



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

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

ARLENE BARRERA
AUDITOR-CONTROLLER

ASSISTANT AUDITOR-CONTROLLERS

OSCAR VALDEZ
CHIEF DEPUTY AUDITOR-CONTROLLER

ROBERT G. CAMPBELL
KAREN LOQUET
CONNIE YEE

October 20, 2022

TO: Supervisor Holly J. Mitchell, Chair
Supervisor Hilda L. Solis
Supervisor Sheila Kuehl
Supervisor Kathryn Barger
Supervisor Janice Hahn

FROM: Arlene Barrera *Arlene Barrera*
Auditor-Controller *AB*

SUBJECT: **FISCAL YEAR 2020-21 SINGLE AUDIT REPORT**

Attached is the Single Audit Report (Report) of the County of Los Angeles (County) for Fiscal Year 2020-21. The audit was performed by the independent accounting firm Macias Gini & O'Connell LLP. Federal law requires the County to have an annual audit of all expenditures that were funded by federal assistance received by the County. This year, the audit covered expenditures of approximately \$4.43 billion.

The Report identifies a number of areas with internal control weaknesses and where County departments are not in compliance with federal assistance requirements. County departments are in general agreement with the auditors' findings and have taken, or will take, corrective action. The Report also includes the statuses of the prior years' audit findings. In most cases, the prior year recommendations have been implemented or are in progress.

To comply with federal reporting requirements, we submit this Report to the State Controller and federal clearinghouse agency. It is subject to further review and follow-up action by the State Controller and/or federal agencies that provided the funding to the County.

If you have any questions please call me, or your staff may contact Rachelle Anema at (213) 974-8321 or ranema@auditor.lacounty.gov.

AB:OV:CY:RA:EW:FL:mz

H:\Financial Reporting\GRANTS\2020-2021\Final\FY 2020-21 Single Audit Board Transmittal Letter (A-C).docx

Attachment

c: Fesia A. Davenport, Chief Executive Officer
Celia Zavala, Executive Officer, Board of Supervisors
Audit Committee
Each Department Head
Countywide Communications

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COUNTY OF LOS ANGELES

**BASIC FINANCIAL STATEMENTS,
REQUIRED SUPPLEMENTARY INFORMATION,
AND SINGLE AUDIT**

FOR THE YEAR ENDED JUNE 30, 2021



Certified
Public
Accountants

**COUNTY OF LOS ANGELES
 BASIC FINANCIAL STATEMENTS,
 REQUIRED SUPPLEMENTARY INFORMATION,
 AND SINGLE AUDIT
 FOR THE YEAR ENDED JUNE 30, 2021**

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**COUNTY OF LOS ANGELES
BASIC FINANCIAL STATEMENTS,
REQUIRED SUPPLEMENTARY INFORMATION,
AND SINGLE AUDIT
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The Honorable Board of Supervisors
County of Los Angeles, California

Report on the Financial Statements

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 basic 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 accompanying schedule of expenditures of federal awards, the community services block grant supplementary schedules of revenue and expenditures, and the supplementary schedule of expenditures of federal and State awards granted by California Department of Aging are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the California Department of Community Services and Development, and the California Department of Aging, respectively, and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates 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 schedule of expenditures of federal awards, the community services block grant supplementary schedules of revenue and expenditures, and the supplementary schedule of expenditures of federal and State awards granted by California Department of Aging are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Los Angeles, California

December 15, 2021, except for the report on the schedule of expenditures of federal awards, the community services block grant supplementary schedules of revenue and expenditures, and the supplementary schedule of expenditures of federal and State awards granted by California Department of Aging, as to which the date is September 28, 2022.

**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
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
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.

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

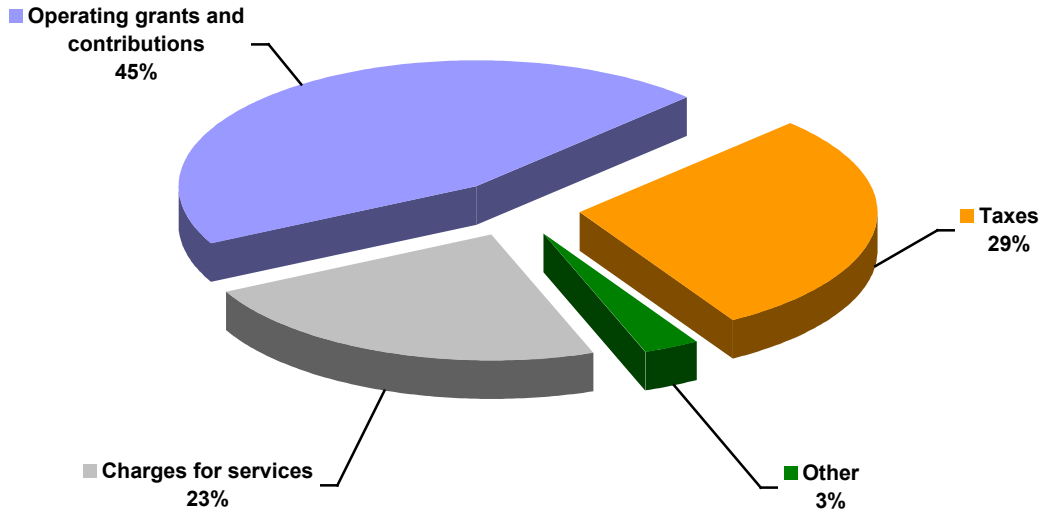
The following table details and identifies changes in net position for governmental and business-type activities:

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

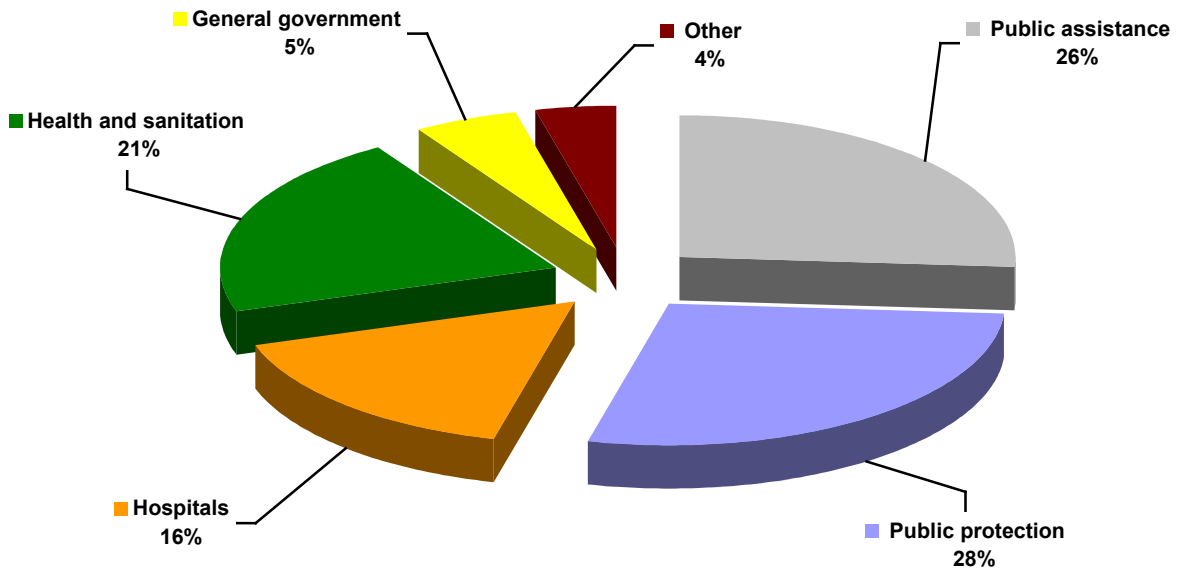
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 4,000,030	\$ 4,229,428	\$ 3,429,366	\$ 3,835,719	\$ 7,429,396	\$ 8,065,147
Operating grants and contributions	13,861,166	11,927,097	364,408	247,784	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	\$ (10,224,569)	\$ (9,602,750)	\$ (2,693,779)	\$ (2,833,863)	\$ (12,918,348)	\$ (12,436,613)

**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

COUNTY OF LOS ANGELES
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

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

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.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
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>\$ (621,819)</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	261,287	163,071	773,610	159,553
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 79,400	49,012	282,984	72,873
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	\$ 29	53	82	(372)
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	\$ 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

\$ (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 %
				<u>100.00 %</u>
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 %
				<u>100.00 %</u>
Other Specific Investments				
U.S. Treasury Securities*				100.00 %
				<u>100.00 %</u>

*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	<u>\$ 697,201</u>	<u>\$ 9,132,502</u>

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	<u>79,121</u>	<u>84,373</u>
Inactive Members - Vested	8,657	8,657
Active Members - Vested	73,522	73,522
Total Membership Eligible for Benefits	<u><u>161,300</u></u>	<u><u>166,552</u></u>

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	<u><u>140,917</u></u>

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:

<u>Year</u>	<u>Rate (pre Medicare/ post Medicare)</u>	<u>Year</u>	<u>Rate (pre Medicare/ post Medicare)</u>
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):

Year Ending June 30:	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	\$ 136,248	\$ 58,959

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	26,412
Charges forgone	\$ 1,125,881

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
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Awarding Agency/Pass-Through Grantor/Program Title	Assistance Listing Number (ALN)	Identifying Number Assigned by Pass-Through Grantor (Note A)	Federal Expenditures	Passed Through to Subrecipients
SCHEDULE OF EXPENDITURES OF NON-COVID-19 FEDERAL AWARDS				
U.S. Agency for International Development				
<i>Direct Program</i>				
USAID Foreign Assistance for Programs Overseas				
International Search and Rescue Operations AID-OFDA-A-15-00014	98.001		\$ 536,807	\$ -
International Search and Rescue Operations 720FDA20CA00080	98.001		317,831	-
Total U.S. Agency for International Development			<u>854,638</u>	<u>-</u>
U.S. Department of Agriculture				
<i>Direct Program</i>				
Food Insecurity Nutrition Incentive Grants Program				
Increasing Fruit and Vegetable Intake Among Prediabetic and Diabetic Medicaid Recipients (GUSNIP)	10.331		23,464	-
Forest Health Protection				
USDA Forest Service Angeles National Forest	10.680		28,862	-
<i>Passed Through the California Department of Aging</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
Supplemental Nutrition Assistance Program - Education (SNAP-ED)	10.561	(1) (14)	74,826	67,266
Supplemental Nutrition Assistance Program - Administration (CalFresh Expansion)	10.561	(1) (14)	39,964	(3,006)
Supplemental Nutrition Assistance Program - Education (SNAP-ED)	10.561	(1) (14)	133,912	113,966
<i>Subtotal 10.561</i>			<u>248,702</u>	<u>178,226</u>
<i>Passed Through the California Department of Education</i>				
School Breakfast Program				
Child Nutrition Program - School Breakfast	10.553	(2)	73,999	-
National School Lunch Program				
Child Nutrition Program - School Lunch	10.555	(2)	139,627	-
Child and Adult Care Food Program				
Child and Adult Care Food Program	10.558		73,699	-
Summer Food Service Program for Children				
Summer Food Service Program for Children	10.559	(2)	30,662	-
Summer Food Service Program for Children	10.559	(2)	212,332	-
<i>Subtotal 10.559</i>			<u>242,994</u>	<u>-</u>
<i>Passed Through the California Department of Food and Agriculture</i>				
Plant and Animal Disease, Pest Control, and Animal Care (Note 3)				
Pest Detection Emergency Program	10.025	180629	2,866,955	-
Glassy Winged Sharpshooter (GWSS)	10.025	180425	294,276	-
Asian Citrus Psyllid/Huanglongbing	10.025	200709	176,796	-
Pest Exclusion/Dog Teams Program	10.025	190266	243,621	-
Pest Detection Emergency Program	10.025	190996	767,974	-
Pest Exclusion/Dog Teams Program	10.025	200622	526,848	-
Glassy Winged Sharpshooter (GWSS)	10.025	190727	1,080,651	-
Glassy Winged Sharpshooter (GWSS)	10.025	200622	394,747	-
<i>Subtotal 10.025</i>			<u>6,351,868</u>	<u>-</u>
<i>Passed Through the California Department of Public Health</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
Supplemental Nutrition Assistance Program - Education (SNAP-ED)	10.561	(1) (14)	10,019,955	5,386,419
<i>Passed Through the California Department of Social Services</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
Supplemental Nutrition Assistance Program (SNAP) - Administration (CalFresh)	10.561	(1) (14)	292,672,079	1,241,428
<i>Subtotal 10.561</i>			<u>302,692,034</u>	<u>6,627,847</u>
<i>Passed Through the California State Controller's Office</i>				
Schools and Roads - Grants to States				
U.S. Forest Service	10.665	(3)	672,507	-
Total U.S. Department of Agriculture			<u>310,547,756</u>	<u>6,806,073</u>
U.S. Department of Defense				
<i>Direct Program</i>				
Procurement Technical Assistance for Business Firms				
Procurement Technical Assistance	12.002		245,751	-
Total U.S. Department of Defense			<u>245,751</u>	<u>-</u>
U.S. Department of Education				
<i>Direct Program</i>				
Federal Supplemental Educational Opportunity Grants				
Supplemental Educational Opportunity Grants	84.007	(13)	10,216	-
Federal Pell Grant Program				
Pell Grants	84.063	(13)	205,583	-
<i>Subtotal Student Financial Assistance Cluster (84.007, 84.063)</i>			<u>215,799</u>	<u>-</u>
<i>Passed Through the California Department of Education</i>				
Education Stabilization Fund				
Child Nutrition Program - Education Stabilization Fund	84.425		10,741	-
Total U.S. Department of Education			<u>226,540</u>	<u>-</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

See legend on page 183 for AL No. Cluster Summary and Notes A, B and C.

**COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Awarding Agency/Pass-Through Grantor/Program Title	Assistance Listing Number (ALN)	Identifying Number Assigned by Pass-Through Grantor (Note A)	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services				
<i>Direct Program</i>				
Public Health Emergency Preparedness				
Public Health Emergency Preparedness	93.069		20,107,035	1,082,439
Sodium Reduction in Communities				
Los Angeles County Sodium Reduction Initiative (LACSRI)	93.082		310,288	27,474
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)				
Project ABC South Los Angeles	93.104		406,417	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs				
Tuberculosis/Centers for Disease Control Cooperative Agreement	93.116		4,075,091	-
Acquired Immunodeficiency Syndrome (AIDS) Activity				
Los Angeles County HIV/AIDS Strategy for 2020 and Beyond: Ending the Epidemic	93.118		181,814	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance				
First Responders - Comprehensive Addiction and Recovery Act (FR-CARA) Year 2	93.243		469,309	-
First Responders - Comprehensive Addiction and Recovery Act (FR-CARA) Year 3	93.243		259,365	-
<i>Subtotal 93.243</i>			<u>728,674</u>	<u>-</u>
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)				
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) - Building and Strengthening Epidemiology	93.323 (18)		4,253,695	-
Los Angeles County Epidemiology and Laboratory Capacity - Enhancing Detection Expansion	93.323 (18)		62,846,897	2,796,717
<i>Subtotal 93.323</i>			<u>67,100,592</u>	<u>2,796,717</u>
The Healthy Brain Initiative: Technical Assistance to Implement Public Health Actions Related to Cognitive Health, Cognitive Impairment, and Caregiving at the State and Local Levels				
Los Angeles County BOLD Initiative	93.334		62,286	-
Innovative State and Local Public Health Strategies to Prevent and Manage Diabetes and Heart Disease and Stroke				
Chronic Disease Prevention and Management Strategy: Innovation Solutions for Healthier Communities (SHC)	93.435		2,372,080	858,460
Ending the HIV Epidemic: A Plan for America - Ryan White HIV/AIDS Program Parts A and B				
Ending the HIV Epidemic: A Plan for America - Ryan White HIV/AIDS Program Parts A and B	93.686		1,755,594	497,609
National Bioterrorism Hospital Preparedness Program				
Bioterrorism Hospital Preparedness Program	93.889 (23)		9,077,765	6,016,200
HIV Emergency Relief Project Grants				
HIV Emergency Relief Project Grant	93.914 (24)		35,298,267	22,629,001
Minority AIDS Initiative (MAI)	93.914 (24)		4,079,171	551,286
<i>Subtotal 93.914</i>			<u>39,377,438</u>	<u>23,180,287</u>
Healthy Start Initiative				
Healthy Start Initiative	93.926		1,099,262	46,812
HIV Prevention Activities Health Department Based				
Integrated HIV Surveillance and Prevention for Los Angeles County	93.940		18,684,405	7,993,943
Integrated HIV Programs for Health Departments to Support Ending the HIV Epidemic in the United States	93.940		1,174,181	-
<i>Subtotal 93.940</i>			<u>19,858,586</u>	<u>7,993,943</u>
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance				
Medical Monitoring Project (MMP)	93.944		724,116	-
Behavioral Surveillance Study of HIV Risk and Prevention Behaviors Among At-Risk Populations in Los Angeles	93.944		414,810	-
<i>Subtotal 93.944</i>			<u>1,138,926</u>	<u>-</u>
Sexually Transmitted Diseases (STD) Prevention and Control Grants				
CDC Strengthening STD Prevention and Control for Health Departments (STD PCHD)	93.977		3,339,183	260,527
Preventive Health and Health Services Block Grant				
Asylum Seeker Health Surveillance and Linkage to Care	93.991	20-19-90234	81,360	-
<i>Passed Through the Council of State & Territorial Epidemiologists</i>				
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health				
Data Science Team Training	93.421 (27)	5NU38OT000297	1,620	-
<i>Passed Through the National Association of County and City Health Officials</i>				
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421 (27)	2019-120501	667,798	667,798
<i>Passed Through the California Department of Aging</i>				
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation				
Title VII - Elder Abuse Prevention	93.041 (10)	AP2021-19	85,551	85,551
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals				
Title VII - Ombudsman	93.042 (10)	AP2021-19	138,654	138,654

See accompanying Notes to Schedule of Expenditures of Federal Awards.

