1,041		1,041
Pakistan Rupee	85		85
Philippine Peso	949	364	1,313
Singapore Dollar	3,484	27	3,511
South Korean Won	20,219	198	20,417
Taiwan Dollar	21,798		21,798
Thailand Baht	2,667	8,060	10,727
EUROPE			
British Pound Sterling	44,938	7,347	52,285
Czech Republic Koruna	137	3,804	3,941
Danish Krone	7,416	62	7,478
Euro	94,815	11,065	105,880
Hungarian Forint	298	3,645	3,943
Norwegian Krone	2,766	135	2,901
Polish Zloty	1,130	7,413	8,543
Romanian Leu		2,696	2,696
Russian Ruble	3,994	6,937	10,931
Swedish Krona	13,006	124	13,130
Swiss Franc	27,370		27,370
MIDDLE EAST			
Egyptian Pound	129		129
Israeli New Shekel	1,837	119	1,956
Qatari Rial	957		957
Saudi Riyal	4,127		4,127
Turkish Lira	520	1,640	2,160
UAE Dirham	1,001		1,001
Total Investment Securities Subject to Foreign Currency Risk - OPEB Trust	\$ 470,418	125,778	\$ 596,196

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

4. 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.

During the last fiscal year, LACERA's securities lending program was 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. During FY 2020-2021, GSAL was terminated and its program was transferred to the Bank. 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 the 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 lending agent 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, 2021.

As of June 30, 2021, the fair value of securities on loan was \$3.351 billion, with a value of cash collateral received of \$1.199 billion, which is included in Other payables on the financial statements, and non-cash collateral of \$2.334 billion. LACERA's income, net of expenses from securities lending, was \$4.76 million for the year ended June 30, 2021.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Securities Lending Program-Continued

Securities Lending
As of June 30, 2021
(in thousands)

Securities on Loan	Fair Value of Securities on Loan	Cash Collateral Received	Non-Cash Collateral Received	Calculated Mark ⁽¹⁾
U.S. Equity	\$ 1,505,009	\$ 110,975	\$ 1,495,387	\$ (2,885)
U.S. Fixed Income	1,237,110	1,034,611	238,468	1,661
Non-U.S. Equity	609,309	52,942	600,317	(1,902)
Total	\$ 3,351,428	\$ 1,198,528	\$ 2,334,172	\$ (3,126)

(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, 2021
(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 Written	\$ 800		\$ 8	\$	\$	\$	\$ 8
Fixed Income Options Bought		256	30		30		
Fixed Income Options Written		(3,041)	(2)		(1)		(1)
Receive Fixed Interest Rate Swaps	17,509		(71)		202	(273)	
Total Return Swaps Bond	107		(3)	(3)			
Total Return Swaps Equity	(493,146)		6,214	6,103	111		
Total	\$ (474,730)	(2,785)	\$ 6,176	\$ 6,100	\$ 342	\$ (273)	\$ 7

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

4. 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 one hedge fund of funds manager, Grosvenor Capital Management (GCM), and one credit fund of funds manager, GCM. During the prior fiscal year, LACERA initiated the full redemption of the GCM hedge fund of funds' portfolios. Furthermore, the GCM credit fund of funds portfolio entered its distribution phase in the prior fiscal year. Both portfolios began returning cash during the fiscal year ended June 30, 2021, in alignment with the liquidity terms of the portfolios or underlying managers. GCM is managing the redemption process of the GCM portfolios.

During the fiscal year, LACERA added three investment managers to the Direct hedge funds portfolio and redemption began for one of the investment managers. As of June 30, 2021, the portfolio contains eight direct hedge fund 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, 2021 was \$2.748 billion.

The GCM hedge funds of funds portfolio 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

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; and 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, 2021

4. 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 in instances where no observable public market values are available. Investments that 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. In instances where observable public market values are available for the underlying securities held, fair value is determined by the fund's administrator using independent pricing sources.

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, 2021

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Fair Value-Continued

Investments and Derivatives Measured at Fair Value - Pension Plan
As of June 30, 2021
(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	\$ 251,781		\$ 251,623	\$ 158
Corporate and Other Credit	2,762,494		2,703,495	58,999
Municipal/Revenue Bonds	8,396		8,396	
Non-U.S. Fixed Income	435,728		426,142	9,586
Pooled Investments	1,157,533	1,157,533		
Private Placement Fixed Income	1,369,866		1,369,866	
U.S. Government Agency	1,197,014		1,197,014	
U.S. Treasuries	3,301,874		3,301,874	
Whole Loan Mortgages	16,352			16,352
Total Fixed Income Securities	<u>10,501,038</u>	<u>1,157,533</u>	<u>9,258,410</u>	<u>85,095</u>
Equity Securities				
Non-U.S. Equity	10,892,501	10,887,549	1,078	3,874
Pooled Investments	403,341	403,341		
U.S. Equity	16,244,834	16,222,153	11,306	11,375
Total Equity Securities	<u>27,540,676</u>	<u>27,513,043</u>	<u>12,384</u>	<u>15,249</u>
Collateral from Securities Lending	1,198,528		1,198,528	
Total Investments by Fair Value Level	<u>\$ 39,240,242</u>	<u>\$ 28,670,576</u>	<u>\$ 10,469,322</u>	<u>\$ 100,344</u>
Investments Measured at NAV				
Fixed Income	\$ 10,570,090			
Equity	2,165,195			
Hedge Funds	2,748,465			
Private Equity	11,471,947			
Real Estate	5,294,150			
Total Investments Measured at NAV	<u>32,249,847</u>			
Total Investments	<u>\$ 71,490,089</u>			
Derivatives				
Foreign Exchange Contracts	\$ 68,715		\$ 68,715	
Foreign Fixed Income Derivatives	3,217	(1)	3,218	
Foreign Equity Derivatives	968	968		
U.S. Equity Derivatives	(997)	(997)		
U.S. Fixed Income Derivatives	2,970	29	2,941	
Total Derivatives	<u>\$ 74,873</u>	<u>\$ (1)</u>	<u>\$ 74,874</u>	

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Fair Value-Continued

Investments Measured at the Net Asset Value - Pension Plan
As of June 30, 2021
(dollars in thousands)

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Commingled Fixed Income Funds ⁽¹⁾	\$ 10,570,090	\$ 525,114	Daily, Monthly or Not Eligible	1-60 days or N/A
Commingled Equity Funds ⁽²⁾	2,165,195		Daily, Monthly or Not Eligible	1-60 days or N/A
Hedge Funds ⁽³⁾	2,748,465		Daily, Monthly, Quarterly, Semi-Annual, Annual, Self-Liquidating	5-180 days
Private Equity ⁽⁴⁾	11,471,947	6,219,655	Not Eligible	N/A
Real Estate ⁽⁴⁾	5,294,150	971,004	Quarterly or Not Eligible	30 days+ or N/A
Total Investments Measured at the NAV	<u>\$ 32,249,847</u>			

(1) Commingled Fixed Income Funds: 8 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: 5 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 these 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 8 current funds and 2 fund of funds. Hedge Fund investments are valued at NAV per share. When considering liquidity terms of the 8 current funds, 76% 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 24% 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 254 funds, investing primarily in Buyout Funds, with some exposure to venture capital, special situations, fund of funds, real assets, and co-investments. Due to contractual limitations, none of the funds are currently eligible for redemption. One of the funds may be eligible for redemption after 3 years, while the remaining 253 funds are ineligible 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. 3 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 ACFR.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Fair Value-Continued

Investments Measured at Fair Value - OPEB Trust
As of June 30, 2021
(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	\$ 237,868	\$ 237,868	\$	\$
Total Fixed Income Securities	237,868	237,868		
Total Investments by Fair Value Level	<u>\$ 237,868</u>	<u>\$ 237,868</u>	<u>\$</u>	<u>\$</u>

Investments Measured at Net Asset Value (NAV)

Fixed Income	\$ 656,332
Equity	1,145,218
Real Estate Investment Trust (REIT)	219,190
Total Investments Measured at NAV	<u>2,020,740</u>
Total Investments	<u>\$ 2,258,608</u>

Investments Measured at Net Asset Value - OPEB Trust
As of June 30, 2021
(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	\$ 656,332	\$	Daily, Monthly	1-30 days or N/A
Commingled Equity Fund	1,145,218		Daily, Monthly	1-30 days or N/A
Real Estate Investment Trust (REIT)	219,190		Daily, Monthly	1-30 days or N/A
Total Investments Measured at NAV ⁽¹⁾	<u>\$ 2,020,740</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, 2021

5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2021 is as follows (in thousands):

<u>Governmental Activities</u>	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets, not being depreciated:				
Land	\$ 2,482,859	49,466	(5,123)	\$ 2,527,202
Easements	4,999,382	7,025		5,006,407
Software in progress	16,444	38,624	(825)	54,243
Construction in progress-buildings and improvements	790,690	786,309	(59,136)	1,517,863
Construction in progress-infrastructure	476,210	125,262	(112,258)	489,214
Subtotal	<u>8,765,585</u>	<u>1,006,686</u>	<u>(177,342)</u>	<u>9,594,929</u>
Capital assets, being depreciated:				
Buildings and improvements	6,179,882	141,788	(29,259)	6,292,411
Equipment	1,808,471	131,054	(79,379)	1,860,146
Software	582,347	2,702		585,049
Infrastructure	8,055,350	81,447		8,136,797
Subtotal	<u>16,626,050</u>	<u>356,991</u>	<u>(108,638)</u>	<u>16,874,403</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,386,197)	(129,579)	8,216	(2,507,560)
Equipment	(1,309,294)	(132,940)	77,145	(1,365,089)
Software	(323,527)	(46,105)		(369,632)
Infrastructure	(4,466,664)	(156,472)		(4,623,136)
Subtotal	<u>(8,485,682)</u>	<u>(465,096)</u>	<u>85,361</u>	<u>(8,865,417)</u>
Total capital assets, being depreciated, net	<u>8,140,368</u>	<u>(108,105)</u>	<u>(23,277)</u>	<u>8,008,986</u>
Governmental activities capital assets, net	<u>\$ 16,905,953</u>	<u>898,581</u>	<u>(200,619)</u>	<u>\$ 17,603,915</u>
<u>Business-type Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 134,932			\$ 134,932
Easements	31,885	169		32,054
Construction in progress-buildings and improvements	167,351	77,648	(22,470)	222,529
Construction in progress-infrastructure	53,215	24,386	(20,915)	56,686
Subtotal	<u>387,383</u>	<u>102,203</u>	<u>(43,385)</u>	<u>446,201</u>
Capital assets, being depreciated:				
Buildings and improvements	2,834,687	24,639		2,859,326
Equipment	410,791	40,147	(14,521)	436,417
Software	58,922			58,922
Infrastructure	1,285,131	20,860		1,305,991
Subtotal	<u>4,589,531</u>	<u>85,646</u>	<u>(14,521)</u>	<u>4,660,656</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

5. CAPITAL ASSETS-Continued

Business-type Activities-Continued

	Balance			Balance
	July 1, 2020	Additions	Deletions	June 30, 2021
Less accumulated depreciation for:				
Buildings and improvements	\$ (903,423)	(50,875)		\$ (954,298)
Equipment	(271,101)	(30,959)	13,959	(288,101)
Software	(46,314)	(3,537)		(49,851)
Infrastructure	(672,082)	(23,826)		(695,908)
Subtotal	<u>(1,892,920)</u>	<u>(109,197)</u>	<u>13,959</u>	<u>(1,988,158)</u>
Total capital assets, being depreciated, net	<u>2,696,611</u>	<u>(23,551)</u>	<u>(562)</u>	<u>2,672,498</u>
Business-type activities capital assets, net	<u>\$ 3,083,994</u>	<u>78,652</u>	<u>(43,947)</u>	<u>\$ 3,118,699</u>
Total capital assets, net	<u>\$ 19,989,947</u>	<u>977,233</u>	<u>(244,566)</u>	<u>\$ 20,722,614</u>

Depreciation Expense

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

Governmental activities:

General government	\$ 53,765
Public protection	171,096
Public ways and facilities	91,700
Health and sanitation	50,372
Public assistance	12,071
Education	5,443
Recreation and cultural services	47,131
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	33,518
Total depreciation expense, governmental activities	<u>\$ 465,096</u>

Business-type activities:

Hospitals	\$ 82,756
Waterworks	23,823
Aviation	2,618
Total depreciation expense, business-type activities	<u>\$ 109,197</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

5. CAPITAL ASSETS-Continued

Discretely Presented Component Units

LACDA

Capital assets activity for the LACDA component unit for the year ended June 30, 2021, was as follows (in thousands):

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets, not being depreciated:				
Land	\$ 88,791			\$ 88,791
Construction in progress-buildings and improvements	727	3,360	(130)	3,957
Subtotal	<u>89,518</u>	<u>3,360</u>	<u>(130)</u>	<u>92,748</u>
Capital assets, being depreciated:				
Buildings and improvements	246,594	851		247,445
Equipment	9,144	538	(147)	9,535
Software	1,025			1,025
Subtotal	<u>256,763</u>	<u>1,389</u>	<u>(147)</u>	<u>258,005</u>
Less accumulated depreciation for:				
Buildings and improvements	(165,135)	(6,214)		(171,349)
Equipment	(7,888)	(638)	138	(8,388)
Software	(154)	(77)		(231)
Subtotal	<u>(173,177)</u>	<u>(6,929)</u>	<u>138</u>	<u>(179,968)</u>
Total capital assets being depreciated, net	<u>83,586</u>	<u>(5,540)</u>	<u>(9)</u>	<u>78,037</u>
LACDA capital assets, net	<u>\$ 173,104</u>	<u>(2,180)</u>	<u>(139)</u>	<u>\$ 170,785</u>

First 5 LA

Capital assets activity for the First 5 LA component unit for the year ended June 30, 2021, was as follows (in thousands):

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets, not being depreciated-				
Land	\$ 2,039			\$ 2,039
Capital assets, being depreciated:				
Buildings and improvements	12,076			12,076
Equipment	2,999	76		3,075
Subtotal	<u>15,075</u>	<u>76</u>		<u>15,151</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,648)	(242)		(3,890)
Equipment	(2,838)	(67)		(2,905)
Subtotal	<u>(6,486)</u>	<u>(309)</u>		<u>(6,795)</u>
Total capital assets being depreciated, net	<u>8,589</u>	<u>(233)</u>		<u>8,356</u>
First 5 LA capital assets, net	<u>\$ 10,628</u>	<u>(233)</u>		<u>\$ 10,395</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

6. 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, 2021, the present value of the installment payments under contract is estimated to be \$77.58 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%, 3.70%, and 1.87% for the term of the agreement for each SCA. The lease terms for the twenty golf courses cover remaining periods ranging from 3 to 18 years as of June 30, 2021. The FY 2020-2021 total monthly installment payments are approximately \$770,000. 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 \$23.27 million as of June 30, 2021.

7. 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, 2021

7. 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 County 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 2020-2021:

July 1, 2020 - September 15, 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%			
September 16, 2020 - June 30, 2021	A	B	C	D	E	G
General Members	29.59%	21.13%	19.72%	20.94%	22.47%	20.84%
Safety Members	38.10%	31.99%	26.27%			

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

7. PENSION PLAN-Continued

Contributions-Continued

The rates were determined by the actuarial valuations performed as of June 30, 2018 and 2019, respectively. The investment rate of return assumption used in the valuation performed as of June 30, 2019 decreased from 7.25% to 7.00%. The employer contribution rates used in FY 2020-2021, beginning September 16, 2020, increased by 1.39% to 2.78% over the rates used in FY 2019-2020 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 2020-2021, 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 \$1.941 billion.

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

At June 30, 2021, the County reported a liability of \$17.395 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, 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, 2020, the County's proportionate share was 96.27%, which was an increase of 0.05% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of \$3.062 billion which is reported as \$2.645 billion for governmental activities and \$416.59 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, 2021, 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	\$	\$ 1,908,552
Change in assumptions		3,694,567
Change in experience	357,778	1,218,798
Change in proportion and differences between County contributions and proportionate share of contributions	339,423	369,870
Contributions made subsequent to measurement date		1,940,715
Total	\$ 697,201	\$ 9,132,502

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

7. 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, 2021.

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>
2022	\$ 819,859
2023	1,302,549
2024	1,553,255
2025	1,422,123
2026	511,180
Thereafter	885,620

Deferred outflows of \$1.941 billion related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than the current fiscal period.

Actuarial Assumptions

Valuation Timing	June 30, 2019, rolled forward to June 30, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.75%
General Wage Growth	3.25%
Projected Salary Increases	3.51% to 12.54%
Investment Rate of Return	7.13%, 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 Pub-2010 mortality tables and using the MP-2014 Ultimate Projection Scale. See June 30, 2019 actuarial valuation for details. It can be found at www.LACERA.com .
Experience Study	Covers the 3 year period ended June 30, 2019.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

7. PENSION PLAN-Continued

Actuarial Assumptions-Continued

The long-term expected rate of return on pension plan investments (7.00%, 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, 2020:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Rate of Return (After Expected 2.75% Inflation Rate) (Geometric)
Growth	47.00%	5.90 %
Global Equity	35.00 %	4.90 %
Private Equity	10.00 %	6.50 %
Opportunistic Real Estate	2.00 %	7.00 %
Credit	12.00%	2.50 %
High Yield Bonds	3.00 %	2.40 %
Bank Loans	4.00 %	2.20 %
Emerging Market Bonds (local)	2.00 %	1.80 %
Illiquid Credit	3.00 %	2.60 %
Real Assets and Inflation Hedges	17.00%	3.70 %
Core and Value Added Real Estate	7.00 %	3.70 %
Natural Resources and Commodities	4.00 %	3.70 %
Infrastructure	3.00 %	4.30 %
TIPS	3.00 %	0.10 %
Risk Reduction and Mitigation	24.00%	0.60 %
Investment Grade Bonds	19.00 %	0.20 %
Diversified Hedge Fund Portfolio	4.00 %	2.30 %
Cash Equivalents	1.00 %	(0.30)%

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

7. PENSION PLAN-Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.13%. This is equal to the 7.00% 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 7.13%, 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 (6.13%) or 1-percentage point higher (8.13%) than the current rate (in thousands):

	1% Decrease (6.13%)	Discount Rate (7.13%)	1% Increase (8.13%)
Net Pension Liability	\$ 27,417,598	\$ 17,394,887	\$ 9,113,165

Pension Plan Fiduciary Net Position

Detailed information about pension plan fiduciary net position as of June 30, 2020 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, 2021

7. 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, 2021, 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 resumed 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, 2021, were \$232.11 million.

The Savings Plan is a Section 401(k) defined contribution plan covering eligible full-time permanent employees of the County not covered by collective bargaining agreements and who desire to participate in the plan. Employees eligible for voluntary participation in this plan are also eligible for participation in the Deferred Compensation and Thrift Plan. The plan is funded by employer and employee contributions. As of June 30, 2021, 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 resumed 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, 2021, were \$8.94 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, 2021, were \$9.12 million.

The plans are administered through a third-party administrator. The assets of the plans are held in trust by Great West Trust Company LLC 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, 2021

8. 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, 2020.

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, 2021

8. 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, 2021

8. 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

	2020	
	Medical	Dental/ Vision
Retired Participants		
Retired Members and Survivors	52,336	53,705
Spouses and Dependents	26,785	30,668
Total Retired	79,121	84,373
Inactive Members - Vested	8,657	8,657
Active Members - Vested	73,522	73,522
Total Membership Eligible for Benefits	161,300	166,552

Death Benefits

	2020
Retired with Eligibility for Death Benefits	58,738
Active Members - Vested	73,522
Inactive Members - Vested	8,657
Total Membership Eligible for Benefits	140,917

Contributions

The current funding policy requires the County to contribute on a pay-as-you-go basis. During FY 2020-2021, the County made payments to LACERA totaling \$668.58 million for retiree healthcare benefits. Included in this amount was \$80.10 million for Medicare Part B reimbursements and \$9.30 million in death benefits. Additionally, \$48.60 million was paid by member participants. During FY 2020-2021, the County also contributed \$357.27 million in excess of the pay-as-you-go amounts.

Net OPEB Liability

At June 30, 2021, the County reported a net RHC OPEB liability of \$28.077 billion. The net RHC OPEB liability was measured as of June 30, 2020, and the total RHC OPEB liability used to calculate the net RHC OPEB liability was determined by an actuarial valuation as July 1, 2019, 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, 2021

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Actuarial Methods and Assumptions

Valuation Timing	July 1, 2019, rolled forward to June 30, 2020
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, 2019 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, 2018.
Discount Rate	3.78%
Long-term expected rate of return, net of investment expenses	6.00%
20 Year Tax-Exempt Municipal Bond Yield	2.21%

Healthcare Cost Trend rates:

	<u>Initial Year</u>	<u>Ultimate</u>
LACERA Medical Under 65	6.40%	4.40%
LACERA Medical Over 65	6.30%	4.50%
Part B Premiums	4.70%	4.30%
Dental/Vision	4.50%	3.70%
Weighted Average Trend	6.02%	4.46%

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, 2020.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

8. 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, 2020, the annual money-weighted rate of return on OPEB Trust investments, net of OPEB Trust investment expense, was 6.00%. 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, 2019, the annual money-weighted rate of return was 6.00%.

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 2.21% as of June 30, 2020. For 2019, the long-term expected rate of return of 3.50% was applied to projected benefit payments from 2019 to 2059. 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, 2020 was 3.78%, a decrease of 0.91% from the rate as of June 30, 2019.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Changes in the Net OPEB Liability (in thousands)

	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, 2019	\$ 26,017,221	1,189,406	\$ 24,827,815
Service cost	967,482		967,482
Interest on Total OPEB Liability	1,250,934		1,250,934
Effect of economic/demographic gains or losses	(432,634)		(432,634)
Effect of assumption changes or inputs	2,346,920		2,346,920
Benefit payments	(631,917)	(631,917)	
Employer contributions		886,821	(886,821)
Net investment income		5,918	(5,918)
Administrative expenses		(8,830)	8,830
Balance as of June 30, 2020	<u>\$ 29,518,006</u>	<u>1,441,398</u>	<u>\$ 28,076,608</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 3.78%, 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 (2.78%) or 1-percentage point higher (4.78%) than the current rate (in thousands):

	1% Decrease (2.78%)	Discount Rate (3.78%)	1% Increase (4.78%)
Net RHC OPEB Liability	\$ 33,875,291	\$ 28,076,608	\$ 23,518,861

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	\$ 22,639,828	\$ 28,076,608	\$ 35,348,628

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

8. 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, 2021, the County recognized OPEB expense of \$1.055 billion which is reported as \$944.02 million for governmental activities and \$111.53 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, 2021, 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	\$	\$ 38,938
Change of assumptions	2,149,036	3,918,805
Change in experience	1,262,235	
Change in proportion and differences between County contributions and the proportionate share of contributions	1,070,476	1,070,476
Contributions made subsequent to measurement date		1,025,851
Total	\$ 4,481,747	\$ 6,054,070

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
2022	\$ (61,351)
2023	(51,065)
2024	(46,238)
2025	(46,472)
2026	(61,016)
Thereafter	812,614

Deferred outflows of resources of \$1.026 billion related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal period rather than in the current fiscal period.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

8. 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, 2021

8. 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, 2021

8. 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, 2020, 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, 2021, the County reported a total LTD OPEB liability of \$1.292 billion. The total LTD OPEB liability was determined by an actuarial valuation as of July 1, 2019, rolled forward to June 30, 2020.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability-Continued

Actuarial Methods and Assumptions

Valuation Timing	July 1, 2019, rolled forward to July 1, 2020
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 3.50% as of June 30, 2019, and 2.21% as of June 30, 2020.

Healthcare Cost Trend rates:

Year	Rate (pre Medicare/ post Medicare)	Year	Rate (pre Medicare/ post Medicare)
2020-2021	5.00%/3.60%	2049-2050	5.20%/5.20%
2021-2022	5.40%/4.90%	2059-2060	5.00%/5.00%
2022-2023	5.40%/5.20%	2069-2070	4.60%/4.60%
2023-2024	5.00%/5.00%	2079-2080	4.30%/4.30%
2024-2025	5.00%/5.00%	2081+	4.30%/4.30%
2025-2026	5.00%/5.00%		
2026-2027	5.00%/5.00%		
2027-2028	5.00%/5.00%		
2028-2029	5.00%/5.00%		
2029-2030	5.00%/5.00%		
2039-2040	5.10%/5.10%		

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability-Continued

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

Total LTD OPEB Liability at 6/30/2019	\$	1,093,684
Service cost		47,316
Interest		38,779
Differences between expected and actual experience		8,067
Changes of assumptions or other inputs		170,346
Benefit payments		(66,671)
Net Changes		197,837
Total LTD OPEB Liability at 6/30/2020	\$	1,291,521

Changes of assumptions or other inputs reflect a change in the discount rate from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020.

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 2.21%, 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 (1.21%) or 1-percentage point higher (3.21%) than the current rate (in thousands):

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total LTD OPEB Liability	\$ 1,436,867	\$ 1,291,521	\$ 1,160,877

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	\$ 1,274,877	\$ 1,291,521	\$ 1,312,290

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

8. 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, 2021, the County recognized LTD OPEB expense of \$25.40 million which is reported as \$26.12 million for governmental activities and (\$0.72) 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, 2021, 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	\$ 45,130	\$ 8,560
Change of assumptions	103,481	218,834
Change in proportionate share	82,699	82,699
Total	\$ 231,310	\$ 310,093

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
2022	\$ 5,975
2023	5,975
2024	5,975
2025	5,975
2026	5,975
Thereafter	48,908

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

8. OTHER POSTEMPLOYMENT BENEFITS-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	\$ 28,076,608	\$ 1,291,521	\$ 29,368,129
Deferred Outflows of Resources	6,054,070	310,093	6,364,163
Deferred Inflows of Resources	4,481,747	231,310	4,713,057
OPEB Expense	1,055,534	25,397	1,080,931

9. 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, 2021 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2022	\$ 106,957
2023	91,544
2024	78,391
2025	65,599
2026	54,704
2027-2031	117,957
2032-2036	32,744
2037-2041	19,652
2042-2046	15,749
2047-2049	7,087
Total	<u>\$ 590,384</u>

Rent expenses related to operating leases were \$121.33 million for the year ended June 30, 2021.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

9. 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, 2021 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2022	\$ 29,361	\$ 34
2023	29,292	11
2024	29,136	
2025	21,975	
2026	21,736	
2027-2031	98,884	
2032-2036	45,737	
2037-2038	10,241	
Total	<u>286,362</u>	<u>45</u>
Less: Amount representing interest	<u>129,581</u>	<u>2</u>
Present value of future minimum lease payments	<u>\$ 156,781</u>	<u>\$ 43</u>

The following is a schedule of property under capital leases by major classes at June 30, 2021 (in thousands):

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Land	\$ 32,238	\$
Buildings and improvements	141,280	
Equipment	80,546	150
Accumulated depreciation	(89,423)	(110)
Total	<u>\$ 164,641</u>	<u>\$ 40</u>

Future rent revenues to be received from noncancelable subleases are \$745,000 as of June 30, 2021.

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 5 to 77 years and are accounted for in the General Fund. The lease terms for the regional parks cover remaining periods ranging from 1 to 18 years and are also accounted for in the General Fund. The Marina del Rey leases cover remaining periods ranging from 1 to 57 years and are accounted for in the General Fund. The airport lease covers a remaining period of 10 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, 2021

9. 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 \$754.27 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, 2021 (in thousands):

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2022	\$ 52,839	\$ 201
2023	50,931	206
2024	48,665	212
2025	48,454	217
2026	48,389	222
Thereafter	1,713,614	1,198
Total	<u>\$ 1,962,892</u>	<u>\$ 2,256</u>

The following is a schedule of rental income for these operating leases for the year ended June 30, 2021 (in thousands):

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Minimum rentals	\$ 45,207	\$ 194
Contingent rentals	14,674	
Total	<u>\$ 59,881</u>	<u>\$ 194</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.

10. LONG-TERM OBLIGATIONS

Long-term obligations of the County consist of bonds, notes and loans from direct borrowings and direct placements, pension (see Note 7), OPEB (see Note 8), capital lease obligations (see Note 9) 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, 2021

10. 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, 2021
NPC Bonds, 5.00%	\$ 23,465	\$ 9,210
Public Buildings Bonds and Notes, 0.32% to 7.62%	1,798,696	1,771,672
Los Angeles County Securitization Corporation Tobacco Settlement Asset-Backed Bonds, 0.71% to 5.35%	349,584	368,790
NPC Bond Anticipation Notes, 0.675%	5,000	5,000
Marina del Rey Loans, 4.50% to 4.70%	23,500	10,189
Lease Revenue Obligation Notes, 0.07% to 0.12%	297,134	297,134
Total	<u>\$ 2,497,379</u>	<u>\$ 2,461,995</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, 2021
Public Buildings Bonds and Notes, 2.00% to 7.62%	\$ 968,128	\$ 936,247
Lease Revenue Obligation Notes, 0.07% to 0.12%	206,943	206,943
Waterworks District Loans, 2.28%	8,869	6,137
Aviation Loan, 2.95%	2,000	1,404
Total	<u>\$ 1,185,940</u>	<u>\$ 1,150,731</u>

Certificates of Participation and Bonds

The County has issued lease revenue bonds through various financing entities that have been established and are component units of the County. The debt proceeds have been used to finance the acquisition of County facilities and equipment. The County makes annual payments to the financing entities for the use of the property and the debt is secured by the underlying capital assets that have been financed. The County has pledged a total of 20 County-owned properties as collateral for various bonds, including the new bonds below. During FY 2020-2021, LACCAL, an Internal Service Fund, issued lease revenue bonds of \$23.47 million primarily to retire BANs of \$35.00 million. The difference was paid with lease revenue collected. The debt was for governmental activities.

During FY 2020-2021, the County issued \$363.23 million of lease revenue bonds for the Los Angeles County Museum of Art (LACMA) Building for the Permanent Collection Project. The proceeds from these bonds plus the associated premium of \$63.60 million less issuance costs of \$1.83 million were used to fund the Project Fund, totaling \$300.00 million, and redeem \$125.00 million of lease revenue obligation notes (LRON) for the project. The County has pledged four County-owned properties as collateral for the debt. The debt was only issued for governmental activities.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

10. LONG-TERM OBLIGATIONS-Continued

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):

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 65,570	\$ 78,917	\$ 22,470	\$ 51,088
2023	62,075	75,822	23,425	49,868
2024	41,626	73,040	24,454	48,542
2025	43,607	70,826	25,608	47,046
2026	45,783	68,382	26,872	45,398
2027-2031	259,392	300,345	155,888	199,049
2032-2036	275,428	225,642	198,962	143,098
2037-2041	318,456	146,224	251,219	72,735
2042-2046	266,050	70,498	82,535	18,952
2047-2051	186,280	22,457	45,105	4,651
2052-2056	17,690	442		
Subtotal	1,581,957	<u>\$ 1,132,595</u>	856,538	<u>\$ 680,427</u>
Add: Unamortized bond premiums	198,925		79,709	
Total certificates of participation and bonds	<u>\$ 1,780,882</u>		<u>\$ 936,247</u>	

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 2021 were \$131.51 million. The total TSRs sold, based on the projected payment schedule in the Master Settlement Agreement and adjusted for historical trends, was estimated to be \$1.438 billion. The estimated present value of the TSRs sold, net of the expected residuals and assuming a 5.70% interest rate at the time of the sale, was \$309.23 million. In the event of a decline in the tobacco settlement revenues for any reason, including the default or bankruptcy of a participating cigarette manufacturer, resulting in a decline in the tobacco settlement revenues and possible default on the Tobacco Bonds, neither the California County Tobacco Securitization Agency, the County, nor the LACSC has any liability to make up any such shortfall.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

10. LONG-TERM OBLIGATIONS-Continued

Tobacco Settlement Asset-Backed Bonds-Continued

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 million, 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%.

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

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2022	\$ 6,445	\$ 11,021
2023	6,140	10,763
2024	6,280	10,518
2025	6,240	10,204
2026	6,445	9,892
2027-2031	37,705	44,311
2032-2036	37,340	35,233
2037-2041	41,710	27,151
2042-2046	38,145	19,098
2047-2051	62,670	7,819
2052-2055	83,629	446,441
Subtotal	332,749	632,451
Add: Accretions	4,421	(4,421)
Add: Unamortized bond premiums	31,620	
Total tobacco settlement asset-backed bonds	<u>\$ 368,790</u>	<u>\$ 628,030</u>

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 2020-2021, LACCAL did not issue additional BANs. As of June 30, 2021, the note balance is \$5.00 million for governmental activities only.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

10. LONG-TERM OBLIGATIONS-Continued

Notes, Loans, and Lease Revenue Obligation Notes-Continued

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, 2021, the balance is \$10.19 million.

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 2020-2021, the County did not obtain any additional loans. As of June 30, 2021, 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, 2021, the balance is \$6.14 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 2020-2021, the County did not obtain any additional airport development loans. As of June 30, 2021, the balance is \$1.40 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 30, 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, 2021

10. 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, 2021, \$504.08 million of LRON issued under the program were outstanding, including \$18.20 million of Series A, \$194.19 million of Series B, \$191.69 million of Series C, and \$100.00 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 2020-2021, the County reissued \$224.82 million representing the total outstanding at the beginning of the year and redeemed \$125.40 million for governmental activities and reissued \$99.97 million representing the total outstanding at the beginning of the year and redeemed \$8.31 million for business-type activities. These reissues, along with an additional \$313.00 million of new County LRON, which is reported as \$197.72 million for governmental activities and \$115.28 million for business-type activities, are reflected as notes payable. The total outstanding LRON as of June 30, 2021 is \$504.08 million, which is reported as \$297.14 million for governmental activities and \$206.94 million for business-type activities. The average interest rate on LRON issued in FY 2020-2021 was 0.18%.

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
2022	\$ 303,220	\$ 458	\$ 207,257	\$ 111
2023	1,136	410	528	171
2024	1,186	359	542	159
2025	1,239	305	554	145
2026	1,295	249	568	132
2027-2031	4,247	388	3,054	444
2032-2036			1,981	89
Total notes, loans, and LRON	<u>\$ 312,323</u>	<u>\$ 2,169</u>	<u>\$ 214,484</u>	<u>\$ 1,251</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

10. 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	\$ 1,581,957	\$ 1,132,595	\$ 856,538	\$ 680,427
Tobacco settlement asset-backed bonds	332,749	632,451		
Notes, Loans, and LRON from direct borrowings and placements	312,323	2,169	214,484	1,251
Subtotal	2,227,029	<u>\$ 1,767,215</u>	1,071,022	<u>\$ 681,678</u>
Add: Accretions	4,421			
Unamortized premiums on bonds payable	230,545		79,709	
Total bonds and notes	<u>\$ 2,461,995</u>		<u>\$ 1,150,731</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, 2021, 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, 2021

10. 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, 2021 (in thousands):

	Balance July 1, 2020	Additions/ Accretions	Transfers/ Maturities	Balance June 30, 2021	Due Within One Year
<u>Governmental activities:</u>					
Bonds payable	\$ 1,599,119	363,230	56,853	\$ 1,905,496	\$ 63,050
Notes, loans, and LRON from direct borrowings and placements	236,045	297,134	225,856	307,323	298,220
	1,835,164	660,364	282,709	2,212,819	361,270
ISF bonds payable and notes from direct placements	40,443	23,465	49,698	14,210	13,965
Total bonds payable, notes, loans and LRON	1,875,607	683,829	332,407	2,227,029	375,235
Interest accretion on capital appreciation bonds payable	7,820	4,421	7,820	4,421	
Unamortized premium on bonds payable	170,221	63,605	3,281	230,545	3,920
<u>Other long-term liabilities:</u>					
Capital lease obligations (Note 9)	148,826	21,596	13,641	156,781	13,092
Accrued compensated absences	1,830,093	334,280	130,638	2,033,735	118,545
Workers' compensation (Note 17)	2,763,728	649,701	487,537	2,925,892	515,384
Litigation and self-insurance (Note 17)	540,319	39,780	370,481	209,618	177,873
Pollution remediation obligation (Note 18)	48,673	2,849	13,335	38,187	2,243
Net pension liability (Note 7)	9,995,040	5,005,441		15,000,481	
Net OPEB liability (Note 8)	21,960,541	2,900,726		24,861,267	
Third party payor	104,739	183,252	31,678	256,313	181,248
Total governmental activities	<u>\$ 39,445,607</u>	<u>9,889,480</u>	<u>1,390,818</u>	<u>\$ 47,944,269</u>	<u>\$ 1,387,540</u>
<u>Business-type activities:</u>					
Bonds payable	\$ 878,306		21,768	\$ 856,538	\$ 22,470
Add: Unamortized premium on bonds payable	81,153		1,444	79,709	1,564
Notes, loans, and LRON from direct borrowings and placements	108,021	206,943	100,480	214,484	207,257
Total bonds payable, notes, loans and LRON	1,067,480	206,943	123,692	1,150,731	231,291
<u>Other long-term liabilities:</u>					
Capital lease obligations (Note 9)	92		49	43	32
Accrued compensated absences	242,393	46,014	16,768	271,639	15,988
Workers' compensation (Note 17)	370,465	40,121	29,833	380,753	36,249
Litigation and self-insurance (Note 17)	56,766	1,434	17,959	40,241	26,365
Net pension liability (Note 7)	1,565,628	828,778		2,394,406	
Net OPEB liability (Note 8)	3,960,958	545,904		4,506,862	
Third party payor (Note 13)	441,821	301,623	124,885	618,559	222,908
Total business-type activities	<u>\$ 7,705,603</u>	<u>1,970,817</u>	<u>313,186</u>	<u>\$ 9,363,234</u>	<u>\$ 532,833</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

10. 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 2020-2021, thereby decreasing liabilities for Bonds by \$3.40 million for governmental activities. Note 17 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, 2021, was as follows (in thousands):

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Maturities</u>	<u>Balance June 30, 2021</u>	<u>Due Within One Year</u>
<u>Governmental activities:</u>					
Notes from direct borrowing	\$ 9,020		1,568	\$ 7,452	\$ 1,570
Compensated absences	1,239	1,654	1,159	1,734	1,561
Capital lease obligations	613	140	339	414	376
Claims payable	3,526	2,968	2,968	3,526	352
Net pension liability	23,362	10,314	2,733	30,943	
Net OPEB liability	4,548		2,345	2,203	
Total governmental activities	<u>\$ 42,308</u>	<u>15,076</u>	<u>11,112</u>	<u>\$ 46,272</u>	<u>\$ 3,859</u>
<u>Business-type activities:</u>					
Bonds payable	\$ 32,705		775	\$ 31,930	\$ 815
Notes from direct borrowing	2,200			2,200	
Compensated absences	1,077	1,271	905	1,443	1,298
Net pension liability	17,621	3,443	2,083	18,981	
Net OPEB liability	1,385		870	515	
Total business-type activities	<u>\$ 54,988</u>	<u>4,714</u>	<u>4,633</u>	<u>\$ 55,069</u>	<u>\$ 2,113</u>
Total long-term obligations	<u>\$ 97,296</u>	<u>19,790</u>	<u>15,745</u>	<u>\$ 101,341</u>	<u>\$ 5,972</u>

11. SHORT-TERM DEBT

On July 10, 2020, the County issued \$1.20 billion of short-term Tax and Revenue Anticipation Notes at an effective interest rate of 0.28%. 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 2020. The notes matured and were redeemed on June 30, 2021.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

12. CONDUIT DEBT OBLIGATIONS

Community Facilities and Improvement District Bonds

As of June 30, 2021, various community facilities and improvement districts established by the County had outstanding special tax bonds payable totaling \$16.20 million and limited obligation improvement bonds totaling \$665,451. 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 custodial 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, 2021, the amount of industrial development and other conduit bonds outstanding was \$67.18 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, 2021, the amount of redevelopment refunding bonds outstanding was \$519.07 million.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

13. 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. Due to the COVID-19 pandemic, it was extended to December 31, 2021.

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 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.

The GPP funds were previously 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 inclusion of the SNCP portion of funds into GPP for FY 2020-2021 is still pending approval from Centers for Medicare and Medicaid Services (CMS), and therefore was not included in the FY 2020-2021 estimated GPP revenues.

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, 2021

13. 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.

CMS approved an extension of GPP under the current waiver. GPP will expire December 31, 2021. CMS had not yet approved the inclusion of SNCP into GPP.

The estimated GPP revenues and related IGTs recorded in FY 2020-2021 were as follows (in thousands):

	GPP Revenues	Intergovernmental Transfers Expense
Harbor-UCLA Medical Center	\$ 143,258	\$ 57,665
Olive View-UCLA Medical Center	89,245	37,060
LAC+USC Medical Center	222,253	125,940
Rancho Los Amigos National Rehab Center	62,394	44,050
Total	\$ 517,150	\$ 264,715

The General Fund received \$177.74 million for GPP and paid \$23.46 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, 2021

13. 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.

CMS approved the transition of PRIME funding as an additional Quality Incentive Program (QIP) sub-pool, effective July 1, 2020. Revenues earned through PRIME were recognized within QIP and were not separately recognized in FY 2020-2021.

The estimated revenues below, in thousands, were recorded as "other operating revenues" for prior year revenues received in FY 2020-2021 (in thousands):

	PRIME Revenues	Intergovernmental Transfers Expense
Harbor-UCLA Medical Center	\$ 3,264	\$ 3,264
LAC+USC Medical Center	4,162	4,162
Total	\$ 7,426	\$ 7,426

The General Fund received \$39.85 million for PRIME and paid (\$5.37) million of related IGTs, which were recorded as "Intergovernmental Revenues - 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 \$331.25 million for WPC revenues, which were recorded as "Intergovernmental Revenues - Federal" on the governmental funds statement. In addition, the General Fund recorded \$148.88 million of WPC IGT expenditures, which were recorded as "Health and Sanitation" expenditures on the governmental funds statement.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Previous Medi-Cal Demonstration Projects

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. As of the end of the FY 2020-2021, Program Years 2010-2011 through 2012-2013 and 2014-2015 are still pending State's final reconciliation.

Safety Net Care Pool

In FY 2020-2021, the hospitals recorded an additional \$26.41 million of estimated SNCP revenues for unreconciled Bridge to Reform Program Years.

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.

Disproportionate Share Hospital Program

In FY 2020-2021, the Department of Health Care Services completed their final reconciliation of the Disproportionate Share Hospital Program (DSH) for Years 2008-2009 and 2009-2010. Additional DSH revenues and related IGTs recorded in FY 2020-2021 for Bridge to Reform and Medi-Cal Redesign were as follows (in thousands):

	<u>DSH Revenues</u>	<u>Intergovernmental Transfers Recovery</u>
Harbor-UCLA Medical Center	\$ 2,095	\$ (11,113)
Olive View-UCLA Medical Center	10,292	(11,297)
LAC+USC Medical Center	41,959	(16,757)
Rancho Los Amigos National Rehab Center	(11,827)	(6,498)
Total	<u>\$ 42,519</u>	<u>\$ (45,665)</u>

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

13. 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 2020-2021, an estimated \$113.03 million of SPD revenues were recorded as part of net patient service revenue.

The General Fund received \$26.27 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 138.00% of the Federal Poverty Level. The Federal Medical Assistance Percentage (FMAP) for the MCE Program was 100.00% from July 1, 2016 through December 31, 2016, 95.00% from January 1, 2017 through December 31, 2017, 94.00% from January 1, 2018 through December 31, 2018, and 93.00% from January 1, 2019 through December 31, 2019. It became 90.00% on January 2020 and is set to continue at the level thereafter.

During FY 2020-2021, the LA Care Health Plan (LA Care) and Health Net Community Solutions, Inc. (Health Net), the health plans which contract with the County to provide services for their Medi-Cal managed care members, continued to pay the County managed care capitation payment based on the FY 2019-2020 contract rates. Both plans paid the County managed care capitation payment based on the FY 2019-2020 contract rates.