See legend on page 183 for AL No. Cluster Summary and Notes A, B and C.

**COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Awarding Agency/Pass-Through Grantor/Program Title	Assistance Listing Number (ALN)	Identifying Number Assigned by Pass-Through Grantor (Note A)	Federal Expenditures	Passed Through to Subrecipients
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services Area Agency On Aging III D	93.043 (10)	AP2021-19	487,986	487,986
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers Area Agency On Aging III B	93.044 (10)	AP2021-19	5,310,914	3,817,030
Special Programs for the Aging, Title III, Part C, Nutrition Services				
Area Agency On Aging III C-I	93.045 (10)	AP2021-19	6,967,648	6,666,711
Area Agency On Aging III C-II	93.045 (10)	AP2021-19	5,067,044	4,802,059
Families First Coronavirus Response Act - OAA Congregate Nutrition: Federal Title III C1	93.045 (10)	2001CACMC2-00	60,383	-
Families First Coronavirus Response Act - OAA Home-Delivered Meals: Federal Title III C2	93.045 (10)	2001CAHDC2-00	346,753	319,964
<i>Subtotal 93.045</i>			<u>12,441,828</u>	<u>11,788,734</u>
National Family Caregiver Support, Title III, Part E Area Agency on Aging Title III E	93.052 (10)	AP2021-19	2,787,229	1,973,493
Nutrition Services Incentive Program				
Area Agency on Aging III USDA C-I	93.053 (10)	AP2021-19	887,492	887,492
Area Agency on Aging III USDA C-II	93.053 (10)	AP2021-19	726,890	726,890
<i>Subtotal 93.053</i>			<u>1,614,382</u>	<u>1,614,382</u>
Medicare Enrollment Assistance Program				
Medicare Improvements for Patients and Providers Act	93.071	MI1819-19	45,416	42,507
Medicare Improvements for Patients and Providers Act	93.071	MI2021-19	92,751	91,024
<i>Subtotal 93.071</i>			<u>138,167</u>	<u>133,531</u>
State Health Insurance Assistance Program				
Area Agency On Aging - Health Insurance Counseling and Advocacy Program (HICAP) H9	93.324	HI2021-19	316,447	307,414
Area Agency On Aging - Health Insurance Counseling and Advocacy Program (HICAP) H3	93.324	HI2021-19	58,236	56,839
<i>Subtotal 93.324</i>			<u>374,683</u>	<u>364,253</u>
Support for Ombudsman and Beneficiary Counseling Programs for States Participating in Financial Alignment Model Demonstrations for Dually Eligible Individuals Financial Alignment	93.634	FA2021-19	34,165	33,661
<i>Passed Through the California Department of Child Support Services</i>				
Child Support Enforcement				
Child Support Enforcement Title IV-D	93.563		125,060,382	-
<i>Passed Through the California Department of Community Services and Development</i>				
Community Services Block Grant				
Community Services Block Grant	93.569 (20)	20F-3021	5,244,821	3,587,404
Community Services Block Grant	93.569 (20)	21F-4021	830,147	311,436
Community Services Block Grant	93.569 (20)	20F-3105	156,177	133,910
Community Services Block Grant	93.569 (20)	21F-4105	78,435	56,650
Community Services Block Discretionary Grant	93.569 (20)	20F-3105	32,000	30,000
<i>Subtotal 93.569</i>			<u>6,341,580</u>	<u>4,119,400</u>
<i>Passed Through the California Department of Education</i>				
Child Care and Development Block Grant				
Child Care Salary Retention Incentive Program		20-25534-14130-14871-24190-		
	93.575 (11)	00-02-00	2,405,054	-
Local Child Care Planning and Development Council (LCCPDC)	93.575 (11)	19-02419-00-0	207,236	-
Child Care and Development Block Grant	93.575 (11)	CAPP9026 & CAPP0026	1,972,188	-
<i>Subtotal 93.575</i>			<u>4,584,478</u>	<u>-</u>
Child Care Mandatory and Matching Funds of the Child Care and Development Fund Child Day Care Program	93.596 (11)	CAPP9026 & CAPP0026	9,159,796	-
<i>Passed Through the California Department of Health Care Services</i>				
Projects for Assistance in Transition from Homelessness (PATH) McKinney Homeless Act Program	93.150		2,014,237	-
Medical Assistance Program				
Medi-Cal Administrative Activities (MAA)	93.778 (12) (22)	17-94017	21,297,989	343,121
Medi-Cal Eligibility Determination	93.778 (12) (22)	CFL 20/21-105	311,622,748	-
Medi-Cal Navigators Project	93.778 (12) (22)	CFL 20/21-105	142,984	-
Child Health and Disability Program	93.778 (12) (22)		2,443,573	-
Federal Drug Medi-Cal (Prenatal and Drug) FMAP	93.778 (12) (22)	20-10182	33,660,620	-
Health Care Program Children In Foster Care	93.778 (12) (22)		9,127,064	-
Medi-Cal Health Enrollment Navigators Project (AB74)	93.778 (12) (22)		2,600,493	2,240,221
<i>Subtotal 93.778</i>			<u>380,895,471</u>	<u>2,583,342</u>
Block Grants for Community Mental Health Services Mental Health Services: Block Grant	93.958		13,469,624	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

See legend on page 183 for AL No. Cluster Summary and Notes A, B and C.

**COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Awarding Agency/Pass-Through Grantor/Program Title	Assistance Listing Number (ALN)	Identifying Number Assigned by Pass-Through Grantor (Note A)	Federal Expenditures	Passed Through to Subrecipients
<i>Block Grants for Prevention and Treatment of Substance Abuse</i>				
Drug-Free Schools and Communities (DFSC) - Friday Night Live	93.959	18-95251	75,000	75,000
Alcohol Block Grant	93.959	18-95251	39,741,710	29,140,562
Drug Free Schools and Communities - Club Live	93.959	18-95251	75,000	75,000
New Prenatal Set - Aside	93.959	18-95251	2,763,842	327,203
Substance Abuse Prevention and Treatment Block Grant Adolescent Treatment	93.959	18-95251	1,464,753	1,464,753
Substance Abuse Prevention and Treatment Set-Aside	93.959	18-95251	15,079,359	15,079,359
<i>Subtotal 93.959</i>			<u>59,199,664</u>	<u>46,161,877</u>
<i>Passed Through the California Department of Health Care Services/Public Health Institute Substance Abuse and Mental Health Services Projects of Regional and National Significance SAMHSA STR to the Opioid Crisis Grant - Bridge Program</i>				
	93.243	18-95423	81,652	-
<i>Passed Through the California Department of Public Health</i>				
<i>Injury Prevention and Control Research and State and Community Based Programs</i>				
National Violent Death Reporting System (NVDRS)	93.136	19-10634	45,964	-
<i>Immunization Cooperative Agreements</i>				
Vaccine Preventable Disease Control	93.268 (28)	17-10326	6,512,551	-
<i>Refugee and Entrant Assistance State/Replacement Designee Administered Programs</i>				
Refugee Health Assessment Program	93.566 (19)	20-19-90899-00	61,250	-
<i>Refugee and Entrant Assistance Discretionary Grants</i>				
Refugee Health Promotion Project (RHPP)	93.576	20-19-90893-00	48,490	-
<i>State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare Health Facilities Inspection</i>				
Maternal, Infant and Early Childhood Home Visiting Grant	93.777 (12)	19-10042	16,428,726	-
Title V Maternal, Infant, and Early Childhood Home Visiting Program	93.870	20-19, 20-19A	1,337,771	1,337,771
<i>HIV Care Formula Grants</i>				
HIV Care Program	93.917	18-10873	4,852,359	4,479,865
<i>Maternal and Child Health Services Block Grant to the States</i>				
Maternal and Child Health	93.994	202019	2,898,078	174,472
<i>Passed Through the California Department of Social Services</i>				
<i>Guardianship Assistance</i>				
<i>Kinship Guardianship Assistance Payment Program (Kin-GAP) Title IV-E</i>				
MaryLee Allen Promoting Safe and Stable Families Program	93.090	CFL 16/17-69, 14/15-40 & 11/12-18	37,676,440	-
Promoting Safe and Stable Families Program (PSSF)	93.556	CFL 20/21-39 & CFL 20/21-29	8,208,348	7,804,796
<i>Temporary Assistance for Needy Families</i>				
<i>CalWORKS - Family Group/Unemployed Parent (FG/U) Assistance</i>				
CalWORKS Legal Immigrants (MC)	93.558	CFL 20/21-105	156,924,592	-
CalWORKS Fraud Incentives	93.558	CFL 20/21-105	2,578,034	-
CalWORKS Single	93.558	CFL 20/21-105	34,641	-
Temporary Assistance for Needy Families (TANF)	93.558	CFL 20/21-105	434,354,513	137,242,786
		20/21-32	88,625,448	12,996,338
<i>Subtotal 93.558</i>			<u>682,517,228</u>	<u>150,239,124</u>
<i>Refugee and Entrant Assistance State/Replacement Designee Administered Programs</i>				
Refugee Resettlement	93.566 (19)	CFL 20/21-105	1,334,321	-
Refugee Employment Social Services	93.566 (19)	RESS 1803 / 1902	1,674,533	988,009
Services To Older Refugees	93.566 (19)	ORSA 1802	33,238	11,139
<i>Subtotal 93.566</i>			<u>3,042,092</u>	<u>999,148</u>
<i>U.S. Repatriation</i>				
U.S. Repatriation Program	93.579	CFL 20/21-105	6,973	-
<i>Community-Based Child Abuse Prevention Grants</i>				
Community-Based Child Abuse Prevention	93.590	ACIN 07/21	469,672	-
<i>Adoption and Legal Guardianship Incentive Payments</i>				
Adoption and Legal Guardianship Incentive Payments	93.603	20/21-93	2,899,107	-
<i>Stephanie Tubbs Jones Child Welfare Services Program</i>				
Children's Welfare Services IV-B (Direct Cost)	93.645 (21)	20/21-32	6,769,220	-
<i>Foster Care Title IV-E</i>				
Aid To Families With Dependent Children - FC - Administration and Assistance	93.658	CFL 20/21-32	161,137,350	57,662,286
Foster Care Title IV-E	93.658	CFL 20/21-15, 32,33,38, 52	367,772,371	3,487,689
Foster Parent Training	93.658	20/21-32	5,614	-
Foster Family Licensing	93.658	20/21-68	2,019,231	-
Group Home Month Visits / CWD	93.658	20/21-32	1,289,956	-
Child Welfare Services Outcome Improvement Project (Cohort 1)	93.658	20/21-32	690,945	-
Foster Care Title IV-E	93.658		18,734,869	-
<i>Subtotal 93.658</i>			<u>551,650,336</u>	<u>61,149,975</u>
<i>Adoption Assistance</i>				
<i>Adoptions - Administration and Assistance</i>				
	93.659	CFL 16/17-69, 14/15-40 & 11/12-18	193,463,206	-
<i>Social Services Block Grant</i>				
Children's Welfare Services Title XX	93.667	20/21-32	38,163,490	-
<i>John H. Chafee Foster Care Program for Successful Transition to Adulthood</i>				
Independent Living Skills - Children's Services	93.674	CFL 20/21-53	5,279,684	2,364,094

See accompanying Notes to Schedule of Expenditures of Federal Awards.

See legend on page 183 for AL No. Cluster Summary and Notes A, B and C.

**COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Awarding Agency/Pass-Through Grantor/Program Title	Assistance Listing Number (ALN)	Identifying Number Assigned by Pass-Through Grantor (Note A)	Federal Expenditures	Passed Through to Subrecipients
Medical Assistance Program				
In-Home Supportive Services - Personal Care Services Program (Health-Related)	93.778 (12) (22)	CFL 20/21-105	96,315,899	-
Adult Protective Services/County Services Block Grant	93.778 (12) (22)	CFL 20/21-105	33,053,827	-
Children's Welfare Services XIX (Health-Related)	93.778 (12) (22)	CFL 16/17-69, 14/15-40 & 11/12-18	52,372,508	-
<i>Subtotal 93.778</i>			<u>181,742,234</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>2,540,035,471</u>	<u>345,279,405</u>
U.S. Department of Homeland Security				
<i>Direct Program</i>				
National Urban Search and Rescue (US&R) Response System				
Urban Search and Rescue 2017	97.025	EMW-2017-CA-00024-S01	43,475	-
Urban Search and Rescue 2018	97.025	EMW-2018-CA-K00027-S01	380,929	-
Urban Search and Rescue 2018	97.025	EMW-2018-CA-USR-0003	683,331	-
Urban Search and Rescue 2019	97.025	EMW-2019-CA-00077-S01	479,540	-
Urban Search and Rescue 2020	97.025	EMW-2020-CA-00069-S01	457,297	-
<i>Subtotal 97.025</i>			<u>2,044,572</u>	<u>-</u>
Hazard Mitigation Grant				
Hazard Mitigation Grant Program	97.039		46,238	-
Port Security Grant Program				
Port Security Grant Program 18	97.056	EMW-2018-PU-00201	220,121	-
Port Security Grant Program 19	97.056	EMW-2019-PU-00149	67,254	-
<i>Subtotal 97.056</i>			<u>287,375</u>	<u>-</u>
<i>Passed Through the City of Los Angeles</i>				
Securing the Cities Program				
Securing the Cities Program	97.106	C-125298	37,880	-
Securing the City Program (STC)	97.106		99,588	-
<i>Subtotal 97.106</i>			<u>137,468</u>	<u>-</u>
Preparing for Emergency Threats and Hazards				
Communities for Complex Coordinated Terrorist Attacks (CCTA) FY 2016	97.133	C-135252	31,171	-
<i>Passed Through the County of San Diego</i>				
Homeland Security Grant Program				
Operation Stonegarden Grant Program (OPSG)	97.067 (26)	2019-0035	167,135	-
<i>Passed Through the United Way</i>				
Emergency Food and Shelter National Board Program				
Emergency Food and Shelter Program - Phase 37	97.024	069500-009	12,248	-
<i>Passed Through the California Department of Parks and Recreation</i>				
Boating Safety Financial Assistance				
Recreational Boating Safety Program	97.012	C1770602	32,000	-
Law Enforcement Equipment Grant Program	97.012		53,014	-
<i>Subtotal 97.012</i>			<u>85,014</u>	<u>-</u>
<i>Passed Through the California Governor's Office of Emergency Services</i>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)				
2017 Rye Fire	97.036 (25)		293,698	-
2018 Woolsey Fire - 4407 Disaster Recovery	97.036 (25)		6,203,190	-
<i>Subtotal 97.036</i>			<u>6,496,888</u>	<u>-</u>
Hazard Mitigation Grant				
Hazard Mitigation Grant Program	97.039	DR4407-PJ0221	8,294	-
Emergency Management Performance Grants				
2019 Emergency Management Performance Grant	97.042	2019-0003	995,201	721,036
Homeland Security Grant Program				
State Homeland Security Program 17	97.067 (26)	2017-0083	1,998,089	1,182,069
2018 Homeland Security Program 18	97.067 (26)	2018-0054	5,833,249	2,413,000
2019 Homeland Security Program 19	97.067 (26)	2019-0035	1,318	-
Homeland Security Grant Program 17	97.067 (26)		248,750	-
Homeland Security Grant Program 18	97.067 (26)	2018-0054	2,329,965	-
Homeland Security Grant Program	97.067 (26)	2019-0035	720,844	-
<i>Passed Through the California Governor's Office of Emergency Services/City of Los Angeles</i>				
Homeland Security Grant Program				
Urban Area Security Initiative 19	97.067 (26)	C136501	37,342	-
Urban Area Security Initiative 19	97.067 (26)	037-95050	75,902	-
Urban Area Security Grant Program 19	97.067 (26)	2019-0035	3,144,862	-
Urban Area Security Initiative 18	97.067 (26)	C133963	80,000	-
Urban Area Security Initiative 18	97.067 (26)	037-95050	300,000	-
Urban Area Security Initiative 18	97.067 (26)	C133963	1,212,826	-
<i>Passed Through the County of San Diego</i>				
Homeland Security Grant Program				
Operation Stonegarden Grant Program (OPSG) 18	97.067 (26)		213,489	-
<i>Subtotal 97.067</i>			<u>16,196,636</u>	<u>3,595,069</u>
Total U.S. Department of Homeland Security			<u>26,508,240</u>	<u>4,316,105</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

See legend on page 183 for AL No. Cluster Summary and Notes A, B and C.

**COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Awarding Agency/Pass-Through Grantor/Program Title	Assistance Listing Number (ALN)	Identifying Number Assigned by Pass-Through Grantor (Note A)	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development				
<i>Direct Program</i>				
Lead Hazard Reduction Demonstration Grant Program				
Lead Hazard Reduction Demonstration Grant (LHRD)	14.905		1,077,731	-
<i>Passed Through the Los Angeles County Community Development Authority</i>				
Community Development Block Grants/Entitlement Grants				
ALPR Stationary Cameras - East LA	14.218 (4)	601907-17	3,557	-
Bike Patrol Pilot Program - Whittier Blvd.	14.218 (4)	601937-20	60,000	-
Burke's Club Drug Prevention and Gang Intervention	14.218 (4)		75,092	-
Century Station Code Enforcement Project	14.218 (4)		199,081	-
Community Code Enforcement 4 th District	14.218 (4)	600727-20	120,000	-
Community Code Enforcement East Los Angeles - 1 st District	14.218 (4)	601956-20	188,000	-
Enhanced Patrol Walnut Park - Century Station	14.218 (4)	601938-20	60,000	-
Equestrian Patrol Pilot Program - Industry Station	14.218 (4)	601936-20	105,925	-
Homeowners Fraud Prevention Program	14.218 (4)		15,595	-
Loma Alta Park Recreation Program	14.218 (4)		1,833	-
Our Spot At Mayberry Park	14.218 (4)		21,719	-
Pamela Park Recreation Program	14.218 (4)		33,204	-
Pearblossom Park Recreation Program	14.218 (4)		4,872	-
Rowland Heights Youth Athletic League Program - Carolyn Rosas Park	14.218 (4)		40,423	-
Unincorporated Areas Small Business Initiative	14.218 (4)		111,000	-
<i>Subtotal 14.218</i>			1,040,301	-
Total U.S. Department of Housing and Urban Development			2,118,032	-
U.S. Department of Justice				
<i>Direct Program</i>				
Services for Trafficking Victims				
Enhanced Collaborative Model To Combat Human Trafficking 18 (2018-VT-BX-K088)	16.320		253,945	-
PREA Program: Strategic Support for PREA Implementation				
Prison Rape Elimination Act	16.735		181,163	-
DNA Backlog Reduction Program				
DNA Capacity Enhancement and Backlog Reduction Program 18	16.741	2018-DN-BX-0087	121,252	-
DNA Capacity Enhancement and Backlog Reduction Program 19	16.741	2019-DN-BX-0080	851,993	-
DNA Capacity Enhancement and Backlog Reduction Program 20	16.741	2020-DN-BX-0141	334,666	-
<i>Subtotal 16.741</i>			1,307,911	-
Economic, High-Tech, and Cyber Crime Prevention				
Intellectual Property Enforcement Program - Counterfeit and Piracy Enforcement (CAPE) 18	16.752	2018-IP-BX-0020	101,602	-
Intellectual Property Enforcement Program - Counterfeit and Piracy Enforcement (CAPE) 20	16.752	2020-IP-BX-0006	136,902	-
<i>Subtotal 16.752</i>			238,504	-
Comprehensive Opioid, Stimulant, and Substance Abuse Program				
Comprehensive Opioid Abuse Site-Based Program	16.838		82,428	-
Comprehensive Opioid Abuse Site-Based Program - Lead East LA	16.838		141,000	-
<i>Subtotal 16.838</i>			223,428	-
Equitable Sharing Program				
Asset Seizure and Forfeiture	16.922	CA019153A	197,661	-
Asset Seizure and Forfeiture	16.922		34	-
Asset Seizure and Forfeiture	16.922		2,362,891	-
Domestic Cannabis Eradication Suppression Program 20	16.922		163,856	-
Domestic Cannabis Eradication Suppression Program (DCESP) 2021-24	16.922		214,232	-
<i>Subtotal 16.922</i>			2,938,674	-
<i>Passed Through the City of Los Angeles</i>				
Edward Byrne Memorial Justice Assistance Grant Program				
Alternate Sentencing Program (PD) (JAG) 16	16.738 (15)	JAG 2016-DJ-BX-0246	81,103	-
Sheriff Unincorporated Area Patrol Services Overtime (JAG) 17	16.738 (15)	JAG 2017-DJ-BX-0337	32,434	-
Alternate Sentencing Program (PD) (JAG) 17	16.738 (15)	JAG 2017-DJ-BX-0337	363,170	-
Soledad Enrichment Action - Life Program (JAG) 17	16.738 (15)	JAG 2017-DJ-BX-0337	67,715	-
Public Health - Trauma Prevention Initiative (JAG) 17	16.738 (15)	JAG 2017-DJ-BX-0337	79,046	-
Toberman Grace (JAG) 17	16.738 (15)	JAG 2017-DJ-BX-0337	21,033	-
Boys and Girls Club - College & Career Bound (JAG) 17	16.738 (15)	JAG 2017-DJ-BX-0337	48,132	-
Sheriff School Resource Deputy (JAG) 17	16.738 (15)	JAG 2017-DJ-BX-0337	23,596	-
JAG City Clear Foothill	16.738 (15)	2020-DJ-BX-0786	44,443	-
JAG City Clear Various Sites	16.738 (15)	2020-DJ-BX-0786	355,546	-
JAG City Clear	16.738 (15)		247,562	-
<i>Subtotal 16.738</i>			1,363,780	-
<i>Passed Through the Board of State and Community Corrections</i>				
Edward Byrne Memorial Justice Assistance Grant Program				
Edward Byrne Memorial Justice Assistance Grant (JAG) Program 16, Mental Health Training	16.738 (15)	BSCC 0034-1	491,574	-
<i>Passed Through the California Governor's Office of Emergency Services</i>				
National Institute of Justice Research, Evaluation, and Development Project Grants				
Increasing the Supply of Forensic Pathologists in Los Angeles County	16.560	NIJ-2020-18435 - BJA FY 20	100,000	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

See legend on page 183 for AL No. Cluster Summary and Notes A, B and C.

**COUNTY OF LOS ANGELES
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Federal Awarding Agency/Pass-Through Grantor/Program Title	Assistance Listing Number (ALN)	Identifying Number Assigned by Pass-Through Grantor (Note A)	Federal Expenditures	Passed Through to Subrecipients
Paul Coverdell Forensic Sciences Improvement Grant Program				
2019 California Coverdell Grant Program	16.742	CQ19 09 0190	68,730	-
2019 California Coverdell Grant Program	16.742	CQ19 16 0190	148,919	-
2020 California Coverdell Grant Program	16.742	CQ20 10 0190	6,284	-
<i>Subtotal 16.742</i>			223,933	-
Crime Victim Assistance				
Victim Witness Assistance Program (VWAP)	16.575	VW19380190 & VW20390190	7,275,266	1,821,712
Underserved Victim Advocacy and Outreach Program (UV)	16.575	UV19020190 & UV20030190	185,858	-
Human Trafficking Advocacy (HA) Program	16.575	HA19020190 & HA20030190	114,443	-
County Victim Services (XC) Program	16.575	XC19020190 & XC20030190	3,292,377	2,927,048
Elder Abuse (XE) Program	16.575	XE19020190 & XE20030190	212,107	-
<i>Subtotal 16.575</i>			11,080,051	4,748,760
Total U.S. Department of Justice			18,402,963	4,748,760
<u>U.S. Department of Labor</u>				
<i>Passed Through the California Department of Aging</i>				
Senior Community Service Employment Program				
Older American Title V Project	17.235	TV2021-19	1,485,190	1,482,786
<i>Passed Through the California Employment Development Department</i>				
Workforce Innovation and Opportunity Act (WIOA) Adult Program				
WIOA Adult	17.258 (5)	AA011012	2,052,581	2,052,581
1153 ELL Co-Enrollment Pilot FY 18-19	17.258 (5)	K9110017	85,040	82,003
WIOA Adult	17.258 (5)	AA111012	6,389,518	2,791,446
<i>Subtotal 17.258</i>			8,527,139	4,926,030
WIOA Youth Activities				
WIOA Youth	17.259 (5)	AA011012	1,824,308	1,824,308
WIOA Youth	17.259 (5)	AA111012	11,056,383	7,487,839
<i>Subtotal 17.259</i>			12,880,691	9,312,147
WIOA National Dislocated Worker Grants/WIA National Emergency Grants				
2018 CA Megafires NDWG - Workforce Development	17.277 (16)	K9110017	104,332	104,332
2018 CA Megafires NDWG - Temporary Jobs	17.277 (16)	K9110017	168,234	168,234
2020 September Wildfires Disaster Recovery - Temporary Jobs	17.277 (16)	AA111012	9,299	-
2020 September Wildfires Disaster Recovery - Workforce Development	17.277 (16)	AA111012	9,299	-
<i>Subtotal 17.277</i>			291,164	272,566
WIOA Dislocated Worker Formula Grants				
WIOA Dislocated Worker	17.278 (5)	AA011012	1,818,766	1,818,766
1181 Keep LA Working Initiative (LAO)	17.278 (5)	K9110017	555,552	453,266
WIOA Dislocated Worker	17.278 (5)	AA111012	2,318,429	909,393
WIOA Rapid Response	17.278 (5)	AA111012	948,986	567,065
WIOA Layoff Version RR (GC 292)	17.278 (5)	AA111012	41,134	-
WIOA Layoff Version RR (GC 293)	17.278 (5)	AA111012	184,125	-
WIOA - Transfer DW to Adult (GC 500)	17.278 (5)	AA011012	2,245,000	2,245,000
<i>Subtotal 17.278</i>			8,111,992	5,993,490
Hurricanes and Wildfires of 2017 Supplemental - National Dislocated Workers Grants				
2018 CA Megafires NDWG - Workforce Development	17.286	AA011012	790,305	650,223
2018 CA Megafires NDWG - Temporary Jobs	17.286	AA011012	206,368	145,845
<i>Subtotal 17.286</i>			996,673	796,068
Total U.S. Department of Labor			32,292,849	22,783,087
<u>U.S. Department of the Interior</u>				
<i>Direct Program</i>				
Invasive and Noxious Plant Management				
National Recreation Area Vacant Lot Weeding	15.230		2,739	-
WaterSMART (Sustain and Manage America's Resources for Tomorrow)				
USBR WaterSMART Water and Energy Efficiency Grant - R18AP00168	15.507		107,509	-
USBR WaterSMART Water and Energy Efficiency Grant - R18AP00169	15.507		40,264	-
<i>Subtotal 15.507</i>			147,773	-
<i>Passed Through the California State Controller's Office</i>				
Flood Control Act Lands				
Flood Control Act Lands	15.433		3,564	-
Total U.S. Department of the Interior			154,076	-
<u>U.S. Department of Transportation</u>				
<i>Direct Program</i>				
Airport Improvement Program				
Vacant Lot Clearance - Federal Aviation	20.106 (17)		4,359	-
Airport Improvement Program	20.106 (17)		15,317,979	-
<i>Subtotal 20.106</i>			15,322,338	-
<i>Passed Through the Los Angeles Metropolitan Transportation Authority</i>				
New Freedom Program				
New Freedom Program - CA-57-X084	20.521 (7)	MOU.NFLACNTY09A	778,412	748,364

See accompanying Notes to Schedule of Expenditures of Federal Awards.

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**COUNTY OF LOS ANGELES
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Federal Awarding Agency/Pass-Through Grantor/Program Title	Assistance Listing Number (ALN)	Identifying Number Assigned by Pass-Through Grantor (Note A)	Federal Expenditures	Passed Through to Subrecipients
<i>Passed Through the California Department of Transportation</i>				
Highway Planning and Construction				
Bridge Retrofit Program	20.205 (6)	RPSTPLE -5953 (608)	118,562	-
Highway Bridge Rehabilitation	20.205 (6)	RPSTPLE -5953 (608)	1,289,536	-
Transportation Enhancement Activities	20.205 (6)	RPSTPLE -5953 (608)	130,570	-
Congestion Mitigation and Air Quality Program	20.205 (6)	RPSTPLE -5953 (608)	541,904	-
Emergency Relief Program	20.205 (6)	RPSTPLE -5953 (608)	8,412,050	-
Highway Safety Improvement Program (HSIP)	20.205 (6)	RPSTPLE -5953 (608)	1,063,119	-
Transportation Alternative Program	20.205 (6)	RPSTPLE -5953 (608)	195,928	-
<i>Subtotal 20.205</i>			11,751,669	-
Formula Grants for Rural Areas and Tribal Transit Program				
Public Transportation for Non-Urbanized Areas	20.509		453,763	-
Enhanced Mobility of Seniors and Individuals with Disabilities				
Enhanced Mobility for Seniors and Individuals	20.513		491,817	-
<i>Passed Through the California Office of Traffic Safety</i>				
State and Community Highway Safety				
Office of Traffic Safety - Distracted Driving Program	20.600 (8)	DD21004	43,496	-
Selective Traffic Enforcement Program 2019/20 (PT 20073), (State and Community Highway Safety 402PT)	20.600 (8)		200,389	-
<i>Subtotal 20.600</i>			243,885	-
Minimum Penalties for Repeat Offenders For Driving While Intoxicated				
Intensive Probation Supervision for High-Risk Felony and Repeat DUI Offenders	20.608	AL20016	50,377	-
Intensive Probation Supervision for High-Risk Felony and Repeat DUI Offenders	20.608	AL21017	211,680	-
Selective Traffic Enforcement Program 2019/20	20.608	PT 20073	347,252	-
Selective Traffic Enforcement Program	20.608	PT 21174	890,299	-
<i>Subtotal 20.608</i>			1,499,608	-
National Priority Safety Programs				
Office of Traffic Safety Program (OTS)	20.616 (8)	OP21014	75,817	-
Office of Traffic Safety - Pedestrian and Bicycle Safety Program	20.616 (8)	PS21040	98,552	-
Alcohol & Drug Impaired Driver Vertical Prosecution Program	20.616 (8)	DI20005 & DI21020	1,265,246	-
Selective Traffic Enforcement Program	20.616 (8)	PT 21174	352,227	-
<i>Subtotal 20.616</i>			1,791,842	-
Total U.S. Department of Transportation			32,333,334	748,364
<u>U.S. Election Assistance Commission</u>				
<i>Passed Through the California Secretary of State</i>				
Help America Vote Act (HAVA) Requirements Payments				
HAVA Polling Place Accessibility Training Program	90.401		148,183	-
HAVA: Voter's Choice Act	90.401		4,340,181	-
HAVA: Voter's Choice Act	90.401		715,685	-
<i>Subtotal 90.401</i>			5,204,049	-
Total U.S. Election Assistance Commission			5,204,049	-
<u>U.S. Environmental Protection Agency</u>				
<i>Direct Program</i>				
Congressionally Mandated Projects				
Water Infrastructure - Regional Recycled Water Project	66.202		250	-
Water Infrastructure - Avenue J-12 and 50 th Street	66.202		147,491	-
<i>Subtotal 66.202</i>			147,741	-
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements				
Fish Contamination Inspection, Outreach, and Education (Toxics Epidemiology)	66.802		33,206	-
Palos Verdes Fish Contamination - Enforcement Cooperative Agreement	66.802		2,664	-
<i>Subtotal 66.802</i>			35,870	-
<i>Passed Through the California Environmental Protection Agency</i>				
Capitalization Grants for Drinking Water State Revolving Funds				
Drinking Water State Revolving Fund - Del Valle	66.468 (9)		1,047,386	-
Beach Monitoring and Notification Program Implementation Grants				
Public Beach Safety Program	66.472	D2014104	181,763	-
<i>Total U.S. Environmental Protection Agency</i>			1,412,760	-
<u>U.S. Executive Office of the President</u>				
<i>Direct Program</i>				
High Intensity Drug Trafficking Areas Program				
High Intensity Drug Trafficking Areas (HIDTA)	95.001	G20LA0005A	71,282	-
<i>Total U.S. Executive Office of the President</i>			71,282	-
Total Expenditures of Non-COVID-19 Federal Awards			\$ 2,970,407,741	\$ 384,681,793
SCHEDULE OF EXPENDITURES OF COVID-19 FEDERAL AWARDS				
<u>U.S. Department of Treasury</u>				
<i>Direct Program</i>				
Coronavirus Relief Fund				
COVID-19 - CARES Act	21.019		\$ 835,902,525	\$ 315,799,135

See accompanying Notes to Schedule of Expenditures of Federal Awards.

See legend on page 183 for AL No. Cluster Summary and Notes A, B and C.

**COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Awarding Agency/Pass-Through Grantor/Program Title	Assistance Listing Number (ALN)	Identifying Number Assigned by Pass-Through Grantor (Note A)	Federal Expenditures	Passed Through to Subrecipients
<i>Passed Through the California Department of Finance</i>				
Coronavirus Relief Fund				
COVID-19 CARES Act Coronavirus Relief Fund - State	21.019		136,400,805	-
Subtotal 21.019			972,303,330	315,799,135
Total U.S. Department of Treasury			972,303,330	315,799,135
U.S. Department of Health and Human Services				
<i>Direct Program</i>				
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)				
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Disease (ELC)	93.323 (18)		422,189	-
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) - PPPHEA	93.323 (18)		136,473,829	5,448,890
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) - Tier 1	93.323 (18)		123,597	-
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) - AMD Technologies, Public Health Laboratory (PHL) Preparedness, and Travelers Health	93.323 (18)		690,951	-
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) - Project E - Emerging Infections Reopening School	93.323 (18)		17,194,620	17,194,620
Subtotal 93.323			154,905,186	22,643,510
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response				
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis	93.354		5,186,588	933,160
Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution				
COVID-19 - Increased Health Care-Related Expenses Attributable To Coronavirus National Bioterrorism Hospital Preparedness Program	93.498		155,145,682	-
COVID-19 - Los Angeles County Hospital Preparedness Program	93.889 (23)		2,413,690	1,012,435
HIV Emergency Relief Project Grants				
COVID-19 - Ryan White HIV/AIDS Program Part A COVID-19 Response	93.914 (24)		974,576	857,915
<i>Passed Through the National Association of County and City Health Officials</i>				
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals				
COVID-19 - Coronavirus Aid, Relief, and Economic Security - OMB	93.042 (10)	2001CAOMC3-00	241,211	241,211
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers				
COVID-19 - Coronavirus Aid, Relief, and Economic Security - III B	93.044 (10)	2001CASSC3-00	126,818	122,922
Special Programs for the Aging, Title III, Part C, Nutrition Services				
COVID-19 - Coronavirus Aid, Relief, and Economic Security - HD	93.045 (10)	2001CAHDC3-00	4,464,702	4,327,178
<i>Passed Through the California Department of Public Health</i>				
Immunization Cooperative Agreements				
COVID-19 - Vaccine Preventable Disease Control	93.268 (28)	17-10326	19,598,445	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs				
COVID-19 - Refugee Support Services (RSS) COVID-19 Supplemental	93.566 (19)	RSS2002	6,067	-
<i>Passed Through the California Health Foundation and Trust</i>				
National Bioterrorism Hospital Preparedness Program				
COVID-19 - National Bioterrorism Hospital Preparedness Program - CA HPRP	93.889 (23)	U3REP200652	2,115	-
Total U.S. Department of Health and Human Services			343,065,080	30,138,331
U.S. Department of Homeland Security				
<i>Passed Through the California Governor's Office of Emergency Services</i>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)				
COVID-19 - 2020 COVID-19	97.036 (25)		105,334,126	-
Total U.S. Department of Homeland Security			105,334,126	-
U.S. Department of Justice				
<i>Direct Program</i>				
Coronavirus Emergency Supplemental Funding Program				
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034		1,130,104	-
<i>Passed Through the Board of State and Community Corrections</i>				
Coronavirus Emergency Supplemental Funding Program				
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	BSCC 108-20	2,236,763	-
Subtotal 16.034			3,366,867	-
Total U.S. Department of Justice			3,366,867	-
U.S. Department of Labor				
<i>Passed Through the California Employment Development Department</i>				
WIOA National Dislocated Worker Grants / WIA National Emergency Grants				
COVID-19 - Disaster Recovery NDWG 1196 - Workforce Development	17.277 (16)	AA011012	292,521	258,079
COVID-19 - Disaster Recovery NDWG 1195 - Temporary Jobs	17.277 (16)	AA011012	1,290,694	1,180,378
Subtotal 17.277			1,583,215	1,438,457
WIOA Dislocated Worker Formula Grants				
COVID-19 - 1187 Underserved COVID-19 Impacted Individuals Grants	17.278 (5)	AA011012	66,126	66,126
Total U.S. Department of Labor			1,649,341	1,504,583

See accompanying Notes to Schedule of Expenditures of Federal Awards.

See legend on page 183 for AL No. Cluster Summary and Notes A, B and C.

**COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Awarding Agency/Pass-Through Grantor/Program Title	Assistance Listing Number (ALN)	Identifying Number Assigned by Pass-Through Grantor (Note A)	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Transportation				
<i>Direct Program</i>				
COVID-19 Airports Programs				
COVID-19 - Airport Improvement Program and COVID-19 Airports Programs	20.106 (17)		6,975	-
Total U.S. Department of Transportation			<u>6,975</u>	<u>-</u>
U.S. Election Assistance Commission				
<i>Passed Through the California Secretary of State</i>				
2018 HAVA Election Security Grants				
COVID-19 - State Election Funding	90.404	20G26119	16,390,015	-
Total U.S. Election Assistance Commission			<u>16,390,015</u>	<u>-</u>
Total Expenditures of COVID-19 Federal Awards			<u>1,442,115,734</u>	<u>347,442,049</u>
SCHEDULE OF EXPENDITURES OF CARES ACT FEDERAL AWARDS				
U.S. Department of Agriculture				
<i>Direct Program</i>				
Food Insecurity Nutrition Incentive Grants Program				
COVID-19 - Increasing Fruit and Vegetable Intake Among Prediabetic and Diabetic Medicaid Recipients - COVID Relief 2020 (GUSNIP-CRF)	10.331		527	-
Total U.S. Department of Agriculture			<u>527</u>	<u>-</u>
U.S. Department of Health and Human Services				
<i>Direct Program</i>				
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)				
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) - CARES Act	93.323 (18)		12,815,766	-
<i>Passed Through the California Department of Community Services and Development</i>				
Community Services Block Grant				
COVID-19 - Community Services Block Grant CARES Act - (CSBG CARES Act)	93.569 (20)	20F-3660	1,280,343	1,196,654
COVID-19 - Community Services Block Grant American Indian - CARES Act	93.569 (20)	20F-3744	24,184	24,184
COVID-19 - Community Services Block Grant American Indian - CARES Discretionary	93.569 (20)	20F-3744	491	-
<i>Subtotal 93.569</i>			<u>1,305,018</u>	<u>1,220,838</u>
<i>Passed Through the California Department of Social Services</i>				
Stephanie Tubbs Jones Child Welfare Services Program				
COVID-19 - Title IV-B CARES Act	93.645 (21)	20/21-11	1,934,690	-
Total U.S. Department of Health and Human Services			<u>16,055,474</u>	<u>1,220,838</u>
U.S. Department of Housing and Urban Development				
<i>Passed Through the Los Angeles County Development Authority (LACDA)</i>				
Emergency Solutions Grant Program				
COVID-19 - Emergency Solutions Grant Program Via the CARES Act (ESG-CV) - Street Outreach	14.231	C111437-CVES09-20	500,000	-
Total U.S. Department of Housing and Urban Development			<u>500,000</u>	<u>-</u>
Total Expenditures of CARES Act Federal Awards			<u>16,556,001</u>	<u>1,220,838</u>
Total Expenditures of Federal Awards			<u>\$ 4,429,079,476</u>	<u>\$ 733,344,680</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

See legend on page 183 for AL No. Cluster Summary and Notes A, B and C.

**COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

<u>Legend</u>	<u>Amounts</u>
(1) SNAP Cluster	\$ 302,940,736
(2) Child Nutrition Cluster	456,620
(3) Forest Service Schools and Roads Cluster	672,507
(4) CDBG - Entitlement Grants Cluster	1,040,301
(5) WIOA Cluster (Note C)	29,585,948
(6) Highway Planning and Construction Cluster	11,751,669
(7) Transit Services Programs Cluster	778,412
(8) Highway Safety Cluster	2,035,727
(9) Drinking Water State Revolving Fund Cluster	1,047,386
(10) Aging Cluster (Notes B and C)	27,699,275
(11) CCDF Cluster	13,744,274
(12) Medicaid Cluster	579,066,431
(13) Student Financial Assistance Cluster	215,799
(14) Total for ALN #10.561 - State Administrative Matching Grants for the Supplemental Nutrition Program	302,940,736
(15) Total for ALN #16.738 - Edward Byrne Memorial Justice Assistance Grant Program	1,855,354
(16) Total for ALN #17.277 - WIOA National Dislocated Worker Grants / WIA National Emergency Grants (Note C)	1,874,379
(17) Total for ALN #20.106 - Airport Improvement Program and COVID-19 Airports Programs (Note C)	15,329,313
(18) Total for ALN #93.323 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (Note C)	234,821,544
(19) Total for ALN #93.566 - Refugee and Entrant Assistance-State/Replacement Designee Administered Programs (Note C)	3,109,409
(20) Total for ALN #93.569 - Community Services Block Grant (Note C)	7,646,598
(21) Total for ALN #93.645 - Stephanie Tubbs Jones Child Welfare Services Program (Note C)	8,703,910
(22) Total for ALN #93.778 - Medical Assistance Program	562,637,705
(23) Total for ALN #93.889 - National Bioterrorism Hospital Preparedness Program (Note C)	11,493,570
(24) Total for ALN #93.914 - HIV Emergency Relief Project Grants (Note C)	40,352,014
(25) Total for ALN #97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters) (Note C)	111,831,014
(26) Total for ALN #97.067 - Homeland Security Grant Program	16,363,771
(27) Total for ALN #93.421 - Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	669,418
(28) Total for ALN #93.268 - Immunization Cooperative Agreements (Note C)	26,110,996

Note A - Certain awards do not have a pass-through entity ID number

Note B - Aging Cluster (as determined by the California Health and Human Services Agency, Department of Aging)

Note C - Includes COVID-19 awards

**COUNTY OF LOS ANGELES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards (SEFA) represents all federal programs of the County of Los Angeles, California (the County). The County’s basic financial statements include the operations of the Los Angeles County Development Authority (LACDA) and the Los Angeles County Children and Families First – Proposition 10 Commission (First 5 LA), which expended \$605,144,916 and \$113,149, respectively, in federal awards, which are not included in the accompanying SEFA. The LACDA engaged auditors to perform an audit in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). First 5 LA did not meet the minimum threshold of \$750,000 and, therefore, was exempt from having a Single Audit. All federal financial assistance received directly from federal/state agencies, as well as federal financial assistance passed through other government agencies, is included in the SEFA.

NOTE 2 – BASIS OF ACCOUNTING

The SEFA is prepared on the modified-accrual basis of accounting for program expenditures accounted for in the governmental funds and the accrual basis of accounting for program expenditures accounted for in the proprietary funds, as described in Note 1 of the Notes to the County’s basic financial statements. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. However, some amounts presented in this schedule are reported on a cash basis, as described in the succeeding paragraph.

Additionally, certain federal program expenditures in the SEFA are converted to and reported on a cash basis due to the claiming requirements of pass-through and federal agencies. These expenditures are presented on a cash basis to be consistent with the amounts previously claimed and reported for reimbursement purposes. The affected programs are listed below.

Assistance Listing Number (ALN)	Program Name
10.561	CalFresh Expansion
10.561	Supplemental Nutrition Assistance Program – Education (SNAP-ED)
10.561	Supplemental Nutrition Assistance Program – Administration (CalFresh Expansion)
14.218	ALPR Stationary Cameras – East LA
14.218	Bike Patrol Pilot Program – Whittier Blvd.
14.218	Burke’s Club Drug Prevention and Gang Intervention
14.218	Century Station Code Enforcement Project
14.218	Community Code Enforcement 4 th District
14.218	Community Code Enforcement East Los Angeles-1 st District Enhanced Patrol
14.218	Walnut Park – Century Station
14.218	Equestrian Patrol Pilot Program – Industry Station
14.218	Homeowners Fraud Prevention Program

**COUNTY OF LOS ANGELES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Assistance Listing Number (ALN)	Program Name
14.218	Loma Alta Park Recreation Program
14.218	Our Spot at Mayberry Park
14.218	Pamela Park Recreation Program
14.218	Pearblossom Park Recreation Program
14.218	Rowland Heights Youth Athletic League Program-Carolyn Rosas Park
14.218	Unincorporated Areas Small Business Initiative
14.905	Lead Hazard Reduction Demonstration Grant (LHRD)
16.738	Alternate Sentencing Program (PD) (JAG) 16
16.738	Alternate Sentencing Program (PD) (JAG) 17
16.738	Boys and Girls Club – College & Career Bound (JAG) 17
16.738	Public Health – Trauma Prevention Initiative (JAG) 17
16.738	Sheriff School Resource Deputy (JAG) 17
16.738	Sheriff Unincorporated Area Patrol Services Overtime (JAG) 17
16.738	Soledad Enrichment Action – Life Program (JAG) 17
16.738	Toberman Grace (JAG) 17
20.616	Alcohol & Drug Impaired Driver Vertical Prosecution Program
20.616	Office of Traffic Safety Program (OTS)
84.007	Supplemental Educational Opportunity Grants
84.063	Pell Grants
90.401	HAVA Polling Place Accessibility Training Program
90.401	HAVA Voter’s Choice Act
93.090	Guardianship Assistance
93.136	National Violent Death Reporting System (NVDRS)
93.268	Vaccine Preventable Disease Control
93.556	Promoting Safe and Stable Families Program (PSSF)
93.558	CalWORKs Family Group/Unemployed Parent (FG/U) Assistance
93.558	CalWORKs Fraud Incentives
93.558	CalWORKs Legal Immigrants (MC)
93.558	CalWORKs Single
93.558	Temporary Assistance for Needy Families (TANF)
93.563	Child Support Enforcement Title IV-D
93.566	Refugee Employment Social Services
93.566	COVID-19 Refugee Support Services (RSS) COVID-19 Supplemental
93.566	Refugee Health Assessment Program
93.566	Refugee Resettlement
93.566	Services to Older Refugees

**COUNTY OF LOS ANGELES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Assistance Listing Number (ALN)	Program Name
93.569	Community Services Block Grant
93.569	Community Services Block Discretionary Grant
93.569	COVID-19 Community Services Block Grant CARES Act
93.576	Refugee Health Promotion Project (RHPP)
93.579	U.S. Repatriation Program
93.590	Community-Based Child Abuse Prevention
93.596	Child Day Care Program
93.603	Adoption and Legal Guardianship Incentive Payments
93.645	Children's Welfare Services IV-B (Direct Cost)
93.658	Aid to Families with Dependent Children - FC - Administration and Assistance
93.658	Child Welfare Services Outcome Improvement Project (Cohort 1)
93.658	Foster Care Title IV-E
93.658	Foster Family Licensing
93.658	Foster Parent Training
93.658	Group Home Month Visits / CWD
93.659	Adoptions - Administration and Assistance
93.667	Children's Welfare Services Title XX
93.674	Independent Living Skills - Children's Services
93.778	Adult Protective Services/County Services Block Grant
93.778	Child Health and Disability Program
93.778	Children's Welfare Services XIX (Health-Related)
93.778	Federal Drug Medi-Cal (Prenatal and Drug) FMAP
93.778	Health Care Program Children in Foster Care
93.778	In-Home Supportive Services - Personal Care Services Program (Health-Related)
93.778	Medi-Cal Administrative Activities (MAA)
93.778	Medi-Cal Eligibility Determination
93.778	Medi-Cal Health Enrollment Navigators Project (AB74)
93.778	Medi-Cal Navigators Project
93.870	Title V Maternal, Infant, and Early Childhood Home Visiting Program
93.940	Integrated HIV Surveillance and Prevention for Los Angeles County
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

**COUNTY OF LOS ANGELES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 3 – GRANT PROGRAMS REIMBURSED IN ARREARS

The County participates in several federal programs where payments are received in arrears because eligibility, as determined by the federal agency, is determined in arrears. The County reports actual revenues for these programs in the year that the funds are received, since the County’s eligible expenditures are not determinable until reimbursement is received.

Pest Detection, 2019 Exotic Fruit Fly, ALN 10.025

FY Exp. Incurred	FY Exp. Reimbursed	Amount
19-20	20-21	\$2,866,955

Pest Exclusion/Dog Teams Program, ALN 10.025

FY Exp. Incurred	FY Exp. Reimbursed	Amount
19-20	20-21	\$243,621

Glassy Winged Sharpshooter (GWSS), ALN 10.025

FY Exp. Incurred	FY Exp. Reimbursed	Amount
19-20	20-21	\$294,276

Pest Detection, 2020 Exotic Fruit Fly, ALN 10.025

FY Exp. Incurred	FY Exp. Reimbursed	Amount
19-20	20-21	\$767,974

Glassy Winged Sharpshooter (GWSS), ALN 10.025

FY Exp. Incurred	FY Exp. Reimbursed	Amount
19-20	20-21	\$778,653

NOTE 4 – COMMUNITY SERVICES BLOCK GRANTS, ALN 93.569

At the request of the California Health and Human Services Agency, Department of Community Services and Development, supplementary schedules of expenditures for Community Services Block Grant (CSBG) programs are included on pages 233 through 241.

NOTE 5 – MEDICAID CLUSTER

Direct Medi-Cal and Medicare expenditures are excluded from the SEFA. These expenditures represent fees for services and are not included in the SEFA or in determining major programs. The County assists the State of California in determining eligibility and provides Medi-Cal and Medicare services through County-owned facilities. Administrative costs related to Medi-Cal and Medicare are, however, included in the SEFA under the Medicaid Cluster.

**COUNTY OF LOS ANGELES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 6 – INDIRECT COST RATE

The County of Los Angeles has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 7 – 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 grant public assistance available through the Coronavirus Aid, Relief, and Economic Security (CARES) Act to the County and to the State of California to supplement the County's local recovery efforts. To assist in the efforts to respond to COVID-19, the County received significant fiscal stimulus in federal funds as described below.

Federal CARES Act Funding

On April 23, 2020, the County received a CARES Act award of \$1.057 billion from the U.S. Department of the Treasury. The County is a prime recipient and received the direct payment under section 601(b) of the Social Security Act. The accompanying SEFA includes expenditures of CARES Act funds (ALN 21.019) in the amount of \$972,303,330 that: a) were necessary expenditures incurred due to the public health emergency with respect to COVID-19; b) were not accounted for in the budget most recently approved as of March 27, 2020; and c) were incurred during the period July 1, 2020 through June 30, 2021. The award's period of performance ends on December 31, 2021.