In FY 2020-2021, 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	\$ 117,194	\$
MCRS - MCE	165,387	16,968
Total	\$ 282,581	\$ 16,968

The General Fund received \$244.85 million for MCE and paid \$0.29 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, 2021

13. 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 (FFP), currently provided at a 56.20% match which incorporates a 6.20% increase in the FFP rate as authorized by the Families First Coronavirus Response Act (FFCRA) and retroactive to January 1, 2020. For FY 2020-2021, an estimated \$433.50 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 \$13.63 million were recognized and recorded as part of net patient service revenue during FY 2020-2021 and included an adjustment for the under-realization of revenues associated with FY 2013-2014.

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 2020-2021, CBRC revenues were \$159.78 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). In March 2021, DHCS accepted the single, consolidated ACN cost reports for FY 2018-2019 and FY 2019-2020.

As of June 30, 2021, the County estimated that approximately \$48.85 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 \$30.56 million for CBRC, which was recorded as "Charges for Services" revenue on the governmental funds statement. As of June 30, 2021, the County estimated that approximately \$16.04 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, 2021

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Medi-Cal Cost Report Settlements

In FY 2020-2021, the County recognized final inpatient hospital FFS settlements of \$27.96 million related to the FY 2012-2013. In addition, the County received CBRC audit settlements of \$39.48 million related to FY 2017-2018 and FY 2018-2019. The County's appeal of certain CBRC audit adjustments at various levels to the Office of Administrative Appeals have been favorably resolved resulting in \$10.66 million of final settlement revenues.

The State is in the process of auditing the FY 2018-2019 non-hospital CBRC and FY 2019-2020 hospital cost reports. Settlements are expected by the 4th quarter of FY 2021-2022.

Medi-Cal Managed Care Graduate Medical Education

On March 19, 2020, the State executed State Plan Amendment (SPA) 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 2020-2021, the County recorded the GME supplemental gross revenue payments as listed below and recorded the corresponding IGT expense as follows (in thousands):

	GME Revenues	Intergovernmental Transfers Expense
Harbor-UCLA Medical Center	\$ 42,894	\$ 18,564
Olive View-UCLA Medical Center	18,503	8,006
LAC+USC Medical Center	73,349	31,738
Rancho Los Amigos National Rehab Center	1,502	651
Total	<u>\$ 136,248</u>	<u>\$ 58,959</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 calendar year 2021. 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, 2021

13. 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 2020-2021, including prior year over/under realization, were as follows (in thousands):

	MCRS Revenues	Intergovernmental Transfers Expense
Harbor-UCLA Medical Center	\$ 78,000	\$ 13
Olive View-UCLA Medical Center	143,580	90,844
LAC+USC Medical Center		9
Rancho Los Amigos National Rehab Center	29,586	35,264
Total	\$ 251,166	\$ 126,130

The General Fund recorded \$9.93 million of MCRS revenues and (\$7.04) 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, 2021

13. 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.

The estimated EPP revenues and related IGTs reported in FY 2020-2021 are as follows (in thousands):

	EPP Revenues	Intergovernmental Transfers Expense
Harbor-UCLA Medical Center	\$ 170,914	\$ 30,211
Olive View-UCLA Medical Center	69,115	11,125
LAC+USC Medical Center	176,654	31,402
Rancho Los Amigos National Rehab Center	10,873	1,853
Total	<u>\$ 427,556</u>	<u>\$ 74,591</u>

The General Fund received \$295.34 million for EPP and paid \$40.87 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, 2021

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Managed Care Rule-Continued

Quality Incentive Program-Continued

CMS approved the transition of PRIME funding as an additional QIP sub-pool, effective July 1, 2020. For FY 2020-2021, amounts reported in QIP are inclusive of PRIME funds.

At FY 2020-2021 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	\$ 56,795	\$ 12,257
Olive View-UCLA Medical Center	20,206	4,438
LAC+USC Medical Center	52,935	11,499
Rancho Los Amigos National Rehab Center	5,368	1,073
Total	<u>\$ 135,304</u>	<u>\$ 29,267</u>

The General Fund received \$128.37 million for QIP and paid \$26.51 million of related IGTs, which were recorded as "Intergovernmental Revenues - 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 \$618.56 million (see Note 10) as of June 30, 2021, as reported on the statement of net position for proprietary funds. The current liabilities for amounts due within one year are \$222.91 million.

The noncurrent liabilities for third party payors related to enterprise funds are \$395.65 million. The primary programs associated with third party payors liabilities include DSH (\$134.95 million), Medi-Cal (\$58.18 million), SNCP (\$20.19 million), Medicare (\$76.46 million), SPD (\$19.00 million), MCE (\$16.45 million), EPP (\$32.06 million), IHSS (\$36.38 million), and other miscellaneous programs (\$1.98 million).

Accounts Receivable-Net

The following is a summary, by hospital, of accounts receivable and allowances for uncollectible amounts as of June 30, 2021 (in thousands):

	H-UCLA	OV-UCLA	LAC+USC	Rancho	Total
Accounts receivable	\$ 2,079,889	1,257,155	3,060,577	653,277	\$ 7,050,898
Less: Allowance for uncollectible amounts	1,447,391	904,379	2,462,243	494,119	5,308,132
Accounts receivable - net	<u>\$ 632,498</u>	<u>352,776</u>	<u>598,334</u>	<u>159,158</u>	<u>\$ 1,742,766</u>

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

13. 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, 2021 was \$541.50 million. The total amount of such charity care provided by the hospitals for the year ended June 30, 2021 is as follows (in thousands):

Charity care at established rates	\$ 1,139,433
GPP reimbursement	(12,860)
Other reimbursements	<u>26,412</u>
Charges forgone	<u><u>\$ 1,125,881</u></u>

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 2020-2021, 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 2020-2021 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 2019-2020, the State did not withhold any of the County's Health Realignment funds. However, based on updated revenues realized for FY 2019-2020 services in FY 2020-2021, the projected redirection amount is \$156.21 million. As a result, the "Intergovernmental Revenues - State" has been reduced by \$156.21 million in the County's General Fund in FY 2020-2021.

In FY 2018-2019, the State withheld \$77.49 million of the County's Health Realignment funds. However, based on updated revenues realized for FY 2018-2019 services in FY 2020-2021, the projected redirection amount is \$293.77 million. As a result, the "Intergovernmental Revenues - State" has been reduced by \$216.28 million in the County's General Fund in FY 2020-2021.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

13. 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 hospital at the MLK-MACC site. As originally conceived, the hospital would: 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 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 \$41.07 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.

COVID-19

COVID-19 Accelerated and Advance Payments

On March 28, 2020, CMS expanded the existing COVID-19 Accelerated and Advance Payments (CAAP) Program to a broader group of Medicare Part A providers and Part B suppliers. Accelerated and advance payments are intended to provide necessary funds to Part A providers and Part B suppliers, respectively, when there is a disruption in claims submission and/or claims processing due to the national public health emergency (PHE). The terms of the CAAP Program requires the County to pay back Medicare through a recoupment process.

Medicare will automatically recoup 25 percent of Medicare payments otherwise owed to the County for eleven months. At the end of the eleven-month period, recoupment will increase to 50 percent for another six months. If the County is unable to repay the total amount of the accelerated or advance payment during this time-period (a total of 29 months), CMS will issue demand letters requiring repayment of any outstanding balance, subject to an interest rate of four percent at the end of the time-period. An alternative option is available to make a lump-sum payment to pay off the County's entire CAAP outstanding liability.

The County received \$143.50 million for the COVID-19 CAAP program to assist with cash flow during the PHE. As of June 30, 2021, CMS recouped \$28,305 and the remaining outstanding liability was recorded as a current liability under "Third party payor" on the fund and government-wide financial statements (in thousands):

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

COVID-19-Continued

COVID-19 Accelerated and Advance Payments-Continued

Harbor-UCLA Medical Center	\$	44,188
Olive View-UCLA Medical Center		19,549
LAC+USC Medical Center		69,081
Rancho Los Amigos National Rehab Center		10,588
General Fund		97
Total	\$	143,503

In FY 2021-2022, the County elected the option to repay the CAAP as a lump-sum payment and repaid the outstanding liability in September 2021.

Provider Relief Funds

The Provider Relief Funds (PRF) is administered by the Health Resources and Services Administration (HRSA) and supports eligible health care providers in the battle against the COVID-19 pandemic. PRF provides relief funds to eligible providers of health care services and support for health care related expenses or lost revenues attributable to COVID-19. PRF recipients are restricted for eligible services rendered related to expenditures/expenses and lost revenues during the period of availability.

As of June 30, 2021, the County PRF allocation is \$315.37 million. Under the fund statements, the General Fund recognized the PRF as “Intergovernmental Revenues-Federal” and the Hospital Proprietary funds recognized revenue as nonoperating revenues “Intergovernmental Revenues-Federal”. The government-wide financial statements recorded the PRF revenue as “Operating Grants and Contributions”. The remaining balance was reported under advance payable on the fund and government-wide financial statements as reflected below (in thousands):

	PRF Allocation	Revenues	Advance Payable
Harbor-UCLA Medical Center	\$ 79,987	\$ 48,422	\$ 13,200
Olive View-UCLA Medical Center	58,963	24,457	56,935
LAC+USC Medical Center	150,914	38,879	72,241
Rancho Los Amigos National Rehab Center	25,505	8,541	19,140
General Fund		33,554	
Total	\$ 315,369	\$ 153,853	\$ 161,516

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

14. 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, 2021.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

14. 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, 2021 are as follows (in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Fire Protection District	\$ 19,784
	Flood Control District	8,205
	LA County Library	4,020
	Regional Park and Open Space District	8,903
	Mental Health Services Act	174,019
	Nonmajor Governmental Funds	158,126
	Harbor-UCLA Medical Center	70,525
	Olive View-UCLA Medical Center	36,000
	LAC+USC Medical Center	89,859
	Rancho Los Amigos Nat'l Rehab Center	18,905
	Waterworks Enterprise Funds	894
	Nonmajor Aviation Funds	17
	Internal Service Funds	10,875
	<u>600,132</u>	
Fire Protection District	General Fund	1,338
	Nonmajor Governmental Funds	699
	Internal Service Funds	1
	<u>2,038</u>	
Flood Control District	General Fund	704
	Nonmajor Governmental Funds	1,595
	Waterworks Enterprise Funds	256
	Nonmajor Aviation Funds	43
	Internal Service Funds	21,248
	<u>23,846</u>	
LA County Library	General Fund	4,651
	Nonmajor Governmental Funds	155
	<u>4,806</u>	
Regional Park and Open Space District	General Fund	12
	<u>12</u>	
Mental Health Services Act	General Fund	11,707
	<u>11,707</u>	

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

14. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental Funds	General Fund	\$ 1,638
	Fire Protection District	15,195
	Flood Control District	50
	LA County Library	4
	Nonmajor Governmental Funds	20,907
	LAC+USC Medical Center	26
	Waterworks Enterprise Funds	11
	Internal Service Funds	22,339
		<u>60,170</u>
Harbor-UCLA Medical Center	General Fund	54,599
	Fire Protection District	5
	Nonmajor Governmental Funds	24,300
	Olive View-UCLA Medical Center	144
	LAC+USC Medical Center	45,424
	Rancho Los Amigos Nat'l Rehab Center	674
	Internal Service Funds	1,539
		<u>126,685</u>
Olive View-UCLA Medical Center	General Fund	32,320
	Fire Protection District	69
	Nonmajor Governmental Funds	19,293
	Harbor-UCLA Medical Center	33
	LAC+USC Medical Center	20,480
	Rancho Los Amigos Nat'l Rehab Center	118
	Internal Service Funds	1
		<u>72,314</u>
LAC+USC Medical Center	General Fund	340,793
	Fire Protection District	17
	Nonmajor Governmental Funds	60,845
	Harbor-UCLA Medical Center	4,264
	Olive View-UCLA Medical Center	895
	Rancho Los Amigos Nat'l Rehab Center	6,660
	Internal Service Funds	3
		<u>413,477</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

14. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

Receivable Fund	Payable Fund	Amount
Rancho Los Amigos Nat'l Rehab Center	General Fund	\$ 3,450
	Harbor-UCLA Medical Center	36
	LAC+USC Medical Center	15,624
	Internal Service Funds	1
		<u>19,111</u>
Waterworks Enterprise Funds	General Fund	282
	Internal Service Funds	2,646
		<u>2,928</u>
Nonmajor Aviation Funds	Internal Service Funds	<u>28</u>
Internal Service Funds	General Fund	37,979
	Fire Protection District	183
	Flood Control District	27,805
	Nonmajor Governmental Funds	33,215
	Harbor-UCLA Medical Center	2,455
	Olive View-UCLA Medical Center	878
	LAC+USC Medical Center	5,702
	Rancho Los Amigos Nat'l Rehab Center	754
	Waterworks Enterprise Funds	4,892
	Nonmajor Aviation Funds	1,001
		<u>114,864</u>
Total Interfund Receivables/Payables		<u>\$ 1,452,118</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, 2021

14. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

Interfund transfers to/from other funds for the year ended June 30, 2021 are as follows (in thousands):

Transfer From	Transfer To	Amount
General Fund	Fire Protection District	\$ 38,743
	LA County Library	41,401
	Nonmajor Governmental Funds	245,172
	Harbor-UCLA Medical Center	257,617
	Olive View-UCLA Medical Center	144,669
	LAC+USC Medical Center	606,939
	Rancho Los Amigos Nat'l Rehab Center	242,686
	Internal Service Funds	77
		<u>1,577,304</u>
Fire Protection District	Nonmajor Governmental Funds	<u>22,261</u>
Flood Control District	Nonmajor Governmental Funds	167
	Internal Service Funds	948
		<u>1,115</u>
LA County Library	Nonmajor Governmental Funds	<u>802</u>
Mental Health Services Act	General Fund	<u>562,600</u>
Nonmajor Governmental Funds	General Fund	398,025
	Fire Protection District	4,132
	LA County Library	752
	Nonmajor Governmental Funds	337,622
	Harbor-UCLA Medical Center	52,056
	Olive View-UCLA Medical Center	40,494
	LAC+USC Medical Center	122,907
	Rancho Los Amigos Nat'l Rehab Center	2,279
Internal Service Funds	2,169	
		<u>960,436</u>
Harbor-UCLA Medical Center	Nonmajor Governmental Funds	311
	Rancho Los Amigos Nat'l Rehab Center	217
		<u>528</u>

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

14. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

Transfer From	Transfer To	Amount
Olive View-UCLA Medical Center	Rancho Los Amigos Nat'l Rehab Center	\$ 792
LAC+USC Medical Center	Olive View-UCLA Medical Center	888
	Rancho Los Amigos Nat'l Rehab Center	4,940
		<u>5,828</u>
Rancho Los Amigos Nat'l Rehab Center	Nonmajor Governmental Funds	31
	Harbor-UCLA Medical Center	4,088
	Olive View-UCLA Medical Center	2,800
		<u>6,919</u>
Waterworks Enterprise Funds	Nonmajor Governmental Funds	<u>10</u>
Nonmajor Aviation Funds	Internal Service Funds	<u>73</u>
Total Interfund Transfers		<u>\$ 3,138,668</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, 2021

14. INTERFUND TRANSACTIONS-Continued

Interfund Advances-Continued

Advances from/to other funds at June 30, 2021 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	1,265
	Internal Service Funds	3,128
		<u>18,084</u>
Flood Control District	Internal Service Funds	<u>6,404</u>
Nonmajor Governmental Funds	Internal Service Funds	<u>10,915</u>
Waterworks Enterprise Funds	Internal Service Funds	<u>1,553</u>
Total Interfund Advances		<u>\$ 36,956</u>

15. 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, 2021

15. 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 10, 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 Custodial 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 Custodial assets at June 30, 2021.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

15. 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	\$ 2,437,598	\$ 47,332	\$ 42,499	\$ 62,818	\$ 325,612	\$ 400,895
Budgetary fund balances	<u>2,386,191</u>	<u>177,323</u>	<u>466,504</u>	<u>47,734</u>	<u>194,298</u>	<u>703,265</u>
Subtotal	<u>4,823,789</u>	<u>224,655</u>	<u>509,003</u>	<u>110,552</u>	<u>519,910</u>	<u>1,104,160</u>
Adjustments:						
Accrual of estimated liability for litigation and self-insurance claims	263,098	2,221		641		
Accrual of compensated absences	103,004					
Unamortized balance of sale of tobacco settlement revenue	(202,346)					
Change in revenue accruals	(231,582)	(23,167)	(9,634)	(3,642)	(2,471)	(7,075)
Change in OPEB Custodial Fund	177,761	10,083		1,614		
Subtotal	<u>109,935</u>	<u>(10,863)</u>	<u>(9,634)</u>	<u>(1,387)</u>	<u>(2,471)</u>	<u>(7,075)</u>
Fund balance - GAAP basis	<u>\$ 4,933,724</u>	<u>\$ 213,792</u>	<u>\$499,369</u>	<u>\$109,165</u>	<u>\$ 517,439</u>	<u>\$1,097,085</u>

16. OTHER COMMITMENTS

Construction and Other Significant Commitments

At June 30, 2021, there were contractual commitments of approximately \$2.91 million for various general government construction projects and approximately \$56.14 million for various hospital construction projects that were financed by bonds and lease revenue obligation notes.

LACERA Capital Commitments

At June 30, 2021, LACERA had outstanding capital commitments to various investment managers, approximating \$7.716 billion.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

16. 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, 2021, the encumbrance balances for the governmental funds (in thousands) are reported as follows:

	Restricted	Committed	Assigned	Total
General Fund	\$		789,200	\$ 789,200
Fire Protection District	93,488			93,488
Flood Control District	250,979			250,979
LA County Library			15,500	15,500
Regional Park and Open Space District	46,080			46,080
Mental Health Services Act	504			504
Nonmajor Governmental Funds	145,553	13,147		158,700
Total Encumbrances	<u>\$ 536,604</u>	<u>13,147</u>	<u>804,700</u>	<u>\$ 1,354,451</u>

17. 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 2018-2019, FY 2019-2020 or FY 2020-2021.

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, 2021 was approximately \$3.307 billion. This amount is undiscounted and is based on an actuarial study of the County’s self-insured program as of June 30, 2021. Approximately \$134.15 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, 2021

17. RISK MANAGEMENT-Continued

As of June 30, 2021, the County's estimate of these liabilities is \$3.557 billion. Changes in the reported liability since July 1, 2019 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>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>
<u>2020-2021</u>				
Workers' Compensation	\$ 3,134,193	689,822	(517,370)	\$ 3,306,645
Other	597,085	41,214	(388,440)	249,859
Total	<u>\$ 3,731,278</u>	<u>731,036</u>	<u>(905,810)</u>	<u>\$ 3,556,504</u>

In addition to the above estimated liabilities, the County has determined that claims seeking damages of approximately \$689.89 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.

18. 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, 2021

18. POLLUTION REMEDIATION-Continued

As of June 30, 2021, the County's estimated pollution remediation obligation totaled \$38.19 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.

19. 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, 2021 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 7, and changes in the net OPEB liability as discussed in Note 8. The unamortized losses on refunding of debt are a deferred charge on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.
- The deferred inflows of resources, included on the government-wide statement of net position, relate to the future installment payments of service concession arrangements as discussed in Note 6, from changes in the net pension liability as discussed in Note 7, and from changes in the net OPEB liability as discussed in Note 8.

Government-wide
Statement of Net Position (in thousands)

	Governmental Activities	Business-type Activities	Total
Deferred outflows of resources:			
Unamortized losses on refunding of debt	\$ 11,347		\$ 11,347
Pensions	7,889,006	1,243,496	9,132,502
OPEB	5,503,685	860,478	6,364,163
Total government-wide deferred outflows of resources	<u>\$ 13,404,038</u>	<u>2,103,974</u>	<u>\$ 15,508,012</u>
Deferred inflows of resources:			
Service concession arrangements	\$ 77,584		\$ 77,584
Pensions	557,308	139,893	697,201
OPEB	3,715,203	997,854	4,713,057
Total government-wide deferred inflows of resources	<u>\$ 4,350,095</u>	<u>1,137,747</u>	<u>\$ 5,487,842</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

19. 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	\$ 386,155	216,179	527,161	114,001	\$1,243,496	\$ 309,022
OPEB	242,380	145,359	399,447	73,292	860,478	240,511
Total proprietary funds deferred outflows of resources	<u>\$ 628,535</u>	<u>361,538</u>	<u>926,608</u>	<u>187,293</u>	<u>\$2,103,974</u>	<u>\$ 549,533</u>
Deferred inflows of resources:						
Pensions	\$ 38,864	43,473	49,982	7,574	\$ 139,893	\$ 15,483
OPEB	276,319	252,030	388,132	81,373	997,854	148,614
Total proprietary funds deferred inflows of resources	<u>\$ 315,183</u>	<u>295,503</u>	<u>438,114</u>	<u>88,947</u>	<u>\$1,137,747</u>	<u>\$ 164,097</u>

Deferred outflows and inflows of resources balances in the governmental funds balance sheet as of June 30, 2021 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	\$					202,346	\$ 202,346
Deferred inflows of resources:							
Tobacco settlement revenues	\$ 202,346						\$ 202,346
Property tax revenues	166,944	35,111	11,280	5,389	2,638	14,635	235,997
Other long-term receivables	320,601	22,012				9,733	352,346
Total governmental funds deferred inflows of resources	<u>\$ 689,891</u>	<u>57,123</u>	<u>11,280</u>	<u>5,389</u>	<u>2,638</u>	<u>24,368</u>	<u>\$ 790,689</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

20. 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, 2021 (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	\$ 117,370	\$ 11,216	\$ 1	\$ 324	\$	\$	\$ 1
Long-term receivables	107,863						
Permanent fund principal							2,125
Total Nonspendable	<u>225,233</u>	<u>11,216</u>	<u>1</u>	<u>324</u>			<u>2,126</u>
Restricted for:							
Purpose of fund		202,576	499,269	31,894	517,439	1,097,085	1,879,916
Purpose of utility user tax	50,085						
Sheriff Pitchess landfill	2,976						
La Alameda project	2,000						
Capital projects							288,658
Debt service							278,466
Endowments and annuities							86
Total Restricted	<u>55,061</u>	<u>202,576</u>	<u>499,269</u>	<u>31,894</u>	<u>517,439</u>	<u>1,097,085</u>	<u>2,447,126</u>
Committed to:							
Purpose of fund							59,052
Capital projects and extraordinary maintenance	93,189						76,485
Affordable housing	5,446						
Board budget policies and priorities	344						
Budget uncertainties	90,481						
Department of children and family services	8,840						
Financial system (eCAPS)	13,999						
Health services future financial requirements	1,328						
Health services-tobacco settlement	152,047						
Alternatives to incarceration	71,604						
Information technology enhancements	15,841						
Library services	10,034						
Live scan	2,000						

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

20. 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	99,184						
Public works-permit tracking system	3,151						
Services to unincorporated areas	4,320						
Sheriff unincorporated patrol	90						
TTC remittance processing and mailroom equipment	500						
TTC unsecured property tax system	463						
Woolsey fire recovery efforts	24,476						
Total Committed	597,337						135,537
Assigned to:							
Purpose of fund			99	76,947			135,846
Future purchases	790,573						
Capital projects							44,388
Total Assigned	790,573		99	76,947			180,234
Unassigned	3,265,520						
Total Fund Balances	\$4,933,724	\$ 213,792	\$499,369	\$109,165	\$517,439	\$1,097,085	\$ 2,765,023

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 \$717.99 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, 2021

21. 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

The CARES Act is a \$2.2 trillion economic stimulus bill passed by the 116th U.S. Congress and signed into law on March 27, 2020, in response to the economic fallout of the COVID-19 pandemic in the United States.

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 were a) necessary expenditures incurred due to the public health emergency with respect to the COVID-19; b) not accounted for in the budget most recently approved as of March 27, 2020; and c) incurred during the period that begins on March 1, 2020, and ends on December 31, 2021.

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) support County staff performing COVID-19 related functions and services.

For FY 2020-2021, the County recorded \$782.82 million in federal CARES Act as revenue and \$113.76 million (including the interest) as advances payable in the fund and government-wide financial statements.

State CARES Act Funding

As part of the State of California's adopted FY 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. For FY 2020-2021, the County recorded \$162.77 million in State CARES Act revenues and \$1.22 million (including the interest) as advances payable in the fund and government-wide financial statements.

Due to the complexity and continually updated guidance from the U.S. Department of the Treasury, the amounts claimed as CARES Act expenditures are subject to refinements in the FY 2021-2022 financial statements pending the compliance with the CARES Act eligibility requirements.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

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

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. For FY 2020-2021, the County recorded \$42.28 million as revenue on the fund and government-wide financial statements and \$18.00 million (including the interest) is reported as advances payable.

Emergency Rental Assistance

The federal Emergency Rental Assistance (ERA) program makes funding available to assist households that are unable to pay rent or utilities due to the COVID-19 pandemic. Two separate programs have been established: ERA1 provides up to \$25 billion under the Consolidated Appropriations Act, 2021, which was enacted on December 27, 2020, and ERA2 provides up to \$21.55 billion under the American Rescue Plan Act of 2021, which was enacted on March 11, 2021. During FY 2020-2021, the County received \$160.07 million and \$84.72 million for ERA1 and ERA2, respectively. For ERA1, the County entered into an agreement to direct the State of California to administer the County's funds to eliminate confusion for tenants and landlords because of the multiple programs amongst the multitude of jurisdictions within the State and the County. Accordingly, for ERA1, the County recorded \$160.35 million of revenue (including the interest) and the corresponding expenditures on the fund and government-wide financial statements. For ERA2, \$84.77 million (including the interest) is reported as advances payable.

American Rescue Plan Act of 2021

The American Rescue Plan (ARP) Act of 2021 Coronavirus State and Local Government Fiscal Recovery Funds (Fiscal Recovery Funds) continues many of the programs started by the CARES Act (2020) and Consolidated Appropriations Act (2021) by adding new phases, new allocations, and new guidance to address issues related to the continuation of the COVID-19 pandemic. The ARP also creates a variety of new programs to address continuing pandemic-related crises, and fund recovery efforts as the United States begins to emerge from the COVID-19 pandemic. The ARP was passed by Congress on March 10, 2021 and signed into law on March 11, 2021.

The Fiscal Recovery Funds may be used for the following: 1) to respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; 2) to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers; 3) to provide government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and 4) to make necessary investments in water, sewer, or broadband infrastructure.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021

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

American Rescue Plan Act of 2021-Continued

On May 16, 2021, the County received the first tranche of \$974.99 million of ARP funds from the U.S. Department of Treasury. There is uncertainty on the timing of the revenue recognition since these ARP funds are subject to be returned to the U. S. Department of Treasury. The ARP funds must be obligated between March 3, 2021 and December 31, 2024, and expended to cover such obligations by December 31, 2026. As of June 30, 2021, no ARP expenditures were incurred and no revenues were recorded on the fund and government-wide financial statements. The entire amount, including the interest earnings of \$975.52 million is reported as advances payable.

Under the fund statements, the General Fund recorded the COVID-19 revenue as "Intergovernmental Revenues-Federal". The government-wide financial statements recorded the COVID-19 revenue as "Operating Grants and Contributions". The remaining balance was reported under advance payable on the fund and government-wide financial statements as summarized below (in thousands):

	COVID-19 Federal Revenues	Advances Payable
Federal CARES Act	\$ 782,815	\$ 113,764
State CARES Act	162,767	1,223
FEMA	42,276	18,000
ERA	160,347	84,770
ARP		975,515
Total	\$ 1,148,205	\$ 1,193,272

22. SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes (TRANS)

On July 1, 2021, the County issued \$1.00 billion in FY 2021-2022 TRANS, which will mature on June 30, 2022. The TRANS are collateralized by taxes and other revenues attributable to FY 2021-2022 and were issued in the form of Fixed Rate Notes at an effective interest rate of 0.08%.

Public Works Financing Authority - Lease Revenue Bonds, 2021 Series F (Green Bonds) and 2022 Series G Refunding Bonds

On October 14, 2021, the Authority issued \$260.11 million of lease revenue bonds (2021 Series F), with an associated premium of \$43.31 million, resulting in proceeds of \$303.42 million. These bonds are maturing from 2022 to 2051, with yields from 0.08% to 2.74%. Proceeds of \$280.12 million will be used to refinance outstanding LRON previously issued by the County for various capital improvement projects, \$22.38 million will be used to finance additional project costs for various capital improvement projects, and \$0.92 million of the proceeds covered the cost of issuance.

The Authority expects to issue approximately \$221.50 million of refunding bonds (2022 Series G), with an associated premium of approximately \$56.00 million, to refinance outstanding 2012 lease revenue bonds and pay the Cost of Issuance. The final settlement of the transaction is expected in June 2022.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

22. SUBSEQUENT EVENTS-Continued

Lease Revenue Commercial Paper Obligation Notes (LRON)

On July 1, 2021 and October 13, 2021, LACCAL issued an additional \$3.36 million and \$1.09 million, respectively, in taxable LRON with an interest rate of 0.10%. The proceeds are being used to fund tenant improvement costs on various leases. LRON issuances are supported and secured by four separate series of letters of credit and pledged County properties.

COVID-19 Appreciation Pay and Hero Pay Bonuses

On October 19, 2021, the Board of Supervisors approved a countywide one-time bonus of \$1,000 for permanent employees (\$500 for part-time) and an additional \$500 COVID-19 Appreciation Pay for qualifying employees as defined by the Chief Executive Officer. The Board of Supervisors also authorized the Department of Health Services the use of special funding for a "Hero Pay" bonus for all qualifying Department of Health Services' employees, up to a maximum of \$650. The total amount to be paid is approximately \$200 million.



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)

	6/30/2020	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	76.400 %	82.910 %	83.960 %	82.370 %	81.749 %	86.296 %	86.804 %
County's proportionate share of the collective net pension liability	\$ 17,394,887	\$ 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	96.268 %	96.223 %	96.169 %	96.119 %	96.170 %	96.081 %	95.897 %
Covered payroll	\$ 8,377,352	\$ 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	207.642 %	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)

	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution (ADC)	\$ 1,940,715	\$ 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	1,940,715	1,732,960	1,605,150	1,466,411	1,300,711	1,389,628	1,437,555
Contribution Deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered payroll	\$ 8,714,969	\$ 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	22.269 %	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

The investment return assumption decreased from 7.25% to 7.00%

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)

	06/30/2020	06/30/2019
Total OPEB Liability		
Effect of Change from Cost Sharing to Agent Plan \$		\$ (2,204,743)
Service cost	967,482	779,965
Interest on Total OPEB Liability	1,250,934	1,197,607
Effect of economic/demographic gains or losses	(432,634)	
Effect of assumption changes or inputs	2,346,920	2,356,270
Benefit payments	(631,917)	(601,985)
Net change in Total OPEB Liability	3,500,785	1,527,114
Total OPEB Liability, beginning	26,017,221	24,490,107
Total OPEB liability, ending (a)	29,518,006	26,017,221
Fiduciary Net Position		
Employer contributions	886,821	840,965
Net Investment income	5,918	59,606
Benefit payments	(631,917)	(601,985)
Administrative expenses	(8,830)	(8,601)
Net change in plan Fiduciary Net Position	251,992	289,985
Fiduciary Net Position, beginning	1,189,406	899,421
Fiduciary Net Position, ending (b)	1,441,398	1,189,406
Net OPEB Liability, ending = (a) - (b)	\$ 28,076,608	\$ 24,827,815
Fiduciary Net Position as a % of Total OPEB Liability	4.88 %	4.57 %
Covered employee payroll	\$ 9,404,208	\$ 9,071,329
Net OPEB Liability as a % of covered employee payroll	298.55 %	273.70 %

Notes to Schedule:

Changes of benefit terms: No changes to benefit terms

Changes of Assumptions:

The discount rate decreased from 4.69% as of June 30, 2019 to 3.78% as of June 30, 2020.

- (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 two years of data.

COUNTY OF LOS ANGELES
 REQUIRED SUPPLEMENTARY INFORMATION
 (Unaudited)

Schedule of County's RHC OPEB Contributions
 Last 10 Fiscal Years^{1,2}
 (Dollar amounts in thousands)

	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ 1,508,400	\$ 1,482,200	\$ 1,549,500	\$ 1,901,000
Less: Contributions in relation to the ADC	1,025,851	880,949	787,366	679,872
Contribution Deficiency (excess)	<u>\$ 482,549</u>	<u>\$ 601,251</u>	<u>\$ 762,134</u>	<u>\$ 1,221,128</u>
Covered-employee payroll	\$ 9,653,678	\$ 9,404,208	\$ 9,071,329	\$ 8,571,345
Contributions as a percentage of total covered-employee payroll	10.627%	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 reporting date.

Actuarial Methods and Assumptions

Valuation Timing	July 1, 2019, rolled forward to June 30, 2020
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, 2019 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, 2018.
Discount Rate	3.78%
Long-term expected rate of return, net of investment expenses	6.00%
20 Year Tax-Exempt Municipal Bond Yield	2.21%

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)

	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Total OPEB Liability				
Service cost	\$ 47,316	\$ 41,832	\$ 43,162	\$ 49,068
Interest	38,779	41,028	38,818	33,546
Differences between expected and actual experience	8,067	(55,159)	1,111	589
Changes of assumptions or other inputs	170,346	78,190	(43,574)	(106,200)
Benefit payments	(66,671)	(60,451)	(64,313)	(63,430)
Net Change in Total OPEB Liability	197,837	45,440	(24,796)	(86,427)
Total LTD OPEB Liability - beginning	1,093,684	1,048,244	1,073,040	1,159,467
Total LTD OPEB Liability - ending	<u>\$ 1,291,521</u>	<u>\$ 1,093,684</u>	<u>\$ 1,048,244</u>	<u>\$ 1,073,040</u>
Covered-employee payroll	\$ 9,404,208	\$ 9,071,329	\$ 8,571,345	\$ 8,176,831
Total LTD OPEB Liability as a percentage of covered-employee payroll	13.733 %	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 %
As of June 30, 2020	2.21 %

(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 3.50% as of June 30, 2020 to 2.21% as of June 30, 2021.

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

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, 2021 (in thousands)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET POSITIVE (NEGATIVE)
GENERAL GOVERNMENT:				
Salaries and employee benefits	\$ 1,264,823	1,263,203	1,082,241	180,962
Services and supplies	1,997,525	1,699,673	990,519	709,154
Other charges	268,492	332,034	212,446	119,588
Capital assets	12,402	15,412	11,393	4,019
Intrafund transfers	(901,304)	(901,731)	(737,272)	(164,459)
TOTAL GENERAL GOVERNMENT	2,641,938	2,408,591	1,559,327	849,264
PUBLIC PROTECTION:				
Salaries and employee benefits	5,005,488	5,081,675	4,950,230	131,445
Services and supplies	969,946	1,094,845	965,012	129,833
Other charges	367,998	392,561	382,600	9,961
Capital assets	17,478	19,957	13,500	6,457
Intrafund transfers	(142,334)	(150,792)	(129,415)	(21,377)
TOTAL PUBLIC PROTECTION	6,218,576	6,438,246	6,181,927	256,319
HEALTH AND SANITATION:				
Salaries and employee benefits	2,449,644	2,424,374	2,338,573	85,801
Services and supplies	4,252,747	4,364,666	3,914,604	450,062
Other charges	647,567	609,572	418,478	191,094
Capital assets	18,805	52,186	32,295	19,891
Intrafund transfers	(757,802)	(757,802)	(570,894)	(186,908)
TOTAL HEALTH AND SANITATION	6,610,961	6,692,996	6,133,056	559,940
PUBLIC ASSISTANCE:				
Salaries and employee benefits	2,847,391	2,847,541	2,775,835	71,706
Services and supplies	1,560,312	1,727,989	1,497,201	230,788
Other charges	3,944,284	4,157,549	3,768,749	388,800
Capital assets	3,430	3,430	3,280	150
Intrafund transfers	(79,895)	(98,538)	(79,871)	(18,667)
TOTAL PUBLIC ASSISTANCE	8,275,522	8,637,971	7,965,194	672,777
RECREATION AND CULTURAL SERVICES:				
Salaries and employee benefits	196,831	188,623	182,750	5,873
Services and supplies	186,188	199,168	190,599	8,569
Other charges	45,040	47,100	42,184	4,916
Capital assets	1,161	3,176	2,994	182
Intrafund transfers	(2,501)	(4,856)	(3,413)	(1,443)
TOTAL RECREATION AND CULTURAL SERVICES	426,719	433,211	415,114	18,097
DEBT SERVICE-				
Interest	4,345	4,345	4,345	
CAPITAL OUTLAY	1,351,178	1,509,831	511,959	997,872
TOTAL GENERAL FUND	\$ 25,529,239	26,125,191	22,770,922	3,354,269



NONMAJOR GOVERNMENTAL FUNDS

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR SPECIAL REVENUE FUNDS

The nonmajor Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

ROAD FUND

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.

OTHER STREETS, HIGHWAYS, ROADS AND BRIDGES FUNDS

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.

STREET LIGHTING DISTRICTS FUNDS

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.

GARBAGE DISPOSAL DISTRICTS FUNDS

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.

SEWER MAINTENANCE DISTRICTS FUNDS

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.

HEALTH SERVICES MEASURE B FUND

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.

Continued...

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR SPECIAL REVENUE FUNDS

HEALTH AND SANITATION FUNDS

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.

SAFE CLEAN WATER PROGRAM MEASURE W FUNDS

The Safe Clean Water Program Measure W Funds are 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.

OTHER PUBLIC PROTECTION FUNDS

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

Continued...

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR SPECIAL REVENUE FUNDS

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 business 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.

PUBLIC ASSISTANCE FUNDS

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.

HOMELESS AND HOUSING MEASURE H FUND

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.

RECREATION FUNDS

The Recreation Funds: Golf Course, Park Improvement, Recreation and Development, Tesoro Adobe Park, San Gabriel Canyon, and Ford Theatres are used to account for the maintenance and improvements to County parks and golf courses, public recreation areas, and Ford Theatres. Civic Art Special fund is used to account for civic art projects. The Cable TV Franchise fund is used to account for cable-related activities. The Off-Highway Vehicle fund is used to account for the development, construction, operation, and maintenance of off-highway vehicle recreation facilities. Revenues are derived from a percentage of golf course green fees, vehicle entrance fees collected from the regional parks, and percentage of the design and construction costs.

Continued...

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR SPECIAL REVENUE FUNDS

COURTHOUSE TEMPORARY CONSTRUCTION FUND

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.

CRIMINAL JUSTICE TEMPORARY CONSTRUCTION FUND

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.

REGISTRAR-RECORDER IMPROVEMENT FUNDS

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.

OTHER SPECIAL REVENUE FUNDS

The Other Special Revenue Funds: Information Technology Infrastructure and the Accumulative Capital Outlay (ACO) are used to account for the replacement of motor vehicles, printing, information technology, and communications equipment. Asset Development Implementation fund is used to account for short to intermediate financing for County asset development activities. Productivity Investment is used to account for the start-up and incidental costs associated with productivity improvement projects. Civic Center Employee parking is used to account for providing parking services and alternative means of transportation for County employees. County Library Developer Fees are used to account for the acquisition of land, construct library facilities, and purchase equipment and library materials. Various funds are used to account for resources that are legally restricted and the principal and earnings may be used for purposes that support general government and education.

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR DEBT SERVICE FUNDS

The nonmajor Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Regional Park and Open Space District Funds

The Regional Park and Open Space District receives long-term debt proceeds and voter-approved benefit assessments in the form of charges for services.

Public Buildings Funds

The Joint Powers Authorities-Public Works Financing Authority Public Buildings (Public Buildings) receive their funds primarily from long-term debt proceeds and the General Fund in the form of operating transfers.

- 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 Bonds, 2019 Series E-1
- Lease Revenue Bonds, 2019 Series E-2
- Lease Revenue Bond, 2020 Series A
- Lease Revenue Obligation Notes

Los Angeles County Securitization Corporation Fund

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.

Continued...

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR CAPITAL PROJECTS FUNDS

The nonmajor 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

Accumulative Capital Outlay Funds are used to account for specific capital projects in accordance with Government Code Section 53731.

Improvement District Fund

Improvement District are used to account for the projects financed by contributions from property owners.

Public Buildings Funds

Public Buildings projects are used to account for capital projects financed by bonds, lease revenue obligation notes and operating transfers.

Gap Loan Fund

Gap Loan Fund is used to account for the County's proceeds from sale of "Gap Loan" receivables that are restricted for capital spending purposes.

Continued...

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR PERMANENT FUNDS

Nonmajor 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, 2021 (in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS					
Pooled cash and investments:					
Operating	\$ 2,194,128	50,551	383,145	2,236	\$ 2,630,060
Other	52,243		168	1	52,412
Total pooled cash and investments	<u>2,246,371</u>	<u>50,551</u>	<u>383,313</u>	<u>2,237</u>	<u>2,682,472</u>
Other investments		25,527	54,258		79,785
Taxes receivable	21,602				21,602
Interest receivable	1,798	42	269	1	2,110
Other receivables	216,328		14		216,342
Due from other funds	50,399		9,771		60,170
Advances to other funds	10,915				10,915
Inventories	1				1
TOTAL ASSETS	<u>2,547,414</u>	<u>76,120</u>	<u>447,625</u>	<u>2,238</u>	<u>3,073,397</u>
DEFERRED OUTFLOWS OF RESOURCES		<u>202,346</u>			<u>202,346</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,547,414</u>	<u>278,466</u>	<u>447,625</u>	<u>2,238</u>	<u>\$ 3,275,743</u>
LIABILITIES					
Accounts payable	\$ 87,190		22,950		\$ 110,140
Accrued payroll	57				57
Other payables	1,380				1,380
Due to other funds	304,004		15,104	27	319,135
Advances payable	55,354		40		55,394
Third party payor	246				246
TOTAL LIABILITIES	<u>448,231</u>		<u>38,094</u>	<u>27</u>	<u>486,352</u>
DEFERRED INFLOWS OF RESOURCES	<u>24,368</u>				<u>24,368</u>
FUND BALANCES					
Nonspendable	1			2,125	2,126
Restricted	1,879,916	278,466	288,658	86	2,447,126
Committed	59,052		76,485		135,537
Assigned	135,846		44,388		180,234
TOTAL FUND BALANCES	<u>2,074,815</u>	<u>278,466</u>	<u>409,531</u>	<u>2,211</u>	<u>2,765,023</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 2,547,414</u>	<u>278,466</u>	<u>447,625</u>	<u>2,238</u>	<u>\$ 3,275,743</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, 2021 (in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES					
Taxes	\$ 816,329				\$ 816,329
Licenses, permits and franchises	21,336				21,336
Fines, forfeitures and penalties	29,115				29,115
Revenue from use of money and property:					
Investment income (loss)	(6,454)	312	729	(8)	(5,421)
Rents and concessions	48,105				48,105
Royalties	2				2
Intergovernmental revenues:					
Federal	11,432				11,432
State	366,932		(64)		366,868
Other	11,258				11,258
Charges for services	429,655	(416)	7,020		436,259
Miscellaneous	42,967	28,451	460		71,878
TOTAL REVENUES	1,770,677	28,347	8,145	(8)	1,807,161
EXPENDITURES					
Current:					
General government	10,669			47	10,716
Public protection	196,874				196,874
Public ways and facilities	412,637				412,637
Health and sanitation	155,839				155,839
Public assistance	187,475				187,475
Education	50				50
Recreation and cultural services	8,783				8,783
Debt service:					
Principal		281,671			281,671
Interest and other charges		220,285			220,285
Capital outlay			437,894		437,894
TOTAL EXPENDITURES	972,327	501,956	437,894	47	1,912,224
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	798,350	(473,609)	(429,749)	(55)	(105,063)
OTHER FINANCING SOURCES (USES)					
Transfers in	37,671	259,604	309,101		606,376
Transfers out	(619,215)	(324,286)	(16,935)		(960,436)
Issuance of debt		462,648	197,716		660,364
Bond premium proceeds		63,605			63,605
Sales of capital assets	669				669
TOTAL OTHER FINANCING SOURCES (USES)	(580,875)	461,571	489,882		370,578
NET CHANGE IN FUND BALANCES	217,475	(12,038)	60,133	(55)	265,515
FUND BALANCES, JULY 1, 2020	1,857,340	290,504	349,398	2,266	2,499,508
FUND BALANCES, JUNE 30, 2021	\$ 2,074,815	278,466	409,531	2,211	\$ 2,765,023



COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 JUNE 30, 2021 (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	\$ 120,942	214,109	112,773	63,186	50,472	195,499
Other	26,370	8,151	548	448	610	3,923
Total pooled cash and investments	147,312	222,260	113,321	63,634	51,082	199,422
Taxes receivable		425	1,631	1,103	808	9,341
Interest receivable	137	186	104	58	45	150
Other receivables	19,510	6,769	65	966	1,103	
Due from other funds	22,065	2,231	3,570		3,363	
Advances to other funds	7,740	1,097	141		1,196	
Inventories	1					
TOTAL ASSETS	\$ 196,765	232,968	118,832	65,761	57,597	208,913
LIABILITIES						
Accounts payable	\$ 4,321	4,588	1,386	1,768	495	16,741
Accrued payroll						
Other payables						
Due to other funds	31,659	5,574	3,812	1,630	10,744	112,873
Advances payable	45,861	7,968	646		46	
Third party payor	246					
TOTAL LIABILITIES	82,087	18,130	5,844	3,398	11,285	129,614
DEFERRED INFLOWS OF RESOURCES		288	1,102	1,398	1,188	5,727
FUND BALANCES						
Nonspendable	1					
Restricted	114,677	214,550	111,886	60,965	45,124	73,572
Committed						
Assigned						
TOTAL FUND BALANCES	114,678	214,550	111,886	60,965	45,124	73,572
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 196,765	232,968	118,832	65,761	57,597	208,913

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:
\$ 109,546	384,190	581,461	11,675	112,145	34,992	Operating
1,753	4,258	2,193	413	61	1,509	Other
111,299	388,448	583,654	12,088	112,206	36,501	Total pooled cash and investments
29	8,265					Taxes receivable
97	323	455	2	98	23	Interest receivable
17,440		1,647	393	167,615	491	Other receivables
1,369	21	14,567		3	735	Due from other funds
741						Advances to other funds
						Inventories
<u>\$ 130,975</u>	<u>397,057</u>	<u>600,323</u>	<u>12,483</u>	<u>279,922</u>	<u>37,750</u>	TOTAL ASSETS
						LIABILITIES
\$ 9,172	125	8,179	280	39,140	930	Accounts payable
		1,380				Accrued payroll
3,414	387	54,303	463	61,745	4,723	Other payables
833						Due to other funds
						Advances payable
13,419	512	63,862	743	100,885	5,653	Third party payor
<u>9,776</u>	<u>4,889</u>					TOTAL LIABILITIES
						DEFERRED INFLOWS OF RESOURCES
						FUND BALANCES
107,081	391,656	476,432	11,740	179,037	4,523	Nonspendable
		51,281				Restricted
699		8,748			27,574	Committed
<u>107,780</u>	<u>391,656</u>	<u>536,461</u>	<u>11,740</u>	<u>179,037</u>	<u>32,097</u>	Assigned
						TOTAL FUND BALANCES
<u>\$ 130,975</u>	<u>397,057</u>	<u>600,323</u>	<u>12,483</u>	<u>279,922</u>	<u>37,750</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, 2021 (in thousands)

	Courthouse Temporary Construction	Criminal Justice Temporary Construction	Registrar- Recorder Improvement	Other Special Revenue	Total
ASSETS					
Pooled cash and investments:					
Operating	\$ 194	66,863	28,124	107,957	\$ 2,194,128
Other	637	486	833	50	52,243
Total pooled cash and investments	831	67,349	28,957	108,007	2,246,371
Taxes receivable					21,602
Interest receivable	11	62		47	1,798
Other receivables			220	109	216,328
Due from other funds	2,280			195	50,399
Advances to other funds					10,915
Inventories					1
TOTAL ASSETS	\$ 3,122	67,411	29,177	108,358	\$ 2,547,414
LIABILITIES					
Accounts payable				65	\$ 87,190
Accrued payroll				57	57
Other payables					1,380
Due to other funds	3,122	2,932	5,466	1,157	304,004
Advances payable					55,354
Third party payor					246
TOTAL LIABILITIES	3,122	2,932	5,466	1,279	448,231
DEFERRED INFLOWS OF RESOURCES					
					24,368
FUND BALANCES					
Nonspendable					1
Restricted		64,479	23,711	483	1,879,916
Committed				7,771	59,052
Assigned				98,825	135,846
TOTAL FUND BALANCES		64,479	23,711	107,079	2,074,815
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,122	67,411	29,177	108,358	\$ 2,547,414



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, 2021 (in thousands)

	Streets, Highways, Roads and Bridges		Street Lighting Districts	Garbage Disposal Districts	Sewer Maintenance Districts	Health Services Measure B
	Road	Other				
REVENUES						
Taxes	\$ 4,477	76,512	28,429	8,089		280,140
Licenses, permits and franchises	5,717					
Fines, forfeitures and penalties		25	101	189	174	964
Revenue from use of money and property:						
Investment income (loss)	(303)	(572)	(345)	(206)	(164)	(1,036)
Rents and concessions	255	69				
Royalties						
Intergovernmental revenues:						
Federal	7,467	3,775			26	
State	260,066	1,131	120	34		
Other	718	8,298	177	6	42	
Charges for services	18,565	6,556	3,517	20,147	37,511	
Miscellaneous	30	238		24	36	22
TOTAL REVENUES	296,992	96,032	31,999	28,283	37,625	280,090
EXPENDITURES						
Current:						
General government						
Public protection						
Public ways and facilities	312,112	69,672	30,853			
Health and sanitation				27,875	37,616	50,008
Public assistance						
Education						
Recreation and cultural services						
TOTAL EXPENDITURES	312,112	69,672	30,853	27,875	37,616	50,008
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(15,120)	26,360	1,146	408	9	230,082
OTHER FINANCING SOURCES (USES)						
Transfers in	1,117					
Transfers out		(74)	(3)		(2,599)	(230,583)
Sales of capital assets	412					
TOTAL OTHER FINANCING SOURCES (USES)	1,529	(74)	(3)		(2,599)	(230,583)
NET CHANGE IN FUND BALANCES	(13,591)	26,286	1,143	408	(2,590)	(501)
FUND BALANCES, JULY 1, 2020	128,269	188,264	110,743	60,557	47,714	74,073
FUND BALANCES, JUNE 30, 2021	\$ 114,678	214,550	111,886	60,965	45,124	73,572

Health and Sanitation	Safe, Clean Water Program Measure W	Other Public Protection	Public Assistance	Homeless and Housing Measure H	Recreation	
				418,682		REVENUES
\$						Taxes
11,500			785		6	Licenses, permits and franchises
8,614	406	2,938	1,753			Fines, forfeitures and penalties
						Revenue from use of money and property:
(313)	(1,225)	(1,588)	(8)	(238)	(85)	Investment income (loss)
		30,254			11,688	Rents and concessions
						Royalties
						Intergovernmental revenues:
						Federal
691		104,753			137	State
2,017						Other
23,221	277,685	10,032	4,388		5,262	Charges for services
11,852		29,556	57		1,130	Miscellaneous
<u>57,582</u>	<u>276,866</u>	<u>175,945</u>	<u>6,975</u>	<u>418,444</u>	<u>18,138</u>	TOTAL REVENUES
						EXPENDITURES
						Current:
						General government
	122,231	63,187				Public protection
						Public ways and facilities
40,340						Health and sanitation
			5,362	182,113		Public assistance
						Education
					8,783	Recreation and cultural services
<u>40,340</u>	<u>122,231</u>	<u>63,187</u>	<u>5,362</u>	<u>182,113</u>	<u>8,783</u>	TOTAL EXPENDITURES
<u>17,242</u>	<u>154,635</u>	<u>112,758</u>	<u>1,613</u>	<u>236,331</u>	<u>9,355</u>	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
						OTHER FINANCING SOURCES (USES)
		21,687			1,219	Transfers in
(3,186)	(29,829)	(147,690)	(670)	(154,558)	(9,967)	Transfers out
		50			23	Sales of capital assets
<u>(3,186)</u>	<u>(29,829)</u>	<u>(125,953)</u>	<u>(670)</u>	<u>(154,558)</u>	<u>(8,725)</u>	TOTAL OTHER FINANCING SOURCES (USES)
14,056	124,806	(13,195)	943	81,773	630	NET CHANGE IN FUND BALANCES
<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, JULY 1, 2020
<u>\$ 107,780</u>	<u>391,656</u>	<u>536,461</u>	<u>11,740</u>	<u>179,037</u>	<u>32,097</u>	FUND BALANCES, JUNE 30, 2021

Continued...

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, 2021 (in thousands)

	Courthouse Temporary Construction	Criminal Justice Temporary Construction	Registrar- Recorder- Improvement	Other Special Revenue	Total
REVENUES					
Taxes	\$				\$ 816,329
Licenses, permits and franchises				3,328	21,336
Fines, forfeitures and penalties	6,621	7,330			29,115
Revenue from use of money and property:					
Investment income (loss)	28	(195)		(204)	(6,454)
Rents and concessions				5,839	48,105
Royalties				2	2
Intergovernmental revenues:					
Federal				164	11,432
State					366,932
Other					11,258
Charges for services			21,807	964	429,655
Miscellaneous				22	42,967
TOTAL REVENUES	6,649	7,135	21,807	10,115	1,770,677
EXPENDITURES					
Current:					
General government				10,669	10,669
Public protection	(2,031)	13,487			196,874
Public ways and facilities					412,637
Health and sanitation					155,839
Public assistance					187,475
Education				50	50
Recreation and cultural services					8,783
TOTAL EXPENDITURES	(2,031)	13,487		10,719	972,327
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,680	(6,352)	21,807	(604)	798,350
OTHER FINANCING SOURCES (USES)					
Transfers in				13,648	37,671
Transfers out	(14,936)		(15,774)	(9,346)	(619,215)
Sales of capital assets				184	669
TOTAL OTHER FINANCING SOURCES (USES)	(14,936)		(15,774)	4,486	(580,875)
NET CHANGE IN FUND BALANCES	(6,256)	(6,352)	6,033	3,882	217,475
FUND BALANCES, JULY 1, 2020	6,256	70,831	17,678	103,197	1,857,340
FUND BALANCES, JUNE 30, 2021	\$	64,479	23,711	107,079	\$ 2,074,815

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, 2021 (in thousands)

	TOTALS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 716,841	718,060	816,421	98,361
Licenses, permits and franchises	20,219	20,219	21,336	1,117
Fines, forfeitures and penalties	41,498	41,498	29,115	(12,383)
Revenue from use of money and property:				
Investment income	19,310	19,310	10,322	(8,988)
Rents and concessions	33,460	36,154	48,105	11,951
Royalties	3	3	2	(1)
Intergovernmental revenues:				
Federal	51,244	51,244	11,432	(39,812)
State	385,399	385,399	366,932	(18,467)
Other	39,000	39,000	10,603	(28,397)
Charges for services	437,542	438,245	428,253	(9,992)
Miscellaneous	30,426	31,007	42,967	11,960
TOTAL REVENUES	1,774,942	1,780,139	1,785,488	5,349
EXPENDITURES				
Current:				
General government	44,689	37,744	10,669	27,075
Public protection	405,779	415,374	94,646	320,728
Public ways and facilities	763,914	763,914	566,477	197,437
Health and sanitation	816,133	815,633	158,123	657,510
Public assistance	239,102	239,171	182,010	57,161
Education	7,722	7,722	50	7,672
Recreation and cultural services	40,336	40,521	8,305	32,216
TOTAL EXPENDITURES	2,317,675	2,320,079	1,020,280	1,299,799
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(542,733)	(539,940)	765,208	1,305,148
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	282	282	670	388
Transfers in	322,306	341,543	319,029	(22,514)
Transfers out	(1,001,194)	(1,029,257)	(885,641)	143,616
Appropriations for contingencies	(186,844)	(184,224)		184,224
Changes in fund balances	29,176	32,589	71,795	39,206
TOTAL OTHER FINANCING SOURCES (USES)	(836,274)	(839,067)	(494,147)	344,920
NET CHANGE IN FUND BALANCES	(1,379,007)	(1,379,007)	271,061	1,650,068
FUND BALANCES, JULY 1, 2020	1,379,007	1,379,007	1,379,007	
FUND BALANCES, JUNE 30, 2021	\$		1,650,068	1,650,068

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, 2021 (in thousands)

	ROAD			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 4,345	4,472	4,477	5
Licenses, permits and franchises	5,662	5,662	5,717	55
Revenue from use of money and property:				
Investment income	3,729	3,729	978	(2,751)
Rents and concessions	81	81	255	174
Intergovernmental revenues:				
Federal	37,171	37,171	7,467	(29,704)
State	271,825	271,825	260,066	(11,759)
Other	1,025	1,025	63	(962)
Charges for services	15,832	15,832	18,565	2,733
Miscellaneous	681	681	30	(651)
TOTAL REVENUES	340,351	340,478	297,618	(42,860)
EXPENDITURES				
Current-Public ways and facilities:				
Services and supplies	340,018	337,058	288,975	48,083
Other charges	19,900	19,900	7,108	12,792
Capital assets	2,345	2,610	500	2,110
Capital outlay	24,022	26,717	16,544	10,173
TOTAL EXPENDITURES	386,285	386,285	313,127	73,158
DEFICIENCY OF REVENUES OVER EXPENDITURES	(45,934)	(45,807)	(15,509)	30,298
OTHER FINANCING SOURCES (USES)				
Sales of capital assets			412	412
Transfers in	1,029	1,029	1,117	88
Transfers out	(6,565)	(6,565)		6,565
Appropriations for contingencies		(127)		127
Changes in fund balance			12,074	12,074
TOTAL OTHER FINANCING SOURCES (USES)	(5,536)	(5,663)	13,603	19,266
NET CHANGE IN FUND BALANCE	(51,470)	(51,470)	(1,906)	49,564
FUND BALANCE, JULY 1, 2020	51,470	51,470	51,470	
FUND BALANCE, JUNE 30, 2021	\$		49,564	49,564

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, 2021 (in thousands)

	OTHER STREETS, HIGHWAYS, ROADS, AND BRIDGES			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 58,851	58,851	76,491	17,640
Fines, forfeitures and penalties	19	19	25	6
Revenue from use of money and property:				
Investment income	3,466	3,466	1,148	(2,318)
Rents and concessions	151	151	69	(82)
Intergovernmental revenues:				
Federal	14,073	14,073	3,775	(10,298)
State	5,013	5,013	1,131	(3,882)
Other	35,806	35,806	8,298	(27,508)
Charges for services	11,291	11,291	6,556	(4,735)
Miscellaneous	5	5	238	233
TOTAL REVENUES	128,675	128,675	97,731	(30,944)
EXPENDITURES				
Current-Public ways and facilities:				
Services and supplies	206,203	203,914	65,989	137,925
Other charges	12,093	14,093	4,421	9,672
Capital assets	3,208	3,497	747	2,750
Capital outlay	62,016	62,016	6,094	55,922
TOTAL EXPENDITURES	283,520	283,520	77,251	206,269
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(154,845)	(154,845)	20,480	175,325
OTHER FINANCING SOURCES (USES)				
Transfers in	131	131		(131)
Transfers out	(586)	(586)	(74)	512
Changes in fund balance	(20)	(20)	6,616	6,636
TOTAL OTHER FINANCING SOURCES (USES)	(475)	(475)	6,542	7,017
NET CHANGE IN FUND BALANCE	(155,320)	(155,320)	27,022	182,342
FUND BALANCE, JULY 1, 2020	155,320	155,320	155,320	
FUND BALANCE, JUNE 30, 2021	\$		182,342	182,342

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, 2021 (in thousands)

	STREET LIGHTING DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 27,852	27,852	28,576	724
Fines, forfeitures and penalties	81	81	101	20
Revenue from use of money and property-				
Investment income	2,009	2,009	604	(1,405)
Intergovernmental revenues:				
State	126	126	120	(6)
Other	562	562	177	(385)
Charges for services	6,270	6,270	3,517	(2,753)
TOTAL REVENUES	36,900	36,900	33,095	(3,805)
EXPENDITURES				
Current-Public ways and facilities:				
Services and supplies	52,527	52,367	26,845	25,522
Other charges	5	165	160	5
Capital assets	10	10		10
Capital outlay	41,567	41,567	20,000	21,567
TOTAL EXPENDITURES	94,109	94,109	47,005	47,104
DEFICIENCY OF REVENUES OVER EXPENDITURES	(57,209)	(57,209)	(13,910)	43,299
OTHER FINANCING SOURCES (USES)				
Transfers in	3,520	3,520	3,396	(124)
Transfers out	(3,552)	(3,552)	(3,399)	153
Changes in fund balance	33,112	33,112	33,430	318
TOTAL OTHER FINANCING SOURCES (USES)	33,080	33,080	33,427	347
NET CHANGE IN FUND BALANCE	(24,129)	(24,129)	19,517	43,646
FUND BALANCE, JULY 1, 2020	24,129	24,129	24,129	
FUND BALANCE, JUNE 30, 2021	\$		43,646	43,646

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, 2021 (in thousands)

	GARBAGE DISPOSAL DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 7,778	7,778	8,181	403
Fines, forfeitures and penalties	272	272	189	(83)
Revenue from use of money and property-				
Investment income	1,182	1,182	326	(856)
Intergovernmental revenues:				
State	36	36	34	(2)
Other			6	6
Charges for services	19,828	19,828	20,059	231
Miscellaneous			24	24
TOTAL REVENUES	29,096	29,096	28,819	(277)
EXPENDITURES				
Current-Health and sanitation-				
Services and supplies	38,448	38,448	29,788	8,660
TOTAL EXPENDITURES	38,448	38,448	29,788	8,660
DEFICIENCY OF REVENUES OVER EXPENDITURES	(9,352)	(9,352)	(969)	8,383
OTHER FINANCING USES				
Changes in fund balance	(2,100)	(2,100)	(1,744)	356
TOTAL OTHER FINANCING USES	(2,100)	(2,100)	(1,744)	356
NET CHANGE IN FUND BALANCE	(11,452)	(11,452)	(2,713)	8,739
FUND BALANCE, JULY 1, 2020	11,452	11,452	11,452	
FUND BALANCE, JUNE 30, 2021	\$		8,739	8,739

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, 2021 (in thousands)

	SEWER MAINTENANCE DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Fines, forfeitures and penalties	\$ 162	162	174	12
Revenue from use of money and property-				
Investment income	846	846	258	(588)
Intergovernmental revenues:				
Federal			26	26
Other	38	38	42	4
Charges for services	37,040	37,040	37,363	323
Miscellaneous			36	36
TOTAL REVENUES	38,086	38,086	37,899	(187)
EXPENDITURES				
Current-Health and sanitation:				
Services and supplies	74,200	74,200	37,214	36,986
Other charges	2,000	2,000	333	1,667
Capital assets	100	100		100
Capital outlay	2,000	2,000	723	1,277
TOTAL EXPENDITURES	78,300	78,300	38,270	40,030
DEFICIENCY OF REVENUES OVER EXPENDITURES	(40,214)	(40,214)	(371)	39,843
OTHER FINANCING SOURCES (USES)				
Transfers out	(6,705)	(6,705)	(2,599)	4,106
Changes in fund balance	2,166	2,166	2,586	420
TOTAL OTHER FINANCING SOURCES (USES)	(4,539)	(4,539)	(13)	4,526
NET CHANGE IN FUND BALANCE	(44,753)	(44,753)	(384)	44,369
FUND BALANCE, JULY 1, 2020	44,753	44,753	44,753	
FUND BALANCE, JUNE 30, 2021	\$		44,369	44,369

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, 2021 (in thousands)

	HEALTH SERVICES MEASURE B			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 278,836	279,928	280,014	86
Fines, forfeitures and penalties			964	964
Revenue from use of money and property-				
Investment income	711	711	628	(83)
Miscellaneous	40	40	22	(18)
TOTAL REVENUES	279,587	280,679	281,628	949
EXPENDITURES				
Current-Health and sanitation:				
Services and supplies	26,164	26,164	20,296	5,868
Other charges	52,791	52,791	25,992	26,799
TOTAL EXPENDITURES	78,955	78,955	46,288	32,667
EXCESS OF REVENUES OVER EXPENDITURES	200,632	201,724	235,340	33,616
OTHER FINANCING SOURCES (USES)				
Transfers out	(237,148)	(237,148)	(230,583)	6,565
Appropriations for contingencies		(1,092)		1,092
Changes in fund balance			132	132
TOTAL OTHER FINANCING SOURCES (USES)	(237,148)	(238,240)	(230,451)	7,789
NET CHANGE IN FUND BALANCE	(36,516)	(36,516)	4,889	41,405
FUND BALANCE, JULY 1, 2020	36,516	36,516	36,516	
FUND BALANCE, JUNE 30, 2021	\$		41,405	41,405

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, 2021 (in thousands)

	HEALTH AND SANITATION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Licenses, permits and franchises	\$ 10,350	10,350	11,500	1,150
Fines, forfeitures and penalties	13,087	13,087	8,614	(4,473)
Revenue from use of money and property:				
Investment income	1,120	1,120	560	(560)
Rents and concessions	5	5		(5)
Intergovernmental revenues:				
State	747	747	691	(56)
Other	1,569	1,569	2,017	448
Charges for services	24,003	24,003	23,216	(787)
Miscellaneous	12,000	12,000	11,852	(148)
TOTAL REVENUES	62,881	62,881	58,450	(4,431)
EXPENDITURES				
Current-Health and sanitation:				
Services and supplies	85,109	85,043	41,546	43,497
Other charges	18,651	18,651		18,651
Capital assets	2,394	2,460	2,231	229
TOTAL EXPENDITURES	106,154	106,154	43,777	62,377
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(43,273)	(43,273)	14,673	57,946
OTHER FINANCING USES				
Transfers out	(5,959)	(5,959)	(3,186)	2,773
Appropriations for contingencies	(4,142)	(4,142)		4,142
Changes in fund balance	(9,379)	(9,379)	(7,299)	2,080
TOTAL OTHER FINANCING USES	(19,480)	(19,480)	(10,485)	8,995
NET CHANGE IN FUND BALANCE	(62,753)	(62,753)	4,188	66,941
FUND BALANCE, JULY 1, 2020	62,753	62,753	62,753	
FUND BALANCE, JUNE 30, 2021	\$		66,941	66,941