Federal Emergency Management Agency Funding

The County received a \$119.00 million Public Assistance Grant from the Federal Emergency Management Agency (FEMA) and a \$3.70 million Public Assistance Grant from the California Governor's Office of Emergency Services (Cal OES) for five expedited projects to respond to COVID-19. The five 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. The accompanying SEFA includes FEMA COVID-19 public assistance expenditures of \$105,334,126 (ALN 97.036).

On February 3, 2021, the President of the United States directed FEMA to waive the 25% share of cost and fully reimburse local governments at 100% for FEMA-eligible emergency costs retroactively to January 2020. Due to this change in cost sharing ratio, the County reviewed the impact on County expenditures and is reporting the FY 2019-20 FEMA expenditures in the FY 2020-21 Single Audit Report.

**COUNTY OF LOS ANGELES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

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. As part of the funding transfer agreement, the County was relieved of all ERA1 compliance responsibilities, which were transferred to the State. Therefore, the accompanying SEFA does not contain ERA1 expenditures. In the FY 2021-22 basic financial statements, the County recorded \$160.35 million of revenue (including the interest) and the corresponding expenditures on the fund and government-wide financial statements for ERA1. For ERA2, \$84.77 million (including the interest) is reported as advances payable.



**Independent Auditor’s Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards***

The Honorable Board of Supervisors
County of Los Angeles, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, and have issued our report thereon dated December 15, 2021, except for the report on the schedule of expenditures of federal awards, the Community Services Block Grant supplementary schedules of revenue and expenditures, and the supplementary schedule of expenditures of federal and State awards granted by California Department of Aging, as to which the date is September 28, 2022. Our report includes emphasis of matter paragraphs for the County’s adoption of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, and the advanced federal and State disaster assistance funding received by the County to supplement the County’s recovery efforts related to the Coronavirus Disease 2019 pandemic. Our report includes a reference to other auditors who audited the financial statements of the Los Angeles County Development Authority (LACDA), the Los Angeles County Children and Families First – Proposition 10 Commission (First 5 LA), and the Los Angeles County Employees Retirement Association (LACERA), as described in our report on the County’s financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County’s internal control. Accordingly, we do not express an opinion on the effectiveness of the County’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Macias Gini & O'Connell LLP

Los Angeles, California
December 15, 2021



Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

The Honorable Board of Supervisors
County of Los Angeles, California

Report on Compliance for Each Major Federal Program

We have audited the County of Los Angeles, California's (County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2021. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Los Angeles County Development Authority (LACDA) and the Los Angeles County Children and Families First – Proposition 10 Commission (First 5 LA), which expended \$605,144,916 and \$113,149, respectively, in federal awards, which are not included in the schedule of expenditures of federal awards for the year ended June 30, 2021. Our audit, described below, did not include the operations of LACDA and First 5 LA. The LACDA engaged other auditors to perform an audit of compliance. The First 5 LA did not issue a report in accordance with the audit 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) because it did not meet the reporting threshold under the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Uniform Guidance. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the County's compliance.

Basis for Qualified Opinion on the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) Program

As described in finding 2021-006 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding the following:

Finding No.	AL No.	Program Name	Compliance Requirement
2021-006	93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Reporting

Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Qualified Opinion on the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) Program

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on AL No. 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) Program for the year ended June 30, 2021.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002, 2021-003, 2021-004, 2021-005, 2021-007, 2021-008, and 2021-009. Our opinion on each major federal program is not modified with respect to these matters.

The County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-003, 2021-004, 2021-006, 2021-007, 2021-008, and 2021-009 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-005 to be a significant deficiency.

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Macias Gini & O'Connell LLP

Los Angeles, California
September 28, 2022

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Section I - Summary of Auditor's Results

(a) Financial Statements

Type of report issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified Opinion**

Internal control over financial reporting:

- Material weakness(es) identified? **No**
- Significant deficiency(ies) identified? **None reported**

Noncompliance material to the financial statements noted? **No**

(b) Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? **Yes**
- Significant deficiency(ies) identified? **Yes**

Type of auditor's report issued on compliance for major federal programs:

Unmodified for all major programs except for the following, which was qualified:

- **ALN 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a): **Yes**

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Identification of major federal programs:

AL #	Name of Federal Program or Cluster
10.561	SNAP Cluster
20.106	Airport Improvement Program and COVID-19 Airports Program
20.205	Highway Planning and Construction Cluster
21.019	Coronavirus Relief Fund
90.404	HAVA 2018 Election Security Grants
93.090	Guardianship Assistance
93.268	Immunization Cooperative Agreements
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
93.498	Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution
93.556	MaryLee Allen Promoting Safe and Stable Families Program
93.563	Child Support Enforcement
93.569	Community Services Block Grant
93.659	Adoption Assistance
93.667	Social Services Block Grant
93.889	National Bioterrorism Hospital Preparedness Program
93.958	Block Grants for Community Mental Health Services
97.036	Disaster Grants-Public Assistance (Presidentially Declared Disasters)
97.067	Homeland Security Grant Program
17.258, 17.259, 17.278	WIOA Cluster

Dollar threshold used to distinguish between Type A and Type B programs:
\$13,287,238

Auditee qualified as a low-risk auditee? **No**

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Section II – Financial Statement Findings

None noted for FY 2020-21

Section III – Federal Award Findings and Questioned Costs

Reference Number:	2021-001
Federal Program Title:	Highway Planning and Construction
Federal Assistance Listing Number:	20.205
Federal Agency:	U.S. Department of Transportation
Pass-Through Entity:	California Department of Transportation
Federal Award Number and Year:	RPSTPLE -5953 (608); Fiscal Year 2020-21
Name of Department:	Department of Public Works
Category of Finding:	Procurement and Suspension and Debarment

Criteria

In accordance with Title 2 Code of Federal Regulations (CFR) §180.200. A covered transaction is a nonprocurement or procurement transaction that is subject to the prohibitions of this part.

Per 2 CFR §180.970(a), nonprocurement transaction means any transaction, regardless of type (except procurement contracts), including, but not limited to grants.

According to 2 CFR §180.300, when the County enters into a covered transaction with another person at the next lower tier, the County must verify that the person is not excluded or disqualified. The County can do this by:

1. Checking System for Award Management (SAM) exclusions
2. Collecting a certification from that person; or
3. Adding a clause or condition to the covered transaction with that person.

Per 2 CFR §180.985 Person, person means any individual, corporation, partnership, association, unit of government, or legal entity, however organized.

Condition

During our review of the Highway Planning and Construction Program, we noted that the Department of Public Works (DPW) did not include documentation of their verification of suspension and debarment or include a contract clause or certification for one (1) vendor prior to entering into a covered transaction. Based on a subsequent review of the SAM exclusions, the vendor is not suspended or debarred.

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Cause

DPW relied on the Internal Services Department to deactivate suspended and debarred vendors from eCAPS prior to entering into a covered transaction. If a vendor's profile is deactivated, documents and transactions will not validate in eCAPS.

Effect

Failure to document verification of suspension and debarment results in noncompliance with 2 CFR §180.300, and there is a risk that federal funds may be used to pay subrecipients and vendors that are suspended or debarred.

Questioned Costs

Questioned costs were not identified.

Context

Of the six (6) contracts selected for testing, which totaled \$3,570,307 from a population of \$7,337,707 and forty one (41) contracts, there was one (1) vendor without evidence that the verification of suspension and debarment was performed before entering into a covered transaction.

This was not a statistically valid sample.

Recommendation

We recommend that DPW either: 1) include a contract clause or condition to the covered transaction with that person, 2) check the SAM exclusions prior to entering into a contract and maintain documentation of that verification, or 3) collect a certification from that person.

Views of Responsible Officials and Planned Corrective Action

1. Person responsible: Administrative Deputy
2. Corrective action plan:

Public Works (PW) agrees with the finding and recommendation. PW will: 1) include a debarment contract clause or condition to the covered transaction with that person or vendor, 2) check the vendor debarment status on System for Award Management (SAM) prior to entering into a contract and maintain documentation of that verification, or 3) collect a debarment certification from that person or vendor.

Internal Services Department (ISD) will revise the debarment language on their contract solicitations to identify any contractors who may be debarred or suspended. In addition, PW will also revise the current Purchase Request (PR) form used by PW end users to purchase materials, supplies, and services by adding a field to identify projects/requests funded with federal grants. All PW end users must complete the PR form, including the federal funding information, prior to submitting to PW Procurement for processing.

3. Anticipated implementation date: August 1, 2022

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Reference Number:	2021-002
Federal Program Title:	Community Services Block Grant (CSBG)
Federal Assistance Listing Number:	93.569
Federal Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	California Department of Community Services and Development
Federal Award Number and Year:	20F-3021, 20F-3105, 20F-3660, 20F-3744, 21F-4021; 21F-4105 Fiscal Year 2020-21
Name of Department:	Department of Public Social Services
Category of Finding:	Special Tests and Provisions – Tri-Partite Board Compliance

Criteria

In accordance with 42 United States Code (U.S.C.) §9910(b) Tri-Partite Boards, a public organization shall administer the Community Services Block Grant (CSBG) program through a Tri-Partite board, which shall have members selected by the organization and shall be composed so as to assure that not fewer than one-third of the members are persons chosen in accordance with the democratic selection procedures adequate to assure that these members:

1. Are representative of low-income individuals and families in the neighborhood served;
2. Reside in the neighborhood served; and
3. Are able to participate actively in the development, planning, implementation, and evaluation of programs funded under this chapter.

Per California Government Code §12751, the Tri-Partite board shall have:

1. One-third of the members be elected public officials, currently holding office, or their representatives;
2. At least one-third of the members are persons chosen in accordance with democratic selection procedures to represent the poor and reside in the area served; and
3. The remainder of the members are officials or members of business, industry, labor, religious, human services, education, or other major groups and interests in the community.

In addition, per the California 2020-2021 CSBG State Plan and Application (for periods from October 1, 2019 to September 30, 2020, and from October 1, 2020 to September 30, 2021), if a board vacancy of more than 12 months is identified during monitoring procedures, the California Department of Community Services and Development (CSD) determines it as a finding.

Condition

The Tri-Partite board administered for the Department of Public Social Services (DPSS) CSBG program is designed as a fifteen (15)-member board divided into three sectors: public, low-income, and private, which is equally represented by five (5) members for each sector. Per our review of the Tri-Partite board roster at July 2020 and June 2021, we noted the following two (2) vacancies during FY 2020-21.

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Sector	Start Date of Vacancy	Length of Vacancy as of June 30, 2021
Low-Income	12/20/2012	8 years, 7 months
Low-Income	4/20/2017	4 years, 3 months

In CSD’s monitoring report number C-20-025 dated December 18, 2020, CSD issued a finding over the DPSS Tri-Partite board’s long-term vacancies and indicated that the vacancies must be filled no later than December 31, 2021. The vacancies were filled on August 19, 2021 and November 18, 2021, after the fiscal year-end date of June 30, 2021. However, according to the California 2020-2021 CSBG State Plan and Application, vacancies over 12 months are considered as a finding.

Cause

DPSS demonstrated good faith efforts by conducting outreach events to fill the vacancies and is working with CSD closely to meet the requirements. However, the response rate from the community is very low, and DPSS cannot force any individuals to join the board.

Effect

Long-term vacancies on the Tri-Partite board reduce low-income representation to below the one-third minimum requirement, resulting in noncompliance with 42 U.S.C. §9910(b) and California Government Code §12751.

Questioned Costs

No questioned costs were identified.

Context

Of the fifteen (15)-member Tri-Partite board, there were two (2) vacancies from the low-income sector as of June 30, 2021. The vacancies reduced low-income representation below the one-third minimum requirement.

This is a repeat finding as indicated in the Status of Prior Years’ Findings, as finding number 2020-005.

Recommendation

We recommend that DPSS continue to work with CSD to fill the vacancies.

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Views of Responsible Officials and Planned Corrective Action

1. Person responsible: Division Chief

2. Corrective action plan:

The Department agrees with the Finding and the Recommendation. As acknowledged above under the section labeled Condition, the Low-Income vacancy from April 20, 2017 was filled on August 19, 2021, and the Low-Income vacancy from December 20, 2012 was filled on November 18, 2021, comprising a full board.

3. Anticipated implementation date: Fully implemented as of November 18, 2021.

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Reference Number:	2021-003
Federal Program Title:	Guardianship Assistance
Federal Assistance Listing:	93.090
Federal Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	California Department of Social Services
Federal Award Number and Year:	CFL No.16/17-69, 14/15-40, 11/12-18; Fiscal Year 2020-21
Name of Department:	Department of Children and Family Services
Category of Finding:	Eligibility

Criteria

The compliance criteria pertaining to the Guardianship Assistance program are as follows:

1. The kinship guardianship assistance agreement must be a written and binding document entered into through negotiations with the prospective relative guardian and contain information concerning; the amount of, and manner in which, each kinship guardianship assistance payment will be provided under the agreement, and the manner in which the payment may be adjusted periodically, in consultation with the relative guardian, based on the circumstances of the relative guardian and the needs of the child (42 USC 673(d)(1)(A)(i) and 673(d)(1)(B)(i).)
2. The Title IV-E agency may amend its Title IV-E plan to provide for a definition of a "child" as an individual who has not attained 19, 20, or 21 years old (as the Title IV-E agency may elect) (42 USC 675(8)(B)(iii)). This definition of a child will then permit payment of kinship guardianship assistance for a child who is over age 18 (where the Title IV-E agency does not determine that the child has a mental or physical disability which warrants the continuation of assistance up to age 21) only if such a youth is part of a kinship guardianship assistance agreement that is in effect under Section 473 of the Social Security Act and the youth had attained 16 years of age before the agreement became effective. As an additional requirement, a youth over age 18 must also (as elected by the Title IV-E agency) be (a) completing secondary school (or equivalent); (b) enrolled in post-secondary or vocational school; (c) participating in a program or activity that promotes or removes barriers to employment; (d) employed 80 hours a month; or (e) incapable of any of these due to a documented medical condition (42 USC 675(8)(B)).

Condition

Of the sixty (60) samples selected for testing, we noted the following exceptions:

1. One (1) sample where the form (SOC 369) Agency-Relative Guardianship Disclosure was not signed by the case social worker.
2. Two (2) samples where there was no form (KG 3) Kin-GAP Mutual Agreement for Nonminor Former Dependents. Therefore, we were not able to verify that the agreement for the participant was signed and was in effect when benefits were paid.
3. One (1) sample where there was no form (KG 1) Kin-GAP Mutual Agreement for 18 Year Olds. Therefore, we were not able to verify that the agreement for the participant was signed and was in effect when benefits were paid.

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Cause

The required forms for participants, which include the Agency-Relative Guardianship Disclosure (SOC369), Kin-GAP Mutual Agreement for Nonminor Former Dependents (KG3) and Kin-GAP Mutual Agreement for 18 Year Olds (KG1), could not be located. DCFS management represented that they were most likely misplaced.

Effect

The lack of documentation to support eligibility determinations results in questioned costs and noncompliance with 42 USC 673 and 42 USC 675.

Questioned Costs

\$32,635 (known questioned costs based on FY 2020-21 assistance payments for the 3 samples)

Context

From a population of \$34,259,698 of FY 2020-21 assistance payments, three (3) samples with total payments of \$32,635 are noted with the following exceptions:

1. One (1) sample, totaling \$13,935 did not have a signed form (SOC 369) Agency-Relative Guardianship Disclosure in the case file.
2. One (1) sample, totaling \$9,613, did not have a signed and completed form (KG 3) Kin-GAP Mutual Agreement for Nonminor Former Dependents in the case file.
3. One (1) sample, totaling \$9,087,
 - a. Did not have a signed and completed form (KG 3) Kin-GAP Mutual Agreement for Nonminor Former Dependents in the case file; and
 - b. Did not have form (KG 1) Kin-GAP Mutual Agreement for 18 Year Olds in the case file.

The sample was not a statistically valid sample.

Recommendation

We recommend that DCFS maintain required documentation and forms for Agency-Relative Guardianship Disclosure (SOC369), Kin-GAP Mutual Agreement for Nonminor Former Dependents (KG3) and Kin-GAP Mutual Agreement for 18 Year Olds (KG1) for the Guardianship Assistance case files.

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Views of Responsible Officials and Planned Corrective Action

1. Person responsible: HSAIII, Revenue Enhancement Division
2. Corrective action plan:

The Department agrees with the finding and recommendation. A memo will be sent to all Kin-GAP eligibility staff to remind them of their responsibility to ensure that all required Kin-GAP documents and forms are received and reviewed for accuracy prior to the issuance of Kin-GAP funding. The memo will also instruct the eligibility staff to ensure that all required documents are maintained in the Kin-GAP case file. Additionally, the Quality Assurance Eligibility Supervisors (QA/ES) will continue to randomly sample and review Kin-GAP case files to ensure all required forms are completed accurately and are appropriately filed in the case file.