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, 2021 (in thousands)

	SAFE, CLEAN WATER PROGRAM MEASURE W			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Fines, forfeitures and penalties	\$		406	406
Revenue from use of money and property-				
Investment income	1,160	1,160	1,677	517
Charges for services	285,291	285,291	276,524	(8,767)
TOTAL REVENUES	286,451	286,451	278,607	(7,844)
EXPENDITURES				
Current-Public Protection:				
Services and supplies	56,909	64,135	12,968	51,167
Other charges	457,367	449,641	116,126	333,515
TOTAL EXPENDITURES	514,276	513,776	129,094	384,682
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(227,825)	(227,325)	149,513	376,838
OTHER FINANCING SOURCES (USES)				
Transfers in	283,471	283,471	277,964	(5,507)
Transfers out	(324,440)	(324,940)	(307,793)	17,147
Changes in fund balance	(6)	(6)	(4)	2
TOTAL OTHER FINANCING SOURCES (USES)	(40,975)	(41,475)	(29,833)	11,642
NET CHANGE IN FUND BALANCE	(268,800)	(268,800)	119,680	388,480
FUND BALANCE, JULY 1, 2020	268,800	268,800	268,800	
FUND BALANCE, JUNE 30, 2021	\$		388,480	388,480

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, 2021 (in thousands)

	OTHER PUBLIC PROTECTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Fines, forfeitures and penalties	\$ 5,031	5,031	2,938	(2,093)
Revenue from use of money and property:				
Investment income	3,114	3,114	2,650	(464)
Rents and concessions	18,704	18,704	30,254	11,550
Intergovernmental revenues-				
State	107,522	107,522	104,753	(2,769)
Charges for services	11,441	11,441	10,032	(1,409)
Miscellaneous	14,360	14,360	29,556	15,196
TOTAL REVENUES	160,172	160,172	180,183	20,011
EXPENDITURES				
Current-Public protection:				
Services and supplies	266,984	280,243	65,604	214,639
Other charges	200	200	172	28
Capital assets	42,469	40,905	2,477	38,428
Capital outlay	10,818	8,718	1	8,717
TOTAL EXPENDITURES	320,471	330,066	68,254	261,812
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(160,299)	(169,894)	111,929	281,823
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	45	45	50	5
Transfers in	18,778	33,326	21,686	(11,640)
Transfers out	(203,015)	(211,384)	(147,691)	63,693
Appropriations for contingencies	(89,487)	(89,484)		89,484
Changes in fund balance	5,844	9,257	12,424	3,167
TOTAL OTHER FINANCING SOURCES (USES)	(267,835)	(258,240)	(113,531)	144,709
NET CHANGE IN FUND BALANCE	(428,134)	(428,134)	(1,602)	426,532
FUND BALANCE, JULY 1, 2020	428,134	428,134	428,134	
FUND BALANCE, JUNE 30, 2021	\$		426,532	426,532

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, 2021 (in thousands)

	PUBLIC ASSISTANCE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Licenses, permits and franchises	\$ 941	941	785	(156)
Fines, forfeitures and penalties	1,846	1,846	1,753	(93)
Revenue from use of money and property-				
Investment income	5	5	13	8
Charges for services	5,400	5,400	4,388	(1,012)
Miscellaneous	58	58	57	(1)
TOTAL REVENUES	8,250	8,250	6,996	(1,254)
EXPENDITURES				
Current-Public assistance-				
Services and supplies	13,874	13,943	6,091	7,852
TOTAL EXPENDITURES	13,874	13,943	6,091	7,852
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,624)	(5,693)	905	6,598
OTHER FINANCING USES				
Transfers out	(914)	(845)	(670)	175
Appropriations for contingencies	(1,301)	(1,301)		1,301
Changes in fund balance	(441)	(441)	(185)	256
TOTAL OTHER FINANCING USES	(2,656)	(2,587)	(855)	1,732
NET CHANGE IN FUND BALANCE	(8,280)	(8,280)	50	8,330
FUND BALANCE, JULY 1, 2020	8,280	8,280	8,280	
FUND BALANCE, JUNE 30, 2021	\$		8,330	8,330

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, 2021 (in thousands)

	HOMELESS AND HOUSING MEASURE H			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 339,179	339,179	418,682	79,503
Revenue from use of money and property-				
Investment income			656	656
TOTAL REVENUES	339,179	339,179	419,338	80,159
EXPENDITURES				
Current-Public assistance:				
Services and supplies		2,109	2,108	1
Other charges	225,228	223,119	173,811	49,308
TOTAL EXPENDITURES	225,228	225,228	175,919	49,309
EXCESS OF REVENUES OVER EXPENDITURES	113,951	113,951	243,419	129,468
OTHER FINANCING SOURCES (USES)				
Transfers out	(184,962)	(184,962)	(154,558)	30,404
Changes in fund balance			6,722	6,722
TOTAL OTHER FINANCING SOURCES (USES)	(184,962)	(184,962)	(147,836)	37,126
NET CHANGE IN FUND BALANCE	(71,011)	(71,011)	95,583	166,594
FUND BALANCE, JULY 1, 2020	71,011	71,011	71,011	
FUND BALANCE, JUNE 30, 2021	\$		166,594	166,594

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, 2021 (in thousands)

	RECREATION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Licenses, permits and franchises	\$ 18	18	6	(12)
Revenue from use of money and property:				
Investment income	353	353	129	(224)
Rents and concessions	9,162	11,856	11,688	(168)
Intergovernmental revenues-				
State	130	130	137	7
Charges for services	4,983	4,983	5,262	279
Miscellaneous	3,257	3,838	1,130	(2,708)
TOTAL REVENUES	17,903	21,178	18,352	(2,826)
EXPENDITURES				
Current-Recreation and cultural services:				
Services and supplies	40,227	40,059	7,886	32,173
Other charges	9	362	354	8
Capital assets	100	100	65	35
TOTAL EXPENDITURES	40,336	40,521	8,305	32,216
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(22,433)	(19,343)	10,047	29,390
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	17	17	23	6
Transfers in	830	1,219	1,219	
Transfers out	(6,844)	(10,323)	(9,967)	356
Changes in fund balance			235	235
TOTAL OTHER FINANCING SOURCES (USES)	(5,997)	(9,087)	(8,490)	597
NET CHANGE IN FUND BALANCE	(28,430)	(28,430)	1,557	29,987
FUND BALANCE, JULY 1, 2020	28,430	28,430	28,430	
FUND BALANCE, JUNE 30, 2021	\$		29,987	29,987

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, 2021 (in thousands)

	COURTHOUSE TEMPORARY CONSTRUCTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Fines, forfeitures and penalties	\$ 10,000	10,000	6,621	(3,379)
Revenue from use of money and property-				
Investment income	200	200	45	(155)
TOTAL REVENUES	10,200	10,200	6,666	(3,534)
EXPENDITURES				
Current-Public protection:				
Services and supplies	1,442	1,442	250	1,192
Other charges	14,997	19,297	12,655	6,642
TOTAL EXPENDITURES	16,439	20,739	12,905	7,834
DEFICIENCY OF REVENUES OVER EXPENDITURES	(6,239)	(10,539)	(6,239)	4,300
OTHER FINANCING SOURCES				
Transfers in		4,300		(4,300)
TOTAL OTHER FINANCING SOURCES		4,300		(4,300)
NET CHANGE IN FUND BALANCE	(6,239)	(6,239)	(6,239)	
FUND BALANCE, JULY 1, 2020	6,239	6,239	6,239	
FUND BALANCE, JUNE 30, 2021	\$			

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, 2021 (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	\$ 11,000	11,000	7,330	(3,670)
Revenue from use of money and property-				
Investment income	700	700	379	(321)
TOTAL REVENUES	11,700	11,700	7,709	(3,991)
EXPENDITURES				
Current-Public protection:				
Services and supplies	65,628	61,328	10,931	50,397
Other charges	3,241	3,241	2,556	685
TOTAL EXPENDITURES	68,869	64,569	13,487	51,082
DEFICIENCY OF REVENUES OVER EXPENDITURES	(57,169)	(52,869)	(5,778)	47,091
OTHER FINANCING SOURCES (USES)				
Transfers out		(4,300)		4,300
Appropriations for contingencies	(7,094)	(7,094)		7,094
Changes in fund balance			6,369	6,369
TOTAL OTHER FINANCING SOURCES (USES)	(7,094)	(11,394)	6,369	17,763
NET CHANGE IN FUND BALANCE	(64,263)	(64,263)	591	64,854
FUND BALANCE, JULY 1, 2020	64,263	64,263	64,263	
FUND BALANCE, JUNE 30, 2021	\$		64,854	64,854

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, 2021 (in thousands)

	REGISTRAR-RECORDER IMPROVEMENT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Charges for services	\$ 15,063	15,766	21,807	6,041
OTHER FINANCING USES				
Transfers out	(11,831)	(16,370)	(15,774)	596
Appropriations for contingencies	(20,907)	(17,071)		17,071
TOTAL OTHER FINANCING USES	(32,738)	(33,441)	(15,774)	17,667
NET CHANGE IN FUND BALANCE	(17,675)	(17,675)	6,033	23,708
FUND BALANCE, JULY 1, 2020	17,675	17,675	17,675	
FUND BALANCE, JUNE 30, 2021	\$		23,708	23,708

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, 2021 (in thousands)

	OTHER SPECIAL REVENUE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Licenses, permits and franchises	\$ 3,248	3,248	3,328	80
Revenue from use of money and property:				
Investment income	715	715	271	(444)
Rents and concessions	5,357	5,357	5,839	482
Royalties	3	3	2	(1)
Intergovernmental revenues-				
Federal			164	164
Charges for services	1,100	1,100	964	(136)
Miscellaneous	25	25	22	(3)
TOTAL REVENUES	10,448	10,448	10,590	142
EXPENDITURES				
Current:				
General government:				
Salaries and employee benefits	6,736	6,736	6,283	453
Services and supplies	36,982	30,037	4,199	25,838
Capital assets	971	971	187	784
Total general government	44,689	37,744	10,669	27,075
Education-				
Services and supplies	7,722	7,722	50	7,672
TOTAL EXPENDITURES	52,411	45,466	10,719	34,747
DEFICIENCY OF REVENUES OVER EXPENDITURES	(41,963)	(35,018)	(129)	34,889
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	220	220	185	(35)
Transfers in	14,547	14,547	13,647	(900)
Transfers out	(8,673)	(15,618)	(9,346)	6,272
Appropriations for contingencies	(63,913)	(63,913)		63,913
Changes in fund balance			439	439
TOTAL OTHER FINANCING SOURCES (USES)	(57,819)	(64,764)	4,925	69,689
NET CHANGE IN FUND BALANCE	(99,782)	(99,782)	4,796	104,578
FUND BALANCE, JULY 1, 2020	99,782	99,782	99,782	
FUND BALANCE, JUNE 30, 2021	\$		104,578	104,578

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
 JUNE 30, 2021 (in thousands)

	Regional Park and Open Space District	Public Buildings	LA County Securitization Corporation	Total
ASSETS				
Pooled cash and investments-				
Operating	\$	50,551		\$ 50,551
Total pooled cash and investments		50,551		50,551
Other investments		1,949	23,578	25,527
Interest receivable		42		42
TOTAL ASSETS		52,542	23,578	76,120
DEFERRED OUTFLOWS OF RESOURCES			202,346	202,346
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$	52,542	225,924	\$ 278,466
FUND BALANCES - RESTRICTED	\$	52,542	225,924	\$ 278,466
TOTAL FUND BALANCES	\$	52,542	225,924	\$ 278,466

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, 2021 (in thousands)

	Regional Park and Open Space District	Public Buildings	LA County Securitization Corporation	Total
REVENUES				
Revenue from use of money and property:				
Investment income (loss)	\$ (1)	312	1	\$ 312
Rents and concessions				
Charges for services	(416)			(416)
Miscellaneous			28,451	28,451
TOTAL REVENUES	(417)	312	28,452	28,347
EXPENDITURES - Debt service				
Principal		264,836	16,835	281,671
Interest and other charges		208,834	11,451	220,285
TOTAL EXPENDITURES		473,670	28,286	501,956
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(417)	(473,358)	166	(473,609)
OTHER FINANCING SOURCES (USES)				
Transfers in		259,604		259,604
Transfers out		(314,128)	(10,158)	(324,286)
Issuance of debt		462,648		462,648
Bond premium proceeds		63,605		63,605
TOTAL OTHER FINANCING SOURCES (USES)		471,729	(10,158)	461,571
NET CHANGE IN FUND BALANCES	(417)	(1,629)	(9,992)	(12,038)
FUND BALANCES, JULY 1, 2020	417	54,171	235,916	290,504
FUND BALANCES, JUNE 30, 2021	\$	52,542	225,924	\$ 278,466

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, 2021 (in thousands)

	REGIONAL PARK AND OPEN SPACE DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (414)	(417)	(416)	1
Changes in fund balance	55	58	57	(1)
TOTAL OTHER FINANCING SOURCES (USES)	(359)	(359)	(359)	
NET CHANGE IN FUND BALANCE	(359)	(359)	(359)	
FUND BALANCE, JULY 1, 2020	359	359	359	
FUND BALANCE, JUNE 30, 2021	\$			

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
 JUNE 30, 2021 (in thousands)

	Accumulative Capital Outlay	Improvement Districts	Public Buildings	Gap Loan	Total
ASSETS					
Pooled cash and investments:					
Operating	\$ 117,629	13	222,218	43,285	\$ 383,145
Other	129		13	26	168
Total pooled cash and investments	<u>117,758</u>	<u>13</u>	<u>222,231</u>	<u>43,311</u>	<u>383,313</u>
Other investments			54,258		54,258
Interest receivable	108		121	40	269
Other receivables	14				14
Due from other funds	5,010		4,761		9,771
TOTAL ASSETS	<u>\$ 122,890</u>	<u>13</u>	<u>281,371</u>	<u>43,351</u>	<u>\$ 447,625</u>
LIABILITIES					
Accounts payable	\$ 889		22,061		\$ 22,950
Due to other funds	1,101		13,563	440	15,104
Advances payable	40				40
TOTAL LIABILITIES	<u>2,030</u>		<u>35,624</u>	<u>440</u>	<u>38,094</u>
FUND BALANCES					
Restricted			245,747	42,911	288,658
Committed	76,485				76,485
Assigned	44,375	13			44,388
TOTAL FUND BALANCES	<u>120,860</u>	<u>13</u>	<u>245,747</u>	<u>42,911</u>	<u>409,531</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 122,890</u>	<u>13</u>	<u>281,371</u>	<u>43,351</u>	<u>\$ 447,625</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
 FOR THE YEAR ENDED JUNE 30, 2021 (in thousands)

	Accumulative Capital Outlay	Improvement Districts	Public Buildings	Gap Loan	Total
REVENUES					
Revenue from use of money and property-					
Investment income (loss)	\$ (340)		1,205	(136)	\$ 729
Intergovernmental revenues-					
State	(64)				(64)
Charges for services	7,020				7,020
Miscellaneous	460				460
TOTAL REVENUES	7,076		1,205	(136)	8,145
EXPENDITURES - Capital outlay	14,465		423,429		437,894
DEFICIENCY OF REVENUES OVER EXPENDITURES	(7,389)		(422,224)	(136)	(429,749)
OTHER FINANCING SOURCES (USES)					
Transfers in	3,995		305,106		309,101
Transfers out			(16,495)	(440)	(16,935)
Issuance of debt			197,716		197,716
TOTAL OTHER FINANCING SOURCES (USES)	3,995		486,327	(440)	489,882
NET CHANGE IN FUND BALANCES	(3,394)		64,103	(576)	60,133
FUND BALANCES, JULY 1, 2020	124,254	13	181,644	43,487	349,398
FUND BALANCES, JUNE 30, 2021	\$ 120,860	13	245,747	42,911	\$ 409,531

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUNDS
 JUNE 30, 2021 (in thousands)

	Annuities	Endowments	Total
ASSETS			
Pooled cash and investments:			
Operating	\$ 428	1,808	\$ 2,236
Other		1	1
Total pooled cash and investments	<u>428</u>	<u>1,809</u>	<u>2,237</u>
Interest receivable		1	1
TOTAL ASSETS	<u><u>\$ 428</u></u>	<u><u>1,810</u></u>	<u><u>\$ 2,238</u></u>
LIABILITIES			
Due to other funds		27	\$ 27
FUND BALANCES			
Nonspendable	410	1,715	2,125
Restricted for annuities and endowments	<u>18</u>	<u>68</u>	<u>86</u>
TOTAL FUND BALANCES	<u><u>428</u></u>	<u><u>1,783</u></u>	<u><u>2,211</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 428</u></u>	<u><u>1,810</u></u>	<u><u>\$ 2,238</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, 2021 (in thousands)

	<u>Annuities</u>	<u>Endowments</u>	<u>Total</u>
REVENUES			
Revenue from use of money and property-			
Investment loss	\$ (1)	(7)	\$ (8)
EXPENDITURES - General government	<u>20</u>	<u>27</u>	<u>47</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(21)</u>	<u>(34)</u>	<u>(55)</u>
NET CHANGE IN FUND BALANCES	(21)	(34)	(55)
FUND BALANCES, JULY 1, 2020	<u>449</u>	<u>1,817</u>	<u>2,266</u>
FUND BALANCES, JUNE 30, 2021	<u>\$ 428</u>	<u>1,783</u>	<u>\$ 2,211</u>

INTERNAL SERVICE FUNDS

COUNTY OF LOS ANGELES
INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for the financing of sources provided by a department or agency to other departments or agencies on a cost-reimbursement basis.

PUBLIC WORKS FUND

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.

EQUIPMENT ACQUISITION FUND

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, 2021 (in thousands)

	Public Works	Equipment Acquisition	Total
ASSETS			
Current assets:			
Pooled cash and investments:			
Operating	\$ 59,656	3,695	\$ 63,351
Other	9,549	5	9,554
Total pooled cash and investments	<u>69,205</u>	<u>3,700</u>	<u>72,905</u>
Interest receivable	50	7	57
Other receivables	8,653		8,653
Due from other funds	114,864		114,864
Inventories	8,863		8,863
Total current assets	<u>201,635</u>	<u>3,707</u>	<u>205,342</u>
Noncurrent assets:			
Restricted assets		6,357	6,357
Capital assets:			
Equipment	244,549	46,556	291,105
Less accumulated depreciation	<u>(128,819)</u>	<u>(35,510)</u>	<u>(164,329)</u>
Total capital assets - net	<u>115,730</u>	<u>11,046</u>	<u>126,776</u>
Total noncurrent assets	<u>115,730</u>	<u>17,403</u>	<u>133,133</u>
TOTAL ASSETS	<u>317,365</u>	<u>21,110</u>	<u>338,475</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>549,533</u>		<u>549,533</u>
LIABILITIES			
Current liabilities:			
Accounts payable	5,915	530	6,445
Accrued payroll	23,170		23,170
Other payables	2,498		2,498
Accrued interest payable		53	53
Due to other funds	58,681		58,681
Advances from other funds	22,000		22,000
Advances payable	31	497	528
Current portion of long-term liabilities	<u>12,282</u>	<u>13,965</u>	<u>26,247</u>
Total current liabilities	<u>124,577</u>	<u>15,045</u>	<u>139,622</u>
Noncurrent liabilities:			
Accrued compensated absences	74,415		74,415
Bonds and notes		245	245
Workers' compensation	54,374		54,374
Net pension liability	584,120		584,120
Net OPEB liability	<u>1,093,017</u>		<u>1,093,017</u>
Total noncurrent liabilities	<u>1,805,926</u>	<u>245</u>	<u>1,806,171</u>
TOTAL LIABILITIES	<u>1,930,503</u>	<u>15,290</u>	<u>1,945,793</u>
DEFERRED INFLOWS OF RESOURCES	<u>164,097</u>		<u>164,097</u>
NET POSITION			
Net investment in capital assets	115,730	4,053	119,783
Restricted-			
Debt service		5,082	5,082
Unrestricted (deficit)	<u>(1,343,432)</u>	<u>(3,315)</u>	<u>(1,346,747)</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ (1,227,702)</u>	<u>5,820</u>	<u>\$ (1,221,882)</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, 2021 (in thousands)

	Public Works	Equipment Acquisition	Total
OPERATING REVENUES:			
Rentals	\$	19,934	\$ 19,934
Charges for services	668,626		668,626
TOTAL OPERATING REVENUES	<u>668,626</u>	<u>19,934</u>	<u>688,560</u>
OPERATING EXPENSES:			
Salaries and employee benefits	631,782		631,782
Services and supplies	48,510	22	48,532
Other professional services	66,451		66,451
Depreciation and amortization	16,331	17,187	33,518
TOTAL OPERATING EXPENSES	<u>763,074</u>	<u>17,209</u>	<u>780,283</u>
OPERATING INCOME (LOSS)	<u>(94,448)</u>	<u>2,725</u>	<u>(91,723)</u>
NONOPERATING REVENUES (EXPENSES):			
Investment loss	(485)	(60)	(545)
Gain on disposal of capital assets	456		456
Interest expense		(55)	(55)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(29)</u>	<u>(115)</u>	<u>(144)</u>
INCOME BEFORE TRANSFERS	(94,477)	2,610	(91,867)
Transfers in	3,267		3,267
CHANGE IN NET POSITION	(91,210)	2,610	(88,600)
TOTAL NET POSITION (DEFICIT), JULY 1, 2020	<u>(1,136,492)</u>	<u>3,210</u>	<u>(1,133,282)</u>
TOTAL NET POSITION (DEFICIT), JUNE 30, 2021	<u>\$ (1,227,702)</u>	<u>5,820</u>	<u>\$ (1,221,882)</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021 (in thousands)

	Public Works	Equipment Acquisition	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Rentals received from other funds	\$	19,965	\$ 19,965
Cash received from charges for services	85,855		85,855
Cash received from charges for services to other funds	596,729		596,729
Cash paid for salaries and employee benefits	(533,432)		(533,432)
Cash paid for services and supplies	(50,309)	(22)	(50,331)
Other operating expenses	(66,451)		(66,451)
Net cash provided by operating activities	<u>32,392</u>	<u>19,943</u>	<u>52,335</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash advances (paid) / returned to other funds	11	(1,235)	(1,224)
Transfers in	3,267		3,267
Net cash provided by (required for) noncapital financing activities	<u>3,278</u>	<u>(1,235)</u>	<u>2,043</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from bonds and notes		23,465	23,465
Interest paid on capital borrowing		(363)	(363)
Principal payments on bonds and notes		(49,870)	(49,870)
Acquisition and construction of capital assets	(27,700)	(79)	(27,779)
Net cash required for capital and related financing activities	<u>(27,700)</u>	<u>(26,847)</u>	<u>(54,547)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment loss	(466)	(29)	(495)
Net increase (decrease) in cash and cash equivalents	7,504	(8,168)	(664)
Cash and cash equivalents, July 1, 2020	<u>61,701</u>	<u>18,225</u>	<u>79,926</u>
Cash and cash equivalents, June 30, 2021	<u>\$ 69,205</u>	<u>10,057</u>	<u>\$ 79,262</u>

Continued..

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF CASH FLOWS - Continued
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021 (in thousands)

	Public Works	Equipment Acquisition	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (94,448)	2,725	\$ (91,723)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	16,331	17,187	33,518
(Increase) decrease in:			
Other receivables	6,353		6,353
Due from other funds	8,296	31	8,327
Inventories	412		412
Increase (decrease) in:			
Accounts payable	(3,549)		(3,549)
Accrued payroll	726		726
Other payables	67		67
Accrued compensated absences	10,878		10,878
Due to other funds	1,338		1,338
Workers' compensation	2,012		2,012
Net pension liability and related changes in deferred outflows and inflows of resources	39,796		39,796
Net OPEB liability and related changes in deferred outflows and inflows of resources	44,180		44,180
TOTAL ADJUSTMENTS	126,840	17,218	144,058
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 32,392	19,943	\$ 52,335
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Gain on disposal of capital assets	\$ 456		\$ 456
TOTAL	\$ 456		\$ 456
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:			
Pooled cash and investments	\$ 69,205	3,700	\$ 72,905
Restricted assets		6,357	6,357
TOTAL	\$ 69,205	10,057	\$ 79,262

FIDUCIARY FUNDS

COUNTY OF LOS ANGELES
FIDUCIARY FUNDS

The Fiduciary Funds are used to account for resources held for the benefit of parties outside of the government.

PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS

PENSION TRUST FUND

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

OPEB TRUST FUND

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

CUSTODIAL FUNDS

EXTERNAL INVESTMENT POOLS FUNDS

EXTERNAL INVESTMENT POOL FUND

The External Investment Pool Fund is used to account for the fiduciary activities from the external portion of the investment pool for participants who do not have a trust agreement or equivalent arrangement with the County. The participants primarily consist of deposits held on behalf of School Districts, Courts, and Sanitation Districts.

EXTERNAL SPECIFIC INVESTMENT POOL FUND

The External Specific Investment Pool Fund is used to account for the fiduciary activities from the external portion of the individual investment accounts, in aggregate, for participants who do not have a trust agreement or equivalent arrangement with the County. The related investment activity occurs separately from the County's investment pool and is provided as a service to external investors.

OTHER CUSTODIAL FUNDS

PROPERTY TAX FUNDS

This group of funds is used to account for the fiduciary activities for the monies received from property and other taxes, which must be held pending authority for distribution to the appropriate recipients.

OTHER CUSTODIAL FUNDS

This group of funds is used to account for the fiduciary activities which are held for other governmental agencies or individuals in a custodial capacity.

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS
 JUNE 30, 2021 (in thousands)

	Pension Trust	OPEB Trust	Total
ASSETS			
Pooled cash and investments	\$ 116,592		\$ 116,592
Other investments:			
Short-term investments	3,132,254	49,723	3,181,977
Equity	29,705,843	1,145,218	30,851,061
Fixed income	21,077,314	894,200	21,971,514
Private equity	11,471,947		11,471,947
Real estate	5,294,150	219,190	5,513,340
Hedge funds	2,748,465		2,748,465
Cash collateral on loaned securities	1,198,528		1,198,528
Interest receivable	169,925	1	169,926
Other receivables	448,900	114	449,014
TOTAL ASSETS	75,363,918	2,308,446	77,672,364
LIABILITIES			
Accounts payable	1,055,063	1,260	1,056,323
Other payables	1,296,829	359	1,297,188
TOTAL LIABILITIES	2,351,892	1,619	2,353,511
NET POSITION			
Net position restricted for pension and other postemployment benefits	<u>\$ 73,012,026</u>	<u>2,306,827</u>	<u>\$ 75,318,853</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, 2021 (in thousands)

	Pension Trust	OPEB Trust	Total
ADDITIONS			
Contributions:			
Pension and OPEB trust contributions:			
Employer	\$ 2,012,877	1,057,366	\$ 3,070,243
Member	760,994	48,600	809,594
Total contributions	<u>2,773,871</u>	<u>1,105,966</u>	<u>3,879,837</u>
Investment earnings:			
Investment income	5,915,584	15,089	5,930,673
Net increase in the fair value of investments	9,981,328	438,050	10,419,378
Securities lending income	5,072		5,072
Total investment earnings	<u>15,901,984</u>	<u>453,139</u>	<u>16,355,123</u>
Less - Investment expenses:			
Expense from investing activities	271,752	1,017	272,769
Expense from securities lending activities	317		317
Total net investment expense	<u>272,069</u>	<u>1,017</u>	<u>273,086</u>
Net investment earnings	<u>15,629,915</u>	<u>452,122</u>	<u>16,082,037</u>
Miscellaneous	<u>2,928</u>		<u>2,928</u>
TOTAL ADDITIONS	<u>18,406,714</u>	<u>1,558,088</u>	<u>19,964,802</u>
DEDUCTIONS			
Administrative expenses:			
Salaries and employee benefits	69,983		69,983
Services and supplies	20,603	584	21,187
Total administrative expenses	<u>90,586</u>	<u>584</u>	<u>91,170</u>
Benefit payments	3,789,750	743,305	4,533,055
Miscellaneous	<u>24,760</u>		<u>24,760</u>
TOTAL DEDUCTIONS	<u>3,905,096</u>	<u>743,889</u>	<u>4,648,985</u>
CHANGE IN NET POSITION	14,501,618	814,199	15,315,817
NET POSITION, JULY 1, 2020	<u>58,510,408</u>	<u>1,492,628</u>	<u>60,003,036</u>
NET POSITION, JUNE 30, 2021	<u>\$ 73,012,026</u>	<u>2,306,827</u>	<u>\$ 75,318,853</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - CUSTODIAL - EXTERNAL INVESTMENT POOLS
 JUNE 30, 2021 (in thousands)

	External Investment Pool	External Specific Investment Pool	Total
ASSETS			
Pooled cash and investments	\$ 22,471,739		\$ 22,471,739
Other investments		114,480	114,480
Interest receivable	18,805	477	19,282
TOTAL ASSETS	<u>22,490,544</u>	<u>114,957</u>	<u>22,605,501</u>
NET POSITION			
Net position restricted for pool participants	<u>\$ 22,490,544</u>	<u>114,957</u>	<u>\$ 22,605,501</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - CUSTODIAL - EXTERNAL INVESTMENT POOLS
 FOR THE YEAR ENDED JUNE 30, 2021 (in thousands)

	External Investment Pool	External Specific Investment Pool	Total
ADDITIONS			
Contributions to investment pools	\$ 53,773,521	35,091	\$ 53,808,612
Investment loss	(85,661)	(1,430)	(87,091)
TOTAL ADDITIONS	<u>53,687,860</u>	<u>33,661</u>	<u>53,721,521</u>
DEDUCTIONS			
Distributions from investment pools	51,543,560	10,038	51,553,598
CHANGE IN NET POSITION	2,144,300	23,623	2,167,923
NET POSITION, JULY 1, 2020, AS RESTATED	<u>20,346,244</u>	<u>91,334</u>	<u>20,437,578</u>
NET POSITION, JUNE 30, 2021	<u>\$ 22,490,544</u>	<u>114,957</u>	<u>\$ 22,605,501</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - CUSTODIAL - OTHER CUSTODIAL
 JUNE 30, 2021 (in thousands)

	Property Tax	Other Custodial	Total
ASSETS			
Pooled cash and investments	\$ 462,549	952,283	\$ 1,414,832
Other investments		302	302
Taxes receivable	2,497	845,377	847,874
Other receivables	26,882	121,799	148,681
TOTAL ASSETS	<u>491,928</u>	<u>1,919,761</u>	<u>2,411,689</u>
LIABILITIES			
Accounts payable		3,060	3,060
Other payables	389,613	244,006	633,619
Due to other governments		64,490	64,490
TOTAL LIABILITIES	<u>389,613</u>	<u>311,556</u>	<u>701,169</u>
NET POSITION			
Net position restricted for individuals, organizations, and other governments	<u>\$ 102,315</u>	<u>1,608,205</u>	<u>\$ 1,710,520</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - CUSTODIAL - OTHER CUSTODIAL
 FOR THE YEAR ENDED JUNE 30, 2021 (in thousands)

	Property Tax	Other Custodial	Total
ADDITIONS			
Contributions to custodial funds	\$ 22,190,235	666,554	\$ 22,856,789
Other additions	2,497	2,479,915	2,482,412
TOTAL ADDITIONS	<u>22,192,732</u>	<u>3,146,469</u>	<u>25,339,201</u>
DEDUCTIONS			
Distributions from custodial funds	22,200,338	775,395	22,975,733
Other deductions		2,424,648	2,424,648
TOTAL DEDUCTIONS	<u>22,200,338</u>	<u>3,200,043</u>	<u>25,400,381</u>
CHANGE IN NET POSITION	(7,606)	(53,574)	(61,180)
NET POSITION, JULY 1, 2020, AS RESTATED	<u>109,921</u>	<u>1,661,779</u>	<u>1,771,700</u>
NET POSITION, JUNE 30, 2021	<u>\$ 102,315</u>	<u>1,608,205</u>	<u>\$ 1,710,520</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 annual comprehensive 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	221
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	228
These schedules contain trend information to help the reader assess the County's most significant local revenue source, the property tax.	
DEBT CAPACITY	232
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	238
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.....	240
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 annual comprehensive 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)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
				(2)			(3)			
Governmental activities										
Net investment in capital assets (1)	\$ 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	15,649,484
Restricted	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	4,297,717
Unrestricted (deficit)	(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)	(30,171,770)
Subtotal governmental activities net position	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)	(10,224,569)
Business-type activities										
Net investment in capital assets (1)	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	2,071,584
Restricted	104,997	68,169	76,908	84,672	92,699	112,775	134,647	138,686	67,499	66,423
Unrestricted (deficit)	(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)	(4,831,786)
Subtotal business-type activities net position	757,071	565,397	418,406	(837,157)	(1,084,452)	(965,970)	(2,868,260)	(3,103,470)	(2,833,863)	(2,693,779)
Primary government										
Net investment in capital assets (1)	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	17,721,068
Restricted	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	4,364,140
Unrestricted (deficit)	(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)	(35,003,556)
Total primary government net position	\$ 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)	(12,918,348)

- Notes:**
- (1) The County adopted GASB 63 in FY 2012-13. For 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)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Expenses				(2)			(3)			
Governmental activities:										
General government	\$ 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	1,767,441
Public protection	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	8,963,490
Public ways and facilities	355,527	381,211	366,582	415,586	375,295	397,231	415,805	453,758	417,325	471,131
Health and sanitation	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	6,729,312
Public assistance	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	8,304,610
Education	112,497	119,680	119,037	107,336	141,195	127,901	160,097	161,012	146,480	174,937
Recreation and cultural services	310,369	316,372	278,459	365,755	388,284	276,625	487,173	320,838	476,798	514,751
Interest on long-term debt	110,541	105,491	97,777	99,400	93,022	104,899	106,425	124,549	199,528	107,106
Subtotal governmental activities expenses	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	27,032,778
Business-type activities:										
Hospitals	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	5,030,015
Waterworks	94,651	84,824	84,499	85,479	86,463	90,517	95,301	104,906	109,259	110,955
Aviation	5,022	5,332	6,402	6,675	5,661	2,776	11,148	5,954	5,598	6,195
Los Angeles County Development Authority (1)	289,924									
Subtotal business-type activities expenses	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	5,147,165
Total primary government expenses	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	32,179,943
Program Revenues										
Governmental activities:										
Charges for services										
General government	455,062	473,047	488,685	469,598	514,167	556,361	530,893	570,425	584,296	666,991
Public protection	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	1,638,907
Health and sanitation	665,863	615,531	784,997	535,836	620,468	715,414	762,326	1,606,315	1,921,273	1,532,582
Recreation and cultural services	183,151	200,827	200,639	206,794	149,032	154,686	251,160	160,111	117,960	114,517
Other charges for services	103,799	51,735	55,027	46,125	48,362	41,164	53,449	62,014	57,646	47,033
Subtotal governmental activities charges for services	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	4,000,030
Operating grants and contributions	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	13,861,166
Capital grants and contributions	38,352	104,486	12,850	35,685	24,860	64,055	26,310	72,955	52,174	56,073
Total governmental activities program revenues	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	17,917,269
Business-type activities:										
Charges for services										
Hospitals	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	3,327,525
Other charges for services	81,239	75,762	78,625	77,746	83,286	81,694	90,526	89,468	91,121	101,841
Subtotal business-type activities charges for services	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	3,429,366
Operating grants and contributions	776,779	522,112	485,888	500,840	315,070	457,686	651,303	488,087	247,784	364,408
Capital grants and contributions	1,311	47	3,156	2,353	5,582	1,195	8,291	3,850	8,484	15,467
Total business-type activities program revenues	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	3,809,241
Total primary government program revenues	\$ 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	21,726,510

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)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Net (expenses) / revenues:										
Governmental activities	\$ (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)	(9,115,509)
Business-type activities	(1,117,562)	(1,010,311)	(905,866)	(568,768)	(835,827)	(666,115)	(662,771)	(919,828)	(867,667)	(1,337,924)
Total primary government net expenses	(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)	(10,453,433)
General Revenues and Transfers										
Governmental Activities:										
Taxes	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	9,218,814
Unrestricted grants and contributions	608,967	745,406	513,458	512,079	374,264	428,435	433,799	473,800	85,688	571,163
Investment income (loss)	82,271	(920)	64,354	74,220	122,763	53,363	101,730	380,361	238,439	(32,284)
Miscellaneous	134,827	150,957	134,611	181,119	141,146	178,922	149,384	269,931	255,931	205,748
Extraordinary Items - Net position transferred to private-purpose trust fund	(6,282)									
Transfers (Net)	(818,923)	(913,686)	(731,152)	(603,762)	(581,699)	(777,901)	(747,863)	(671,446)	(1,123,224)	(1,469,751)
Subtotal governmental activities	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	8,493,690
Business-type activities:										
Taxes	4,382	4,347	4,681	4,919	5,309	5,676	6,013	6,504	6,832	8,302
Unrestricted grants and contributions	51	37	33					32	459	746
Investment income (loss)	1,770	(171)	3,908	1,289	1,463	898	675	6,600	5,950	(1,090)
Miscellaneous	21,657	13,171	19,101	26,012	61	122	110	36	809	299
Transfers (Net)	818,923	913,686	731,152	603,762	581,699	777,901	747,863	671,446	1,123,224	1,469,751
Subtotal business-type activities	846,783	931,070	758,875	635,982	588,532	784,597	754,661	684,618	1,137,274	1,478,008
Total primary government	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	9,971,698
Changes in Net Position										
Governmental activities	(1,788,768)	(678,405)	(1,074,201)	(358,541)	(539,991)	(754,873)	(1,026,664)	261,014	785,960	(621,819)
Business-type activities	(270,779)	(79,241)	(146,991)	67,214	(247,295)	118,482	91,890	(235,210)	269,607	140,084
Total primary government	\$ (2,059,547)	(757,646)	(1,221,192)	(291,327)	(787,286)	(636,391)	(934,774)	25,804	1,055,567	(481,735)

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

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
General Fund										
Nonspendable	\$ 259,597	253,836	272,007	272,384	324,555	212,281	136,890	311,958	126,630	225,233
Restricted	55,115	59,786	40,577	55,694	67,880	70,157	77,406	79,210	83,372	55,061
Committed	332,255	528,865	482,740	334,346	364,679	429,440	704,954	780,517	594,193	597,337
Assigned	405,285	376,181	538,078	491,954	446,579	494,783	480,065	620,773	696,775	790,573
Unassigned	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	3,265,520
Total General Fund	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	4,933,724
All Other Governmental Funds (1)										
Nonspendable	46,371	11,191	11,953	14,047	12,817	13,859	15,979	16,040	14,324	13,667
Restricted	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	4,795,389
Committed	125,838	123,956	115,116	112,034	109,538	119,251	122,379	127,829	134,851	135,537
Assigned	147,775	171,992	190,659	202,283	197,022	213,021	220,586	226,468	246,725	257,280
Total All Other Governmental Funds	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	5,201,873
Total Governmental Fund Balance	\$ 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	10,135,597

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)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Revenues (by source)										
Taxes	\$ 5,104,498	5,486,739	5,772,589	6,078,449	6,350,290	6,736,037	7,380,450	8,073,428	8,387,725	9,115,844
Licenses, permits and franchises	83,252	91,833	91,160	92,079	93,069	98,554	98,800	102,365	110,805	105,333
Fines, forfeitures and penalties	300,310	302,310	284,318	279,246	251,321	242,837	222,072	236,611	227,304	197,506
Revenue from use of money and property:										
Investment income (loss)	81,947	(551)	64,097	73,966	122,423	57,043	102,130	379,249	237,915	(31,728)
Rents and concessions	114,178	118,224	124,664	133,208	134,627	157,590	149,423	161,772	151,890	149,437
Royalties	3,446	3,029	2,435	1,503	900	801	804	824	482	441
Intergovernmental revenues:										
Federal	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	5,819,654
State	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	8,318,833
Other	131,217	215,145	83,587	69,212	69,237	86,281	53,958	69,878	64,886	61,731
Charges for services	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	3,747,909
Miscellaneous	224,000	283,518	210,090	259,466	215,413	256,217	230,346	351,554	339,798	290,752
Total Revenues	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	27,775,712
Expenditures (by function)										
Current:										
General government	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	1,818,653
Public protection	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	7,984,554
Public ways and facilities	324,449	326,159	338,953	378,345	322,182	361,137	347,713	406,019	396,357	412,637
Health and sanitation	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	6,124,141
Public assistance	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	8,086,460
Education	109,159	115,750	121,237	123,723	132,397	130,056	150,032	152,112	153,282	153,787
Recreation and cultural services	299,663	319,863	346,690	357,458	376,270	401,564	447,846	441,641	483,498	441,409
Debt services:										
Principal	186,951	123,581	350,393	463,680	393,501	114,661	91,083	134,225	301,678	296,350
Interest and other charges	110,998	101,089	99,038	97,877	133,261	113,274	111,179	129,598	205,838	241,738
Capital outlay	176,197	397,807	218,498	139,228	61,518	19,997	69,646	237,052	201,510	459,490
Total Expenditures	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	26,019,219
Excess of Revenues over Expenditures	505,352	841,735	538,773	585,858	526,231	1,134,841	1,050,741	1,184,916	1,145,359	1,756,493
Other Financing Sources (Uses)										
Transfers in	719,565	782,464	664,819	757,897	572,677	662,781	927,210	1,558,376	1,338,201	1,652,029
Transfers out	(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)	(3,124,518)
Issuance of debt	192,281	293,284	366,957	461,811	305,527	34,642	75,489	541,555	632,392	660,364
Refunding bonds issued	50,675				199,885					
Payment to refunded bonds escrow agent					(199,885)				(394,116)	
Bond premium proceeds		3,848		27,354	50,300			44,179	48,516	63,605
Capital leases	15,128	2,780	1,736	866	547	404	17,661	1,586	2,016	21,596
Sales of capital assets	4,733	1,365	1,586	2,422	3,031	2,649	3,261	3,118	1,795	3,211
Total other financing sources (uses)	(560,196)	(612,527)	(369,213)	(103,396)	(219,028)	(741,342)	(647,198)	(269,378)	(821,385)	(723,713)
Extraordinary Item - Net position transferred to private-purpose trust fund	(6,282)									
Net change in fund balances	\$ (61,126)	229,208	169,560	482,462	307,203	393,499	403,543	915,538	323,974	1,032,780
Debt service as a percentage of noncapital expenditures (1)	1.92 %	1.41 %	2.69 %	3.23 %	2.93 %	1.25 %	1.02 %	1.21 %	2.17 %	2.16 %