3. Anticipated implementation date: July 1, 2022

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Reference Number:	2021-004
Federal Program Title:	National Bioterrorism Hospital Preparedness Program
Federal Assistance Listing Number:	93.889
Federal Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	N/A
Federal Award Number and Year:	U3REP190604, U3REP190604-02-00, 1U3REP190604-01-00, 6U3REP190604-01-01, 6U3REP190604-01-03, U3REP200652; Fiscal Year 2020-21
Name of Department:	Department of Health Services
Category of Finding:	Procurement and Suspension and Debarment

Criteria

In accordance with Title 2 Code of Federal Regulations (CFR) §180.200, a covered transaction is a nonprocurement or procurement transaction that is subject to the prohibitions of this part.

Per 2 CFR §180.970(a), nonprocurement transaction means any transaction, regardless of type (except procurement contracts), including, but not limited to grants.

According to 2 CFR §180.300, when the County enters into a covered transaction with another person at the next lower tier, the County must verify that the person is not excluded or disqualified. The County can do this by:

1. Checking System for Award Management (SAM) exclusions
2. Collecting a certification from that person; or
3. Adding a clause or condition to the covered transaction with that person.

Per 2 CFR §180.985 Person, person means any individual, corporation, partnership, association, unit of government, or legal entity, however organized.

Condition

During our review of the National Bioterrorism Hospital Preparedness Program, we noted that five (5) vendor contracts reviewed did not include a suspension and debarment certification clause requiring the vendor to certify that it was not suspended or debarred from participation in federally funded contracts. There was no other documentation available to demonstrate that the verification of suspension and debarment was performed prior to entering into the covered transactions. Based on a subsequent review of the SAM exclusions, those five (5) vendors are not suspended or debarred.

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Cause

The contracts for all five (5) vendors only includes standard terms and conditions regarding contractor responsibility and debarment. This lists the circumstances in which the County can debar a contractor but does not include specific language certifying the contractor is not suspended or debarred prior to entering into the contract. The clause in the contract must specifically state the entity is not suspended or debarred, not just state the terms and conditions that could lead to debarment.

Effect

Failure to verify suspension and debarment results in noncompliance with 2 CFR §180.300, and there is a risk that federal funds may be used to pay vendors that are suspended or debarred.

Questioned Costs

Questioned costs were not identified.

Context

We selected five (5) vendors for testing, whose contract expenditures totaled \$7,439 from a population of twelve (12) vendors and \$15,959. There was no evidence available that the verification of suspension and debarment was performed before entering into a covered transaction for all five (5) vendors selected.

This was not a statistically valid sample. In addition, this is a repeat finding as indicated in the Status of Prior Years' Findings as finding number 2020-009.

Recommendation

We recommend that DHS check the SAM exclusions prior to entering into a contract, maintain documentation of that verification, and add a clause to the contract that requires vendors to certify that they are not suspended or debarred.

Views of Responsible Officials and Planned Corrective Action

1. Person responsible: EMS Finance Manager
2. Corrective action plan:

Department of Health Services' Emergency Medical Services Agency (EMS) agrees with the finding and recommendation. EMS will check the SAM exclusions prior to entering into a contract, maintain documentation of that verification, and add a clause to the contract that requires vendors to certify that they are not suspended or debarred. EMS will ensure Program Managers obtain approval from the Assistant Nursing Director before submitting purchase order requests that use Hospital Preparedness Program (HPP) grant funds to ensure compliance with federal grant requirements. In addition, the EMS Finance Manager will review contract expenditures involving HPP grant funds to ensure they are posted properly.

3. Anticipated implementation date: July 1, 2022

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Reference Number:	2021-005
Federal Program Title:	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
Federal Assistance Listing Number:	93.323
Federal Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	N/A
Federal Award Number and Year:	6 NU50CK000498-02-06; Fiscal Year 2020-21
Name of Department:	Department of Public Health
Category of Finding:	Subrecipient Monitoring

Criteria

In accordance with Title 2 U.S. Code of Federal Regulations (CFR) §200.332, all pass-through entities (PTE) must:

- (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modifications.
 - (1) Federal award identification:
 - (ii) Subrecipient's unique entity identifier [generally the Data Universal Numbering System (DUNS) number]
 - (iii) Federal Award Identification Number (FAIN)
 - (xiii) Identification of whether the award is R&D
 - (xiv) Indirect cost rate for the Federal award (including if the de minimis rate is charged) per §200.414

Condition

During our review of the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) program, we selected two (2) subrecipient samples with active contracts with the Department of Public Health (DPH) during FY 2020-21 and noted that DPH did not identify the subrecipients' DUNS number, FAIN, identification whether the award is R&D, and the indirect cost rate at the time of subaward to the subrecipients.

Cause

It was an oversight by DPH personnel that information was not communicated to the subrecipients.

Effect

Failure to provide all the required subaward information results in noncompliance with 2 CFR §200.332(a). In addition, the subrecipients may not report or incorrectly report the federal award information in their Single Audit reports.

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Questioned Costs

Questioned costs were not identified.

Context

For the two (2) subrecipients selected for testing, which totaled \$17,194,620 from a population of five (5) subrecipient expenditures totaling \$25,440,227, DPH did not communicate four (4) of the required subaward data elements: the subrecipients DUNS number, FAIN, identification whether the award is R&D, and the indirect cost rate.

The sample was not a statistically valid sample.

Recommendation

We recommend that DPH perform the following procedures:

1. Provide the subaward information as required by 2 CFR §200.332(a) to subrecipients at the time of the subaward and communicate any changes in subsequent subaward modifications.
2. For existing subrecipients that were not previously provided the required elements, ensure they are communicated prior to the end of FY 2021-22.
3. Consider including placeholders for required subaward information in the contract template, which could be removed if not applicable.

Views of Responsible Officials and Planned Corrective Action

1. Person responsible: Director of the Department of Public Health
2. Corrective action plan:

The Department of Public Health (DPH) agrees with the finding and recommendations. In response to the FY 2020-2021 Single Audit, on May 2, 2022, DPH developed and distributed federal funding/award requirements for pass-through entities including Notice of Federal Subaward Information. Existing subrecipients identified in this report that were not previously provided with the Federal Subaward Information were informed prior to June 30, 2022. Additionally, DPH will include the Notice of Subaward Information as an exhibit to the DPH Contract Template. If additional funding sources are added, an additional subaward exhibit will be added through an amendment at the time of the additional subaward. Implementation would take place as DPH executes new contracts or when DPH amends an existing contract for any other purpose. In the case where the contract amount changes, the Notice of Federal Subaward Information exhibit would be replaced. Finally, a paragraph which describes the purpose of the Notice of Federal Subaward Information exhibit will be added to the DPH Contract Template. DPH will inform all Division/Program staff during the October 13, 2022, DPH Quarterly Contract Liaison meeting. DPH will provide another reminder of the Federal Subaward Information requirements, including the new contract processes by November 15, 2022, to ensure this information is provided to all existing DPH subrecipients.

3. Anticipated implementation date: November 15, 2022

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Reference Number: 2021-006
Federal Program Title: Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
Federal Assistance Listing Number: 93.323
Federal Agency: U.S. Department of Health and Human Services
Pass-Through Entity: N/A
Federal Award Number and Year: 6 NU50CK000498-02-06; Fiscal Year 2020-21
Name of Department: Department of Public Health
Category of Finding: Reporting

Criteria

In accordance with Title 2 Code of Federal Regulations (CFR) Part 170 – Reporting Subaward and Executive Compensation Information, Appendix A to Part 170 – Award Term, prime awardees awarded a Federal grant are required to file a Federal Funding Accountability and Transparency Act (FFATA) report by the end of the month following the month in which the prime awardee awards any sub-grant equal to or greater than \$30,000.

2 CFR §200.303 states that the non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition

During our review of the FFATA Reports required to be filed for Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) program, we noted that four (4) FFATA reports were not filed as required and two (2) expenditure reports were submitted after due date. Additionally, the program was unable to provide proof of timely submission and approval for four (4) Performance Measure reports.

Report Name	Reporting Period	Due Date	Date Submitted
FFATA Report	February 2021	3/31/2021	N/A
FFATA Report	April 2021	5/31/2021	N/A
FFATA Report	May 2021	6/30/2021	N/A
FFATA Report	June 2021	7/30/2021	N/A
Expenditure Report	February 2021	3/5/2021	3/10/2021
Expenditure Report	March 2021	4/5/2021	4/6/2021
Performance	7/1/2020 - 9/30/2020	10/31/2020	N/A
Performance	10/1/2020 – 12/31/2020	1/31/2021	N/A
Performance	1/1/2021 – 3/31/2021	4/30/2021	N/A
Performance	4/1/2021 – 6/30/2021	7/31/2021	N/A

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Cause

Due to working on deadlines for the closing of grants and claims submission, it was an oversight that four (4) FFATA reports were not submitted and two (2) Expenditure Reports were not submitted on a timely basis.

The program has daily meetings to highlight the report information with the Principal Investigator and Team Lead in which reporting performance measures are analyzed. However, the reporting information analyzed during the daily meeting is not documented. The program staff enters the data directly into the REDCap system for the Performance Measure reports without a review process or documenting date of submission.

Effect

Failure to submit the FFATA reports on a timely basis results in noncompliance with the reporting requirements with 2 CFR Part 170.

Failure to submit the Expenditure and Performance Measure reports on a timely basis along without documenting proper approval process is a deficiency in internal control over compliance with 2 CFR §200.303(a).

Questioned Costs

Questioned costs were not identified.

Context

Four (4) out of four (4) of the required FFATA reports were not submitted.

Two (2) out of seven (7) selected Expenditure reports were not submitted on a timely basis.

Four (4) out of four (4) selected Performance Measure reports had no proof of timely submission or documentation that the reporting information was properly approved.

The sample was not a statistically valid sample.

Recommendation

We recommend that the Department of Public Health strengthen its report submission process to ensure all reports are submitted and approved on a timely basis.

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Views of Responsible Officials and Planned Corrective Action

1. Person responsible: Director of the Department of Public Health
2. Corrective action plan:

The Department of Public Health (DPH) agrees with the findings and recommendation. In response to the FY 2020-2021 Single Audit regarding FFATA reports not filed as required, on June 24, 2022, DPH developed and distributed FFATA reporting guidance to Division/Program staff and on August 15, 2022, submitted the four FFATA reports identified in this audit. DPH will incorporate additional guidance to address known technical difficulties related to the FFATA Subaward Reporting System (FSRS) into DPH's FFATA reporting guidance and will reissue to the Division/Program staff.

In response to Expenditures reports being submitted after the due date, DPH will develop a process to ensure Expenditure reports are submitted by the funding agency's deadlines.

Finally, in response to Performance Measure reports having no proof of timely submission, given that the REDCap system does not provide a timestamp for the submitter, on August 25, 2022, DPH and Centers for Disease Control and Prevention (CDC) discussed a solution to obtain proof of timely submission into the REDCap system for Performance Measure reports via CDC's back-end process.

DPH is projecting to have most of the requirements implemented by November 1, 2022.

3. Anticipated implementation date: December 31, 2022

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Reference Number:	2021-007
Federal Program Title:	National Bioterrorism Hospital Preparedness Program
Federal Assistance Listing Number:	93.889
Federal Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	N/A
Federal Award Number and Year:	U3REP190604, U3REP190604-02-00, 1U3REP190604-01-00, 6U3REP190604-01-01, 6U3REP190604-01-03, U3REP200652; Fiscal Year 2020-21
Name of Department:	Department of Health Services
Category of Finding:	Procurement and Suspension and Debarment

Criteria

In accordance with Title 2 Code of Federal Regulations (CFR) §180.200, a covered transaction is a nonprocurement or procurement transaction that is subject to the prohibitions of this part.

According to 2 CFR §180.300, when the County enters into a covered transaction with another person at the next lower tier, the County must verify that the person is not excluded or disqualified. The County can do this by:

1. Checking System for Award Management (SAM) exclusions
2. Collecting a certification from that person; or
3. Adding a clause or condition to the covered transaction with that person.

Per 2 CFR §180.985 Person, person means any individual, corporation, partnership, association, unit of government, or legal entity, however organized.

Condition

During our review of the National Bioterrorism Hospital Preparedness Program, we noted that twenty (20) subrecipient agreements reviewed indicated the SAM verification occurred after the execution of the contract. There was no other documentation available to demonstrate that the verification of suspension and debarment was performed prior to entering into the covered transactions. Based on subsequent review of the SAM exclusions, those twenty (20) subrecipients are not suspended or debarred.

Cause

During the audit of FY 2019-20 agreements, DHS discovered that the debarment clause in the Specialty Care Center Designation Master Agreement had been omitted and this omission was not corrected until Spring 2021. Once DHS became aware of this issue, they took action to correct the issue but the FY 2020-21 agreements had already been executed. DHS then reviewed all contractors for debarment in SAMS and found that no entity had a federal debarment. However, this occurred after the contract date.

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Effect

Failure to verify suspension and debarment prior to the contract date results in noncompliance with 2 CFR §180.300, and there is a risk that federal funds may be used to pay subrecipients and vendors that are suspended or debarred.

Questioned Costs

Questioned costs were not identified.

Context

Of the twenty (20) subrecipients selected for testing, which totaled \$5,429,035 from a population of \$7,028,635 and ninety-one (91) subrecipients, there were twenty (20) subrecipients in which the verification of suspension and debarment was performed after the contract date occurred.

This was not a statistically valid sample. In addition, this is a repeat finding as indicated in the Status of Prior Years' Findings as finding number 2020-009.

Recommendation

We recommend that DHS check the SAM exclusions prior to entering into a contract, maintain documentation of that verification, and add a clause to the contract that requires subrecipients to certify they are not suspended or debarred.

Views of Responsible Officials and Planned Corrective Action

1. Person responsible: Assistant Nursing Director, Administration
2. Corrective action plan:

Department of Health Services' Emergency Medical Services Agency (EMS) agrees with the finding and recommendation. EMS will continue to check the SAM exclusions prior to entering into a contract, maintain documentation of that verification, and continue to ensure a clause is in the contract that requires subrecipients to certify they are not suspended or debarred.

3. Anticipated implementation date: April 1, 2022

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Reference Number:	2021-008
Federal Program Title:	2018 HAVA Election Security Grants
Federal Assistance Listing Number:	90.404
Federal Agency:	U.S. Election Assistance Commission
Pass-Through Entity:	California Secretary of State
Federal Award Number and Year:	20G26119; Fiscal Year 2020-21
Name of Department:	Registrar-Recorder/County Clerk
Category of Finding:	Procurement and Suspension and Debarment

Criteria

In accordance with Title 2 Code of Federal Regulations (CFR) §180.200. A covered transaction is a nonprocurement or procurement transaction that is subject to the prohibitions of this part.

Per 2 CFR §180.970(a), nonprocurement transaction means any transaction, regardless of type (except procurement contracts), including, but not limited to grants.

According to 2 CFR §180.300, when the County enters into a covered transaction with another person at the next lower tier, the County must verify that the person is not excluded or disqualified. The County can do this by:

1. Checking System for Award Management (SAM) exclusions
2. Collecting a certification from that person; or
3. Adding a clause or condition to the covered transaction with that person.

Per 2 CFR §180.985 Person, person means any individual, corporation, partnership, association, unit of government, or legal entity, however organized.

Condition

During our review of the 2018 HAVA Election Security Grants program, we noted that fourteen (14) vendor contracts reviewed did not include a suspension and debarment certification clause indicating the vendor was not suspended or debarred from participation in federally funded contracts. There was no other documentation available to demonstrate that the verification of suspension and debarment was performed prior to entering into the covered transactions. Based on a subsequent review of the SAM exclusions, those fourteen (14) vendors are not suspended or debarred.

Cause

The contracts for all fourteen (14) vendors only include standard terms and conditions regarding contractor responsibility and debarment. This lists the circumstances in which the County can debar a contractor but does not include specific language certifying the contractor is not suspended or debarred prior to entering into the contract. The clause in the contract must specifically state the entity is not suspended or debarred, not just state the terms and conditions that could lead to debarment.

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Effect

Failure to verify suspension and debarment before entering into contract could result in noncompliance with 2 CFR §180.300, as there is a risk that federal funds may be used to pay vendors that are suspended or debarred.

Questioned Costs

Questioned costs were not identified.

Context

Of the fourteen (14) vendors selected for testing, which totaled \$5,662,940 from a population of eighty-six (86) and \$13,331,041, there were fourteen (14) vendors without evidence that the verification of suspension and debarment was performed before entering into a covered transaction.

This was not a statistically valid sample.

Recommendation

We recommend that Registrar-Recorder/County Clerk check the SAM exclusions prior to entering into a contract, maintain documentation of that verification, and add a clause to the contract that requires vendors to certify that they are not suspended or debarred.

Views of Responsible Officials and Planned Corrective Action

1. Person responsible: Assistant Division Manager
2. Corrective action plan:

The Department agrees with the finding and recommendation. RR/CC will implement procedures requiring purchase requisitions to indicate if the funding is from a federal grant and, if so, the purchase process will include a requirement to verify vendors' debarment status. Documentation of the verification for contract and procurement vendors will be signed and dated by the manager and retained on file. In addition, the RR/CC will add language to contracts that requires vendors to certify that they are not suspended or debarred.

3. Anticipated implementation date: August 31, 2022

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Reference Number:	2021-009
Federal Program Title:	Coronavirus Relief Fund
Federal Assistance Listing Number:	21.019
Federal Agency:	U.S. Department of Treasury
Pass-Through Entity:	N/A
Federal Award Number and Year:	N/A
Name of Department:	County Executive Office Department of Public Health Department of Health Services Department of Workforce Development, Aging and Community Services
Category of Finding:	Subrecipient Monitoring

Criteria

In accordance with Title 2 U.S. Code of Federal Regulations (CFR) §200.332, all pass-through entities (PTE) must:

- (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modifications. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:
- (1) Federal award identification:
- (i.) Subrecipient name (which must match the name associated with its unique entity identifier);
 - (ii.) Subrecipient's unique entity identifier;
 - (iii.) Federal Award Identification Number (FAIN);
 - (iv.) Federal Award Date (see the definition of Federal award date in § 200.1 of this part) of award to the recipient by the Federal agency;
 - (v.) Subaward Period of Performance Start and End Date;
 - (vi.) Subaward Budget Period Start and End Date;
 - (vii.) Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;
 - (viii.) Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current financial obligation;
 - (ix.) Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;
 - (x.) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
 - (xi.) Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;
 - (xii.) Assistance Listings number and Title; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings Number at time of disbursement;
 - (xiii.) Identification of whether the award is R&D; and
 - (xiv.) Indirect cost rate for the Federal award (including if the de minimis rate is charged) per § 200.414.

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

- (2) All requirements imposed by the pass-through entity on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations and the terms and conditions of the Federal award;
 - (3) Any additional requirements that the pass-through entity imposes on the subrecipient in order for the pass-through entity to meet its own responsibility to the Federal awarding agency including identification of any required financial and performance reports;
 - (5) A requirement that the subrecipient permit the pass-through entity and auditors to have access to the subrecipient's records and financial statements as necessary for the pass-through entity to meet the requirements of this part; and
 - (6) Appropriate terms and conditions concerning closeout of the subaward.
- (d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

Condition

During our review of the Coronavirus Relief Fund (CRF) program, we selected nine (9) subrecipients with active contracts with the County administered by the County Executive Office (CEO), Department of Public Health (DPH), Department of Health Services (DHS) and Department of Workforce Development, Aging and Community Services during FY 2020-21 and noted that these departments did not include one or more of the required elements defined in 2 CFR §200.332 (a)(1)(2)(3)(5) and (6) in the subrecipients' agreements. One (1) subrecipient agreement did not identify the funding as federal.

The subrecipient agreements indicated that reporting was required, but were both vague and not consistent as to the level of detail or timing of when reports were due. The subrecipients selected did submit reports to the respective contracting departments for review; however, the information provided was not in a uniform and consistent format making it difficult to determine compliance with program expectations without requesting additional documentation.

Furthermore, the County's internal policy for entities doing business with the County, including subrecipients, requires that contracts and agreements include data encryption terms. None of the agreements included these requirements and per inquiry of the departments, staff were not aware of the requirement.

Cause

The CRF program is a new program and due to the challenges of remote work and other resource constraints of the COVID-19 pandemic, the County had difficulty coordinating the distribution of funds to comply with administrative requirements and focused on getting the monies out to the communities in need.

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Effect

Failure to provide all the required subaward information may result in subrecipients incorrectly reporting on federal pass-through awards in their Single Audit reports. Furthermore, not communicating clear expectations on reporting requirements may result in subrecipients claiming unallowed costs that are not detected timely.

Questioned Costs

Questioned costs were not determinable.

Context

For the nine (9) subrecipients selected for testing, which totaled \$228,935,954 from a population of one hundred (100) subrecipients with expenditures totaling \$315,799,135, the departments did not communicate all of the required subaward data elements or communicate clear expectations on reporting requirements.

The sample was not a statistically valid sample.

Recommendation

We recommend the County consider the following:

1. Design a subrecipient agreement template to include all the elements required by 2 CFR §200.332(a) and any other County required elements (e.g. data encryption requirements). Incorporate the use of the template in the contracting requirements for all departments.
2. For existing subrecipients that were not provided the required elements, provide a letter or amended agreement to include all the required elements of 2 CFR §200.332(a).
3. Include clear expectations for periodic reporting by subrecipients in the subrecipient agreement, including level of detail and timing of submission.

Views of Responsible Officials and Planned Corrective Action

1. Person responsible: Division Chief
2. Corrective action plan:

The County agrees with the finding and recommendation. The County designed a Notice of Federal Subaward Information template for departments to communicate the 14 subrecipient reporting requirements from 2 CFR §200.332(a) to their subrecipients at the time of the subaward. The County issued written correspondence to the departments instructing them in the use of the template. In addition, the correspondence reminded departments to provide all the required elements from 2 CFR §200.332(a) to existing CRF subrecipients that were not initially provided all the required elements.

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

The County reminded departments via written memo that subrecipient agreements must include clear expectations for periodic reporting, including level of detail to be reported and timing of reporting submission. The County will also remind departments that all contracts, including subrecipient agreements, need to include data encryption requirements. Existing subrecipient agreements without data encryption requirements will need to be amended by departments.

3. Anticipated implementation date: November 1, 2022

**COUNTY OF LOS ANGELES
STATUS OF PRIOR YEARS' FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

FINANCIAL STATEMENT FINDINGS:

Finding 09-04 – Protection of Information Assets (DHS)

Condition

At another hospital facility, IT assets are not currently safeguarded by an active dry fire suppression system. The server room has a Halon system, but it had been disconnected.

Recommendation

We recommend that the County evaluate options and budget for the replacement of the Halon fire suppression system because the system should be reactivated as soon as possible.

Current Year Management Response

Project has been budgetarily approved for resumption. The Department of Public Works (DPW) and the design builder conducted an initial survey to facilitate creation of a design document for the new fire suppression system. The expected completion date is June 20, 2025.

Current Status as of June 30, 2021

Partially implemented.

Finding 2020-001 – DHS - Financial Reporting – SEFA

ALN 93.889 National Bioterrorism Hospital Preparedness Program

Condition

We noted that the indirect costs of \$934,290 were not reported in the initial SEFA provided by management.

Recommendation

We recommend that DHS report indirect costs that are reimbursable by federal awards on the SEFA.

Current Year Management Response

For the Fiscal Year 2020-21, Department of Health Services' EMS claimed and reported 10% indirect and 90% direct costs when reimbursable.

Current Status as of June 30, 2021

Implemented.

**COUNTY OF LOS ANGELES
STATUS OF PRIOR YEARS' FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

FEDERAL AWARD FINDINGS:

Finding 2020-002 – DCFS – Earmarking

ALN 93.556 MaryLee Allen Promoting Safe and Stable Families Program

Condition

We noted that the Department of Children and Family Services (DCFS) did not spend a minimum of 20 percent of PSSF program funds on the Time-Limited Family Reunification (TLFR) and the Family Preservation Services (FPS) components.

Recommendation

We recommend that DCFS follow its approved QIP to reallocate the 20 percent of PSSF funding from TLFR to FPS starting in FY 2020-21 and ensure each of the other components meets the minimum 20 percent requirement without rounding.

Current Year Management Response

The TLFR funds were redistributed to our Family Preservation agencies to utilize for eligible families that were within 90 days of reunification or were within the one year of having been reunified criteria. DCFS claimed the full amount of the redistributed funds and utilized the minimum 20% allocation for the FP-FR program that was approved by the state.

Current Status as of June 30, 2021

Implemented.

Finding 2020-003 – DCFS – Allowable Costs/Cost Principles

ALN 93.558 Temporary Assistance for Needy Families; 93.658 Foster Care Title IV-E; 93.659 Adoption Assistance; 93.674 John H. Chafee Foster Care Program for Successful Transition to Adulthood

Condition

During our review of the payroll transactions, one (1) timesheet for indirect payroll and one (1) timesheet for direct payroll from the TANF program were not approved timely.

Recommendation

Recommendation

We recommend that DCFS strengthen its review process to ensure all timesheets and manual corrections are approved in a timely manner.

**COUNTY OF LOS ANGELES
STATUS OF PRIOR YEARS' FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

Current Year Management Response

DCFS Payroll management continues to provide ongoing trainings for Timekeeping staff. The Timekeeping staff continue to provide bi-monthly email notifications to all DCFS staff of their responsibility to submit their timesheets as outlined in County Fiscal Manual 3.17 *eHR Time and Attendance and Employee Self-Service System Control*, which states in pertinent part... "Managers and supervisors are responsible for reviewing, and approving or rejecting, their employee's timesheets online by the established eHR deadlines." These reminders are sent to all DCFS staff to reiterate the Department's timekeeping policies and standards. Further, for employees who remain on the Missing Timesheet Report, additional email notices are escalated up the employee's chain of command as the eHR payroll deadlines approach. To strengthen the DCFS timesheet submission process and ensure all manual corrections are submitted and processed in e-HR, in June of 2021, DCFS HR implemented a quarterly escalation process of notifying the Deputy Directors of timesheets missing within their bureaus. The goal of these email notifications is to request support from upper management with the submission of the missing timesheets and adherence with County policies and procedures.

Current Status as of June 30, 2021

Substantially implemented. Auditor noted one (1) similar issue during the FY 2020-21 audit related to another program out of 240 timesheets samples tested for the DCFS.

Finding 2020-004 – DCFS – Activities Allowed or Unallowed and Eligibility

ALN 93.659 Adoption Assistance

Condition

1. Three (3) samples where there was no criminal record check, as well as child abuse and neglect registry check in the case file.
2. Two (2) samples where there was no final decree of adoption in the case file. Therefore, we were not able to verify that the agreement for the subsidy was signed and was in effect before the final decree of adoption.

Recommendation

We recommend that DCFS maintain required documentation of criminal record checks, child abuse and neglect registry checks, and adoption order for adoption case files.

Current Year Management Response

The RFSPD revised the Adoption Assistance Program Checklist (DCFS/A 65B) with revision date of 5/11/2021. The Adoption Finalization Checklist (DCFS/A 120) is also updated with revision date of 5/26/21. Both of the forms have been distributed to all staff and have been uploaded on RFSPD Website on DCFS Intranet. The RFSPD has been training staff on the completion of accurate and complete AAP documents and random sampling of cases were completed on 12/15/2021. Instructions for AAP form completion is uploaded on RFSPD website for easy access to staff. A report is sent to Adoption managers on regular basis for AAP files containing errors as part of the corrective effort to minimize errors. Expected implementation date is December 15, 2021.

**COUNTY OF LOS ANGELES
STATUS OF PRIOR YEARS' FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

Current Status as of June 30, 2021

Partially Implemented. Auditor noted no exceptions during the FY 2020-21 audit of this program.

Finding 2020-005 – DPSS – Special Test and Provisions – Tri-Partite Board Compliance

ALN 93.569 Community Services Block Grant

Condition

CSBG program is designed as a fifteen (15)-member board divided into three sectors: public, low-income, and private, which is equally represented by five (5) members for each sector. Per our review of the tripartite board roster for July 2019 and June 2020, we noted three (3) vacancies during FY 2019-20.

Recommendation

We recommend that DPSS continue to work with CSD to fill the vacancies.

Current Year Management Response

The Public Sector vacancy from January 24, 2019 was filled on February 9, 2021, the Low-income vacancy from April 20, 2017, was filled on August 19, 2021, and the Low-Income vacancy from December 20, 2012, was filled on November 18, 2021, comprising a full board.

Current Status as of June 30, 2021

Not implemented. See current year finding 2021-002.

Finding 2020-006 – WDACS – Subrecipient Monitoring

ALN 93.569 Community Services Block Grant

Condition

We noted that WDACS did not identify the subrecipients DUNS number, FAIN, and whether the award is R&D at the time of subaward to the subrecipients.

Recommendation

1. Develop a standard template to include the subaward information as required by 2 CFR §200.331(a) and provide it to subrecipients at the time of the subaward and communicate any changes in subsequent subaward modifications.
2. For existing subrecipients that were not previously provided the required elements, ensure they are communicated prior to the end of FY 2020-21.

Current Year Management Response

WDACS implemented its CAP and now places all of the 2 CFR 200.331(a) requirements in all contracts. WDACS provides subrecipients with all required subaward notification information at the time of the subaward and at any subsequent subaward modifications.

**COUNTY OF LOS ANGELES
STATUS OF PRIOR YEARS' FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

Current Status as of June 30, 2021

Implemented.

Finding 2020-007 – DPH – Level of Effort

ALN 93.069 Public Health Emergency Preparedness

Condition

We noted that the FY 2019-20 actual expenditures for public health security were less than the average level of such expenditures maintained by the County's Department of Public Health (DPH) for the preceding two-year period.

Recommendation

We recommend that DPH maintain the required expenditures levels regardless of whether there are additional revenues to reimburse part of the public health security activities. When DPH is unable to meet the level of effort requirement, DPH should obtain written approval from the funding agency waiving such requirement.

Current Year Management Response

DPH agrees with this finding and recommendation. DPH will ensure to maintain the required expenditure levels. When the Department is unable to meet the level of effort requirement, DPH will notify CDC and obtain their written approval for waiving the requirement. Expected implementation date is November 2, 2021.

Current Status as of June 30, 2021

Not implemented.

Finding 2020-008 – DHS –Reporting

ALN 93.889 National Bioterrorism Hospital Preparedness Program

Condition

During our review of five (5) financial reports and one (1) performance report, we noted that one financial (1) report was submitted after the due date.

Recommendation

We recommend that the Department of Health Services strengthen its report submission process to ensure all reports are submitted timely.

**COUNTY OF LOS ANGELES
STATUS OF PRIOR YEARS' FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

Current Year Management Response

As of June 20, 2021, the Department of Health Services' EMS strengthened its report submission process to ensure all reports are submitted timely. On the 15th day of each month, the Health Care Financial Analyst runs the electronic Countywide Accounting and Purchasing System (eCAPS) to identify and prepare a list of all payments over \$25,000 issued to subrecipients. On or before the 20th of each month, the Health Care Financial Analyst attaches the list to the FFATA report and submits it to the EMS Financial Manager for her review and approval. Upon approval, the Health Care Financial Analyst enters the data in the FFATA Sub-Award Reporting System and files the approved report to comply with FFATA deadline submission requirements.

Current Status as of June 30, 2021

Implemented.

Finding 2020-009 – DHS –Suspension and Debarment

ALN 93.889 National Bioterrorism Hospital Preparedness Program

Condition

We noted that twenty-two (22) subrecipient agreements reviewed did not include a suspension and debarment certification clause indicating the subrecipient was not suspended or debarred from participation in federally funded contracts. In addition, one (1) vendor was verified through SAM, but not until after the covered transaction occurred.

Recommendation

We recommend that when awarding federal funds to subrecipients, DHS verify the SAM exclusions prior to entering into a contract and maintain documentation of the verification or add a clause to the contract that subrecipients certify they are not suspended or debarred by signing the contract.

Current Year Management Response

On June 18, 2021, EMS created and implemented a checklist to ensure that SAM debarment is checked prior to agreements being awarded or annual hospital exhibits being mailed out. All hospitals applying for the Calendar Year 2022 HPP funding were checked for debarment in November 2021 prior to exhibits going out. The HPP Manager verifies and approves the debarment list. Additionally, EMS created a desk procedure to make sure that future and current staff are aware of this requirement and have a procedure to follow.

**COUNTY OF LOS ANGELES
STATUS OF PRIOR YEARS' FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

The following debarment language was added to the HPP Participant Exhibit:

15.0 CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY AND VOLUNTARY EXCLUSION – LOWER TIER COVERED TRANSACTIONS (2 C.F.R. PART 376): *The Contractor hereby acknowledges that the County is prohibited from contracting with and making sub-awards to parties that are suspended, debarred, ineligible, or excluded, or whose principals are suspended, debarred, ineligible, or excluded from securing federally funded contracts. By executing this Agreement, the Contractor certifies that neither it nor any of its owners, officers, partners, directors, other principals, employees, or independent contractors is currently suspended, debarred, ineligible, or excluded from securing federally funded contracts. Further, by executing this Agreement, the Contractor certifies that, to its knowledge, none of its subcontractors, at any tier, or any owners, officers, partners, directors, other principals, employees, or independent contractors of any subcontractor is currently suspended, debarred, ineligible, or excluded from securing federally funded contracts. The Contractor shall immediately notify the County in writing, during the term of this Agreement, should it or any of the aforementioned parties either be suspended, debarred, ineligible, or excluded from securing federally funded contracts. The Contractor is responsible to reimburse the County for all associated costs (repayment, fine and/or penalty) that may be incurred as a result of inappropriate claims submitted by or on behalf of one of their staff or vendors who was excluded or suspended regardless of the Contractor's prior knowledge of such exclusion or suspension. Failure of the Contractor to comply with this provision shall constitute a material breach of this Agreement upon which the County may immediately terminate or suspend this Agreement.*

Current Status as of June 30, 2021

Implemented; however, not until late in FY 2020-21. See current year findings 2021-004 and 2021-007.

Finding 2020-010 – DPH – Allowable Costs/Cost Principles

ALN 21.019 Coronavirus Relief Fund

Condition

During our review of the payroll transactions, we noted that one (1) payroll sample selected from the Department of Public Health (DPH) had the supporting timesheets; however, the activity log that describes the COVID-19 related activities performed by the employee was not provided.

Recommendation

We recommend that DPH perform the following:

1. Provide training to employees and supervisors to ensure they understand and follow the procedures.
2. Designate personnel to verify reimbursement claims include all supporting timesheets and activity logs before submission to CEO.