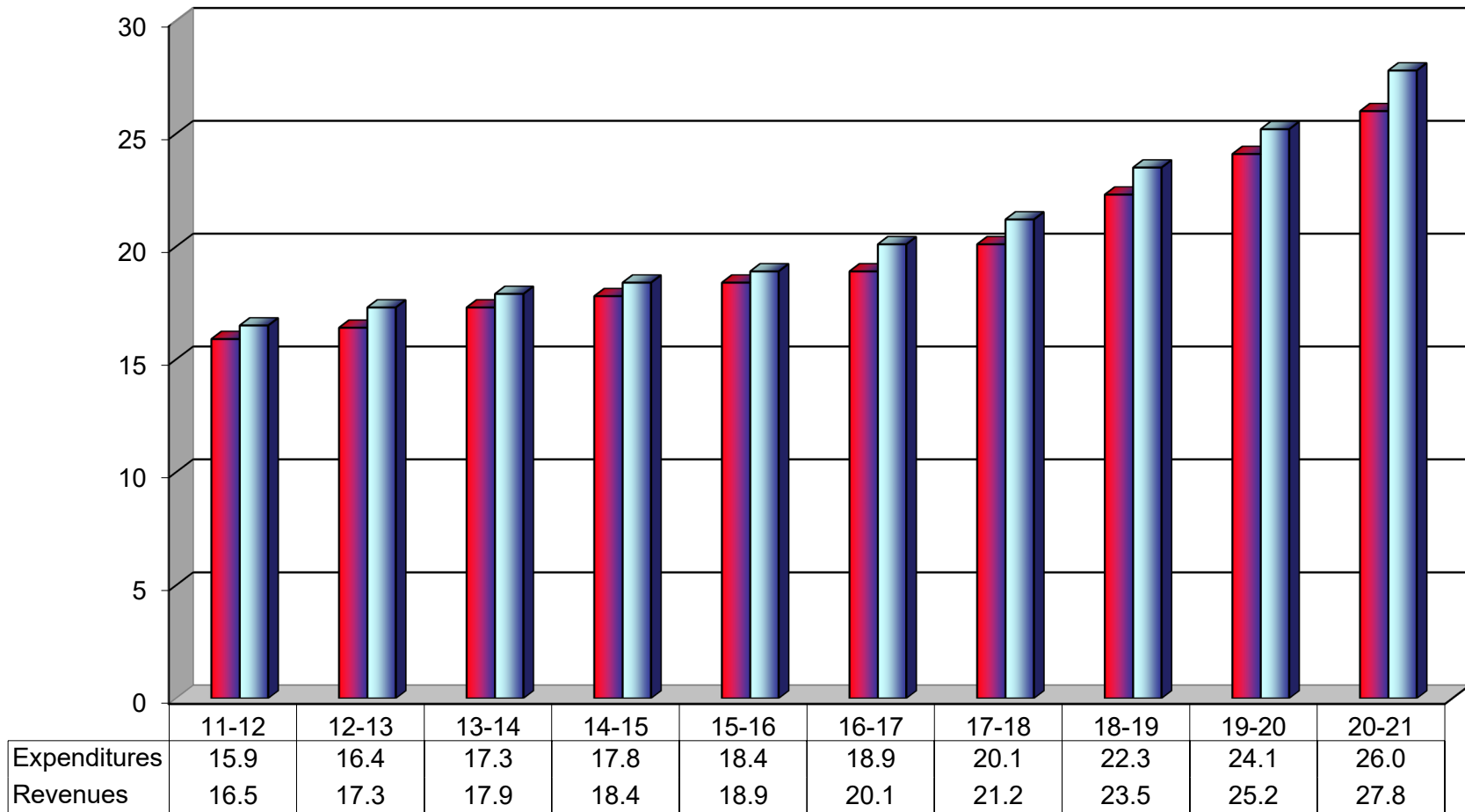
Note:
 (1) The debt service percentage calculations make use of the capital outlay expenditure balances as presented on the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

Amount from GW to FB reconciliation for Capital Outlay \$ 457,331 432,727 631,200 454,502 416,575 693,502 233,447 569,861 708,720 1,136,003

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
2011 - 2012	\$ 1,058,615,951	48,214,334	12,950,932	(49,248,993)	1,070,532,224	1.00000%
2012 - 2013	(6) 1,082,301,717	49,215,524	13,244,954	(50,875,260)	1,093,886,935	1.00000%
2013 - 2014	1,134,707,829	49,662,548	13,989,870	(53,103,768)	1,145,256,479	1.00000%
2014 - 2015	1,197,665,178	50,777,030	14,325,069	(54,911,046)	1,207,856,231	1.00000%
2015 - 2016	1,270,136,487	52,284,478	15,846,612	(55,760,332)	1,282,507,245	1.00000%
2016 - 2017	1,337,673,405	54,868,734	17,308,742	(55,392,206)	1,354,458,675	1.00000%
2017 - 2018	1,417,559,668	57,596,412	17,864,439	(57,634,568)	1,435,385,951	1.00000%
2018 - 2019	1,509,708,740	61,244,751	18,739,669	(59,810,665)	1,529,882,495	1.00000%
2019 - 2020	1,603,606,366	64,264,989	19,711,509	(62,042,993)	1,625,539,871	1.00000%
2020 - 2021	1,700,279,275	67,016,870	22,196,582	(65,354,344)	1,724,138,383	1.00000%

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	County of Los Angeles Countywide Ad Valorem Tax (3)	Overlapping Rates (1) (2) (4)			Total Direct and Overlapping Rates
		Los Angeles City Tax District No. 1	School Districts	Metropolitan Water District	
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
2020 - 2021	1.000000	.016538	.180091	.003500	1.200129

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 12,790 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, 2021 AND JUNE 30, 2012 (in thousands)

Taxpayer	2021			2012		
	Net Assessed Secured Property Value	Rank	(1) Percentage of Total Net Assessed Value	Net Assessed Secured Property Value	Rank	(1) Percentage of Total Net Assessed Value
Southern California Edison Co.	\$ 10,744,360	1	0.65%	\$ 5,176,229	1	0.51%
Maguire Properties	3,786,265	2	0.23%	2,284,242	4	0.22%
Douglas Emmett Residential	3,730,497	3	0.23%	3,195,861	2	0.31%
Southern California Gas Co.	3,509,587	4	0.21%	1,614,617	10	0.16%
Tishman Speyer / Archstone Smith / ASN	2,896,813	5	0.17%			
Pincay RE LLC Lessor	2,827,671	6	0.17%			
EQR / ERP Limited	2,818,807	7	0.17%			
NBCUniversal Cahuenga LLC	2,605,052	8	0.16%			
Chevron USA Inc. / Texaco / Unocal	2,534,744	9	0.15%	1,908,995	6	0.19%
Tesoro Refining and Marketing Co.	2,347,505	10	0.14%			
BP West CoBP West Coast / ARCO / Shell Oil Co.				2,378,646	3	0.23%
Verizon / MCI Communications Services Inc.				1,930,750	5	0.19%
AT&T / Pacific Bell / SBC				1,765,521	7	0.17%
Trizec Wilshire Center LLC				1,707,153	8	0.17%
Exxon / Mobil Corporation				1,636,074	9	0.16%
Total	\$ 37,801,301		2.28%	\$ 23,598,088		2.31%

Note:
 (1) See schedule "Assessed Value and Actual Value of Taxable Property." Total assessed value, \$1,657,121,513 as of June 30, 2021 is based on Secured \$1,700,279,275 plus Unitary \$22,196,582 less exemptions of \$65,354,344. Total assessed value, \$1,022,317,890 as of June 30, 2012 is based on Secured \$1,058,615,951 plus Unitary \$12,950,932 less exemptions of \$49,248,993. (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
2011 - 2012	\$ 12,822,884	\$ 12,556,003	97.9%	\$ 266,881	\$ 12,822,884	100.0 %
2012 - 2013	13,286,464	13,044,463	98.2%	224,823	13,269,286	99.9 %
2013 - 2014	13,673,951	13,452,687	98.4%	208,229	13,660,916	99.9 %
2014 - 2015	14,394,534	14,167,462	98.4%	189,136	14,356,598	99.7 %
2015 - 2016	14,906,832	14,704,346	98.6%	181,591	14,885,937	99.9 %
2016 - 2017	15,750,769	15,563,458	98.8%	178,751	15,742,209	99.9 %
2017 - 2018	16,910,307	16,685,415	98.7%	182,307	16,867,722	99.7 %
2018 - 2019	17,927,929	17,682,677	98.6%	190,675	17,873,352	99.7 %
2019 - 2020	19,059,924	18,611,655	97.6%	268,534	18,880,189	99.1 %
2020 - 2021	20,140,282	19,772,767	98.2%	(2)	19,772,767	98.2 %

Note:

- (1) Reflects property taxes levied in prior years but collected in the current year.
- (2) No amounts are shown in FY 2020-21 because the property taxes levied will be collected in the following fiscal year.

Source:

Auditor-Controller-Accounting Division-Property Tax Section

COUNTY OF LOS ANGELES
RATIO OF OUTSTANDING DEBT BY TYPE (UNAUDITED)
LAST TEN FISCAL YEARS (In thousands, except per capita)

Governmental Activities								
Fiscal Year	General Obligation Bonds	Assessment Bonds	Certificates of Participation and Bonds	Notes, Loans, and Other Debt	Accreted Interest	Unamortized Bond Premiums	Unamortized Loss on Advance Debt Refund	Capital Leases
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
2020-21			1,581,957	645,072	4,421	230,545		156,781

Business-Type Activities								
Fiscal Year	General Obligation Bonds	Certificates of Participation and Bonds	Notes, Loans, and Other Debt	Unamortized Bond Premiums	Capital Leases	Total Primary Government (3)	Per Personal Income (4)	Per Capita (4)
2011-12	\$ 24	\$ 530,627	\$ 235,767	\$ 3,850		\$ 2,737,303	0.63%	\$ 276
2012-13	(1)	819,374	59,824	36,027		2,830,511	0.63%	283
2013-14		812,802	63,976	35,084		2,850,051	0.58%	283
2014-15		787,537	62,719	34,186		2,853,027	0.55%	280
2015-16		759,028	158,561	32,905		2,829,906	0.51%	276
2016-17		746,678	170,673	32,004		2,732,438	0.47%	266
2017-18		724,816	259,574	31,275	235	2,797,718	0.44%	277
2018-19		703,836	331,690	30,118	165	3,306,317	0.50%	325
2019-20		878,306	108,021	81,153	92	3,270,046	0.46%	323
2020-21		856,538	214,484	79,709	43	3,769,550	0.49%	375

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
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	10,136	1,625,539,871		0.000000	0.0000
2020-21	10,044	1,724,138,383		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's website: www.laalmanac.com/population

COUNTY OF LOS ANGELES
 ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED)
 June 30, 2021

2020-21 Net Assessed Valuation	\$ 1,724,138,383,369	
Redevelopment Incremental Valuation	239,199,831,320	
Full Cash Value (2020-21)	1,484,938,552,049	(1)
Population - (2021)	10,044,000	(2)

	Percent Applicable	Debt June 30, 2021
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>		
Metropolitan Water District	48.833	\$ 13,101,894
Los Angeles Community College District	100	4,409,250,000
Other Community College Districts	Various (3)	4,054,908,706
Arcadia Unified School District	100	248,625,445
Beverly Hills Unified School District	100	468,828,390
Glendale Unified School District	100	310,174,986
Long Beach Unified School District	100	1,410,589,702
Los Angeles Unified School District	100	10,864,555,000
Pasadena Unified School District	100	338,380,000
Pomona Unified School District	100	368,429,533
Redondo Beach Unified School District	100	211,937,018
Santa Monica-Malibu Unified School District	100	682,011,656
Torrance Unified School District	100	460,150,236
Other Unified School Districts	Various (3)	4,484,204,047
High School and School Districts	Various (3)	2,415,417,367
City of Los Angeles	100	627,460,000
City of Industry	100	45,860,000
Other Cities	100	42,650,000
Community Facilities Districts	100	685,800,075
1915 Act and Benefit Assessment Bonds - Estimate	100	104,490,368
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 32,246,824,423

Less: Los Angeles Unified School District economically defeased general obligation bonds	(88,259,400)
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT	\$ 32,158,565,023

<u>DIRECT GENERAL FUND DEBT:</u>		
Los Angeles County General Fund Obligations	100	\$ 2,618,776,000 (4)
Subtotal Direct General Fund Obligation Debt		\$ 2,618,776,000

<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Los Angeles County Office of Education Certificates of Participation	100	\$ 4,565,373
Community College District General Fund Obligations	Various (5)	46,369,652
Baldwin Park Unified School District General Fund Obligations	100	28,355,000
Compton Unified School District Certificates of Participation	100	29,095,000
Los Angeles Unified School District Certificates of Participation	100	130,970,000
Paramount Unified School District General Fund Obligations	100	25,480,000
Other Unified School District General Fund Obligations	Various (5)	243,146,421
High School and Elementary School District General Fund Obligations	Various (5)	159,356,061
City of Beverly Hills General Fund Obligations	100	93,405,000

COUNTY OF LOS ANGELES
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED) - Continued
June 30, 2021

City of Carson Pension Obligation Bonds	100	108,020,000	
City of El Monte Pension Obligation Bonds	100	36,655,000	
City of Inglewood General Fund and Pension Obligation Bonds	100	215,966,302	
City of Los Angeles General Fund and Judgment Obligations	100	1,436,964,460	
City of Long Beach General Fund Obligations and Pension Obligation Bonds	100	91,780,000	
City of Montebello Pension Obligation Bonds	100	220,661,759	
City of Pasadena General Fund Obligations	100	397,613,634	
City of Pasadena Pension Obligation Bonds	100	134,950,000	
Other Cities' General Fund Obligations and Pension Obligation Bonds	100	3,059,549,098	
Los Angeles County Sanitation Districts Financing Authority	100	24,685,004	
Antelope Valley Hospital District General Fund Obligations	100	4,242,761	
Subtotal Overlapping General Fund Debt		\$ 6,491,830,525	
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$ 9,110,606,525	
Less: Cities' supported bonds		(430,041,343)	
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$ 8,680,565,182	
OVERLAPPING TAX INCREMENT DEBT (SUCCESSOR AGENCIES)		\$ 2,474,308,179	
GROSS COMBINED TOTAL DEBT		\$ 43,831,739,127	(6)
NET COMBINED TOTAL DEBT		\$ 43,313,438,384	
TOTAL GROSS DIRECT DEBT		\$ 2,618,776,000	
TOTAL NET DIRECT DEBT		\$ 2,618,776,000	
TOTAL GROSS OVERLAPPING DEBT		\$ 41,212,963,127	
TOTAL NET OVERLAPPING DEBT		\$ 40,694,662,384	
<u>RATIOS TO 2020-21 NET ASSESSED VALUATION</u>			
Total Overlapping Tax and Assessment Debt			1.87 %
<u>RATIOS TO FULL CASH VALUE</u>			
Gross Combined Direct Debt (\$2,193,594,000)			0.18 %
Net Combined Direct Debt (\$2,193,594,000)			0.18 %
Gross Combined Total Debt			2.95 %
Net Combined Total Debt			2.92 %
<u>RATIOS TO REDEVELOPMENT INCREMENTAL VALUATION</u>			
Total Overlapping Tax Increment Debt			1.03 %

- Notes:**
- (1) This balance is reduced by homeowners exemptions of \$6,982,007,715.
 - (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
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%
2020 - 2021	1,724,138,383	21,551,730		21,551,730	100.00%

COMPUTATION OF LEGAL DEBT MARGIN

June 30, 2021

Assessed valuation (net taxable)	1,724,138,383
Applicable percentage in computing capacity	1.25 %
Total debt limit	\$ 21,551,730
Less: Total net applicable debt	
Legal debt margin, June 30, 2021	\$ 21,551,730

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		
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
2020-21 (2)										

- 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 *
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	658,900,000	64,700	1,464	4.5%
2020	10,136 (3)	708,700,000 (3)	69,919 (3)	1,437	13.6% (3)
2021	10,044	769,100,000 (4)	76,573	1,390	9.3% (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 2021.
- (5) Amount is a projection as of February 2021.

Sources:

- * Los Angeles Economic Development Corporation Economic Forecast's website: www.laedc.org.
 Los Angeles Almanac's website: www.laalmanac.com/population.
 UCLA Anderson Los Angeles County Quarterly Forecast.
- ** California Department of Education's website: www.cde.ca.gov.

COUNTY OF LOS ANGELES
 TEN LARGEST INDUSTRIES (1)
 CURRENT YEAR AND NINE YEARS AGO

Industry	June 30, 2021			June 30, 2012		
	Number of Employees	Rank	Percentage of Total	Number of Employees	Rank	Percentage of Total
Educational & Health Services	839,300	1	19.91 %	696,000	2	17.15 %
Trade, Transportation and Utilities	804,600	2	19.09 %	769,200	1	18.96 %
Professional & Business Services	598,800	3	14.21 %	562,100	4	13.85 %
Government	558,700	4	13.26 %	571,800	3	14.09 %
Leisure & Hospitality	438,300	5	10.40 %	420,400	5	10.36 %
Manufacturing	306,900	6	7.28 %	377,800	6	9.31 %
Financial Activities	209,300	7	4.97 %	212,900	7	5.25 %
Information	177,000	8	4.20 %	187,600	8	4.62 %
Construction	148,100	9	3.51 %	108,600	10	2.68 %
Other Services	127,100	10	3.02 %	143,000	9	3.52 %
Ten largest industries	4,208,100		99.85 %	4,049,400		99.79 %
All other industries	6,400		0.15 %	8,600		0.21 %
Total industries	4,214,500		100.00 %	4,058,000		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's website: www.labormarketinfo.edd.ca.gov.

COUNTY OF LOS ANGELES
 FULL-TIME EQUIVALENT COUNTY EMPLOYEES BY FUNCTION / PROGRAM (UNAUDITED)
 LAST TEN FISCAL YEARS

Function / Program (1) and (2)	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
General Government	10,680	10,578	10,528	10,571	10,764	10,902	11,093	11,378	11,399	11,109
Public Protection	35,433	33,702	33,556	33,537	33,664	33,694	32,877	32,850	32,920	32,295
Health and Sanitation	26,029	25,839	26,431	27,144	27,703	28,639	30,351	31,457	32,122	32,266
Public Assistance	20,043	19,963	20,346	20,808	21,376	21,913	21,963	22,015	22,023	22,684
Education	1,431	1,459	1,442	1,432	1,475	1,496	1,467	1,480	1,502	1,414
Recreation and Cultural Services	2,812	2,811	2,853	2,839	2,898	2,931	2,991	2,996	2,895	2,212
Total	96,428	94,352	95,156	96,331	97,880	99,575	100,742	102,176	102,861	101,980

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.

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)	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
General Government										
Assessor - Number of re-appraisable transfers processed	149,864	146,369	150,006	138,322	137,918	137,818	137,842	122,658	127,266	113,000
Auditor-Controller - Number of warrants issued monthly	230,243	222,142	215,210	189,729	177,203	177,256	170,648	177,148	162,027	138,975
Registrar-Recorder - Number of registered voters	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	7,295,459
Public Protection										
Sheriff - Inmate population (2)	16,400	18,710	18,951	19,041	16,740	16,713	17,114	16,797	15,914	14,312
Sheriff - Crime rate total (3)	252.13	252.20	231.93	235.6	250.3	262.34	242.17	230.23	211.39	212.39
Probation - Juvenile halls/camps population (4)	2,354	2,004	1,635	1,438	1,270	1,193	1,070	859	788	459
Health and Sanitation										
Health Services - Average daily inpatient census (5)	1,263	1,234	1,213	1,212	1,171	1,157	1,113	1,145	1,081 *	1,137 **
Health Services - Outpatient visits (6)	2,970,000	3,161,000	3,339,000	2,793,000	3,013,000	2,654,000	2,797,000	2,866,000	2,661,000 *	2,567,000 **
Mental Health - Number of outpatient services to children and youth (7)	69,708	73,513	73,062	61,111	78,930	27,204	36,589	38,523	36,906	34,149
Public Assistance										
Children and Family Services - Child protective services caseloads	539,700	533,500	540,200	533,400	507,900	504,700	502,500	494,900	485,200 *	501,700 **
Children and Family Services - Adoption caseloads	23,900	23,800	23,700	22,700	22,300	22,200	22,400	22,900	23,400 *	23,800 **
Public Social Services - Average persons aided monthly thru CalWorks (8)	438,400	428,100	422,800	410,100	397,200	325,600	310,600	281,000	269,500 *	254,500 **
Public Social Services - Average number of indigents aided monthly	108,100	104,800	104,800	97,100	93,100	79,800	87,900	87,900	91,900 *	101,000 **
WDACS - Number of vulnerable adults served	33,187	36,788	37,779	38,558	42,341	44,692	47,696	44,703	44,338	39,889
Education										
LA County Library - Number of items which circulate to the public (9)	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	4,197,003
Recreation and Culture										
Museum of Art - Total education program participants (10)	487,297	512,658	502,269	530,163	526,919	554,799	512,343	524,206	488,754	316,799
Museum of Natural History - Annual attendance (10)	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	198,174
Parks and Recreation - Total passive and active park users (11)	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	3,355,267

Notes:

- (1) Indicators are not available for the Public Ways and Facilities function.
 - (2) The average length of stay that the inmates spent in jail in FY 2020-21 has increased to 71.9 days as compared to an average of 68.1 days in FY 2019-20.
 - (3) Represents number of offenses per 10,000 residents and refers to most serious crimes.
 - (4) FY 2020-21 figure reflects 14 camps that are temporarily closed.
 - (5) 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.
 - (6) FY 2012-13 expansion capacity of Community Clinic approved by the Board.
 - (7) 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.
 - (8) 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.
 - (9) FY 2014-15 data went down due to weeding process. FY 2019-21 data went down due to temporary business/facility closure caused by the COVID-19 pandemic.
 - (10) FY 2019-21 data went down due to temporary business/facility closure caused by the COVID-19 pandemic.
 - (11) 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 2019-21 data went down due to temporary business/facility closure caused by the COVID-19 pandemic.
- * Figures have been revised from previous publications.
 ** FY 2020-21 data is an estimate.

Sources:

2021-2022 Recommended County Budget and Departments

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

Function / Program (1)	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Public Protection										
Animal Shelters (2)	6	6	6	6	6	7	7	7	7	7
Public ways and facilities										
Mileage of maintained County roads	3,218	3,206	3,187	3,187	3,187	3,185	3,185	3,289	3,290	3,290
Miles of unincorporated County bikeways	148	162	171	182	175	179	186	203	210	214
Airports	5	5	5	5	5	5	5	5	5	5
Dams	14	15	14	14	14	14	14	14	14	14
Storm drains, in miles	3,100	3,200	3,331	3,348	3,357	3,380	3,399	3,399	3,399	3,411
Flood pump stations	48	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)	17	17	17	17	17	17	17	19	19	19
Education										
Libraries (4)	84	85	85	86	86	87	87	87	86	86
Bookmobiles	4	3	3	3	3	3	3	3	3	3
Recreation and Cultural services										
Museums	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 (5)	19	19	19	20	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	4,614	4,602	4,579	4,524	4,463	4,326

Note:

- (1) No capital asset indicators are available for the General Government or Public Assistance functions.
- (2) On 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) On May 12, 2015, the Board approved to occupy, operate, and make improvements of Norwalk Golf Course.

Source:

2020-21 Recommended Budget book, Department of Animal Care and Control's website, Department of Health Services's website, Department of Parks and Recreation's website, and Department of Beaches and Harbor's website.