**COUNTY OF LOS ANGELES
STATUS OF PRIOR YEARS' FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

Current Year Management Response

DPH will reissue an email blast to the Department's workforce to highlight the importance of completing the ICS 214 forms. In addition, DPH plans to reconcile/verify a sample of ICS 214 forms and if a problem is identified, will implement appropriate corrective actions, and expand the sample size for further reviews. Due to the surge of COVID-19 cases, reassignment of DPH staff to emergency response activities, and lack of adequate contracted staffing resources, DPH is not able to conduct the planned 10% reconciliation/verification sample size at this time. Expected implementation dates is October 1, 2021.

Current Status as of June 30, 2021

Not Implemented. No similar findings were noted during the FY 2020-21 audit.

Finding 2019-001 – Earmarking

CFDA #93.556 Promoting Safe and Stable Families

Condition

During our review of the four quarterly County Expense Claims (CEC) submitted for fiscal year (FY) 2018-19, we noted that the Department of Children and Family Services (DCFS) did not spend a minimum of 20 percent of PSSF program funds on the Time-Limited Family Reunification (TLFR) component.

Recommendation

We recommend that DCFS continues to work on a plan to spend a minimum of 20 percent of PSSF program funds on the TLFR.

Current Year Management Response

The TLFR funds were redistributed to our Family Preservation agencies to utilize for eligible families that were within 90 days of reunification or were within the one year of having been reunified criteria. DCFS claimed the full amount of the redistributed funds and utilized the minimum 20% allocation for the FP-FR program that was approved by the state.

Current Status as of June 30, 2021

Implemented.

**COUNTY OF LOS ANGELES
STATUS OF PRIOR YEARS' FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

Finding 2019-002 – Activities Allowed or Unallowed and Eligibility

CFDA #93.659 Adoption Assistance

Condition

Of the sixty (60) samples selected for testing, we noted the following exceptions:

1. Three (3) samples where Section I Three Part Special Needs Determination or Barriers to Adoption of the AAP 4 form was not fully completed to support that the children have special needs.
2. Three (3) samples where documentation of the search for non-subsidy placement section of the AAP 4 form was not fully completed.
3. Three (3) samples where the AD 4320 AAP Agreements for two (2) were not fully completed and one (1) had an incorrect agreement date.
4. One (1) sample where the Federal Eligibility section of the AAP 4 form regarding the removal of a child from his or her parent(s) was not fully completed.
5. One (1) sample where there was no criminal record check, as well as child abuse and neglect registry check in the case file.

Eligibility of AAP cases is determined when the cases are initiated. No redetermination is required, and eligible children can receive benefits until the age of 18 (or 21 if they meet specific requirements). Therefore, documentation of eligibility determination for some cases were prepared in the late 1990s or early 2000s, and the children in those cases could receive benefits in FY 2018-19 since they had not reached the age of 18 (or 21). Prior to 2010, there were many deficiencies in DCFS's documentation of eligibility determination for the program. In 2010, DCFS implemented procedures to improve the accuracy and completeness of their documentation. Four (4) of the eight (8) samples noted in this finding are cases that were initiated prior to 2010.

Recommendation

We recommend that DCFS performs the following procedures:

1. Continue to strengthen their review process to ensure completeness and accuracy on the AAP 4 - Eligibility Certification and AD 4320 – Adoption Assistance Program (AAP) Agreement.
2. Maintain adequate documentation for adoption case files.

Current Year Management Response

The RFSPD revised the Adoption Assistance Program Checklist (DCFS/A 65B) with revision date of 5/11/2021. The Adoption Finalization Checklist (DCFS/A 120) is also updated with revision date of 5/26/21. Both of the forms have been distributed to all staff and have been uploaded on RFSPD Website on DCFS Intranet. The RFSPD has been training staff on the completion of accurate and complete AAP documents and random sampling of cases were completed on 12/15/2021.

**COUNTY OF LOS ANGELES
STATUS OF PRIOR YEARS' FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

Instructions for AAP form completion is uploaded on RFSPD website for easy access to staff. A report is sent to Adoption managers on regular basis for AAP files containing errors as part of the corrective effort to minimize errors. Expected implementation date is December 15, 2021.

Current Status as of June 30, 2021

Condition 1 through 4: Implemented

Condition 5: Partially Implemented. Auditor noted no exceptions during the FY 2020-21 audit of this program.

Finding 2019-004 – Allowable Costs/Cost Principles

CFDA #93.558 Temporary Assistance for Needy Families

Condition

The Department of Children and Family Services (DCFS) has common internal controls over the payroll process for its federal programs. We selected seventy-five (75) employees, two timesheets for each employee for a total of 150 timesheets, to test allowable costs and the internal controls over this category of compliance requirements. Twenty-five (25) employees were selected from each of the three major programs below:

1. CFDA No. 93.558 Temporary Assistance for Needy Families (TANF)
2. CFDA No. 93.778 Medical Assistance Program
3. CFDA No. 93.659 Adoption Assistance

**COUNTY OF LOS ANGELES
STATUS OF PRIOR YEARS' FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

During our review of the payroll transactions, two timesheets for one (1) employee were not approved timely for the TANF program.

Timesheet Month	Timesheet Period	Approval Date	Delay in Timesheet Approval
November 2018	11/1/2018 – 11/15/2018	9/5/2019	10 Months
November 2018	11/16/2018 – 11/30/2018	9/10/2019	10 Months

Recommendation

We recommend that DCFS strengthens its review process to ensure all timesheets and manual corrections are approved in a timely manner.

Current Year Management Response

DCFS Payroll management continues to provide ongoing trainings for Timekeeping staff. The Timekeeping staff continue to provide bi-monthly email notifications to all DCFS staff of their responsibility to submit their timesheets as outlined in County Fiscal Manual 3.17 *eHR Time and Attendance and Employee Self-Service System Control*, which states in pertinent part...*"Managers and supervisors are responsible for reviewing, and approving or rejecting, their employee's timesheets online by the established eHR deadlines."* These reminders are sent to all DCFS staff to reiterate the Department's timekeeping policies and standards. Further, for employees who remain on the Missing Timesheet Report, additional email notices are escalated up the employee's chain of command as the eHR payroll deadlines approach. To strengthen the DCFS timesheet submission process and ensure all manual corrections are submitted and processed in e-HR, in June of 2021, DCFS HR implemented a quarterly escalation process of notifying the Deputy Directors of timesheets missing within their bureaus. The goal of these email notifications is to request support from upper management with the submission of the missing timesheets and adherence with County policies and procedures.

Current Status as of June 30, 2021

Substantially implemented. Auditor noted one (1) similar issue during the FY 2020-21 audit related to another program out of 240 timesheets samples tested for the DCFS.

Finding 2018-005 – Activities Allowed or Unallowed and Eligibility

CFDA #93.659 Adoption Assistance

Condition

Of the sixty (60) samples selected for testing, we noted the following exceptions to documentation requirements:

1. Two (2) samples where Section I Three Part Special Needs Determination or Barriers to Adoption of the AAP 4 form was not fully completed to support that the children have special needs.

**COUNTY OF LOS ANGELES
STATUS OF PRIOR YEARS' FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

2. Two (2) samples where there were no criminal record checks and a child abuse and neglect registry check in the case files.

Eligibility of Adoption Assistance Program cases is determined when the cases are initiated. No redetermination is required, and eligible children can receive benefits until the age of 18 (or 21 if they meet specific requirements). Therefore, documentation of eligibility determination for some cases was prepared in the late 1990s or early 2000s, and the children in those cases could receive benefits in FY 17-18 since they had not reached the age of 18 (or 21). Prior to 2010, there were many deficiencies in DCFS's documentation of eligibility determination for the program. In 2010, DCFS implemented procedures to improve the accuracy and completeness of their documentation. Two (2) of the six (6) samples noted in this finding are cases that were initiated prior to 2010.

Recommendation

We recommend that DCFS performs the following procedures:

1. Continue to strengthen their review process to ensure completeness on the AAP 4 - *Eligibility Certification*.
2. Maintain adequate documentation for adoption case files.

Current Year Management Response

The RFSPD revised the Adoption Assistance Program Checklist (DCFS/A 65B) with revision date of 5/11/2021. The Adoption Finalization Checklist (DCFS/A 120) is also updated with revision date of 5/26/21. Both of the forms have been distributed to all staff and have been uploaded on RFSPD Website on DCFS Intranet. The RFSPD has been training staff on the completion of accurate and complete AAP documents and random sampling of cases were completed on 12/15/2021. Instructions for AAP form completion is uploaded on RFSPD website for easy access to staff. A report is sent to Adoption managers on regular basis for AAP files containing errors as part of the corrective effort to minimize errors. Expected implementation date is December 15, 2021.

Current Status as of June 30, 2021

Condition 1: Implemented

Condition 2: Partially Implemented. Auditor noted no exceptions during the FY 2020-21 audit of this program.

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**COUNTY OF LOS ANGELES
DEPARTMENT OF WORKFORCE DEVELOPMENT, AGING AND COMMUNITY SERVICES
SUPPLEMENTARY SCHEDULE OF REVENUE AND EXPENDITURES
CSBG CONTRACT NO. 20F-3105
FOR THE YEAR ENDED JUNE 30, 2021**

AL #93.569

	January 1, 2020 through June 30, 2020	July 1, 2020 through May 31, 2021	Total Costs	Total Budget ⁽¹⁾
REVENUE				
Grant Revenue	\$ 135,453	\$ 156,177	\$ 291,630	\$ 294,335
Interest Income	-	500	500	-
Total Revenue	<u>135,453</u>	<u>156,677</u>	<u>292,130</u>	<u>294,335</u>
EXPENDITURES ⁽²⁾				
<u>Administrative Costs</u>				
Salaries and Wages	-	-	-	-
Fringe Benefits	-	-	-	-
Operating Expenses	-	-	-	-
Equipment	-	-	-	-
Out-of-State Travel	-	-	-	-
Contract/Consultant Services	-	-	-	-
Other Costs	-	-	-	-
Total Administrative Costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Program Costs</u>				
Salaries and Wages	7,018	10,578	17,596	17,596
Fringe Benefits	3,750	5,126	8,876	8,876
Operating Expenses	452	6,563	7,015	9,668
Equipment	-	-	-	-
Out-of-State Travel	-	-	-	-
Subcontractor/Consultant Services	124,233	133,910	258,143	258,195
Other Costs	-	-	-	-
Total Program Costs	<u>135,453</u>	<u>156,177</u>	<u>291,630</u>	<u>294,335</u>
Total Expenditures	<u>135,453</u>	<u>156,177</u>	<u>291,630</u>	<u>294,335</u>
Revenue over (under) Expenditures:	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 500</u> ⁽³⁾	<u>\$ -</u>

(1) Total budget amounts are based on the CSBG Contract Budget Summary contained in the contract (as an Attachment to the Grant Agreement) with year-end budget shifts. The interest earned on the advance in excess of \$500 was remitted to the U.S. Department of Health and Human Services.

(2) The expenditure amounts are based on the monthly California Department of Community Services and Development Expenditure Claim Reports filed with the California Department of Community Services and Development.

(3) An administrative claim for \$500 to utilize the interest earned on the advance was filed separately as a close-out claim.

**COUNTY OF LOS ANGELES
DEPARTMENT OF WORKFORCE DEVELOPMENT, AGING AND COMMUNITY SERVICES
SUPPLEMENTARY SCHEDULE OF REVENUE AND EXPENDITURES
CSBG CONTRACT NO. 20F-3744
FOR THE YEAR ENDED JUNE 30, 2021**

AL #93.569

	March 27, 2020 through <u>June 30, 2020</u>	July 1, 2020 through <u>June 30, 2021</u>	Total Costs	Total Budget ⁽¹⁾
REVENUE				
Grant Revenue	\$ -	\$ 24,184	\$ 24,184	\$ 411,487
Interest Income	-	-	-	-
Total Revenue	<u>-</u>	<u>24,184</u>	<u>24,184</u>	<u>411,487</u>
EXPENDITURES ⁽²⁾				
<u>Administrative Costs</u>				
Salaries and Wages	-	-	-	-
Fringe Benefits	-	-	-	-
Operating Expenses	-	-	-	1,487
Equipment	-	-	-	-
Out-of-State Travel	-	-	-	-
Contract/Consultant Services	-	24,184	24,184	410,000
Other Costs	-	-	-	-
Total Administrative Costs	<u>-</u>	<u>24,184</u>	<u>24,184</u>	<u>411,487</u>
<u>Program Costs</u>				
Salaries and Wages	-	-	-	-
Fringe Benefits	-	-	-	-
Operating Expenses	-	-	-	-
Equipment	-	-	-	-
Out-of-State Travel	-	-	-	-
Subcontractor/Consultant Services	-	-	-	-
Other Costs	-	-	-	-
Total Program Costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>-</u>	<u>24,184</u>	<u>24,184</u>	<u>411,487</u>
Revenue over (under) Expenditures:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Total budget amounts are based on the CSBG Contract Budget Summary contained in the contract (as an Attachment to the Grant Agreement) with year-end budget shifts.

(2) The expenditure amounts are based on the monthly California Department of Community Services and Development Expenditure Claim Reports filed with the California Department of Community Services and Development.

**COUNTY OF LOS ANGELES
DEPARTMENT OF WORKFORCE DEVELOPMENT, AGING AND COMMUNITY SERVICES
SUPPLEMENTARY SCHEDULE OF REVENUE AND EXPENDITURES
CSBG CONTRACT NO. 20F-3744 DISCRETIONARY
FOR THE YEAR ENDED JUNE 30, 2021**

AL #93.569

	October 1, 2020 through <u>June 30, 2021</u>	Total <u>Costs</u>	Total Budget ⁽¹⁾ <u></u>
REVENUE			
Grant Revenue	\$ 491	\$ 491	\$ 40,370
Interest Income	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>491</u>	<u>491</u>	<u>40,370</u>
EXPENDITURES ⁽²⁾			
<u>Administrative Costs</u>			
Salaries and Wages	-	-	-
Fringe Benefits	-	-	-
Operating Expenses	-	-	-
Equipment	-	-	-
Out-of-State Travel	-	-	-
Contract/Consultant Services	-	-	-
Other Costs	<u>-</u>	<u>-</u>	<u>-</u>
Total Administrative Costs	<u>-</u>	<u>-</u>	<u>-</u>
<u>Program Costs</u>			
Salaries and Wages	-	-	-
Fringe Benefits	-	-	-
Operating Expenses	-	-	-
Equipment	-	-	-
Out-of-State Travel	-	-	-
Subcontractor/Consultant Services	-	-	-
Other Costs	<u>491</u>	<u>491</u>	<u>40,370</u>
Total Program Costs	<u>491</u>	<u>491</u>	<u>40,370</u>
Total Expenditures	<u>491</u>	<u>491</u>	<u>40,370</u>
Revenue over (under) Expenditures:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Total budget amounts are based on the CSBG Contract Budget Summary contained in the contract (as an Attachment to the Grant Agreement) with year-end budget shifts.

(2) The expenditure amounts are based on the monthly California Department of Community Services and Development Expenditure Claim Reports filed with the California Department of Community Services and Development.

**COUNTY OF LOS ANGELES
DEPARTMENT OF WORKFORCE DEVELOPMENT, AGING AND COMMUNITY SERVICES
SUPPLEMENTARY SCHEDULE OF REVENUE AND EXPENDITURES
CSBG CONTRACT NO. 21F-4105
FOR THE YEAR ENDED JUNE 30, 2021**

AL #93.569

	January 1, 2021 through <u>June 30, 2021</u>	Total <u>Costs</u>	Total <u>Budget⁽¹⁾</u>
REVENUE			
Grant Revenue	\$ 78,435	\$ 78,435	\$ 294,335
Interest Income	-	-	-
Total Revenue	<u>78,435</u>	<u>78,435</u>	<u>294,335</u>
EXPENDITURES ⁽²⁾			
<u>Administrative Costs</u>			
Salaries and Wages	-	-	-
Fringe Benefits	-	-	-
Operating Expenses	-	-	-
Equipment	-	-	-
Out-of-State Travel	-	-	-
Contract/Consultant Services	-	-	-
Other Costs	-	-	-
Total Administrative Costs	<u>-</u>	<u>-</u>	<u>-</u>
<u>Program Costs</u>			
Salaries and Wages	13,366	13,366	22,292
Fringe Benefits	8,419	8,419	14,043
Operating Expenses	-	-	-
Equipment	-	-	-
Out-of-State Travel	-	-	-
Subcontractor/Consultant Services	56,650	56,650	258,000
Other Costs	-	-	-
Total Program Costs	<u>78,435</u>	<u>78,435</u>	<u>294,335</u>
Total Expenditures	<u>78,435</u>	<u>78,435</u>	<u>294,335</u>
Revenue over (under) Expenditures:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Total budget amounts are based on the CSBG Contract Budget Summary contained in the contract (as an Attachment to the Grant Agreement) with year-end budget shifts.

(2) The expenditure amounts are based on the monthly California Department of Community Services and Development Expenditure Claim Reports filed with the California Department of Community Services and Development.

**COUNTY OF LOS ANGELES
DEPARTMENT OF WORKFORCE DEVELOPMENT, AGING AND COMMUNITY SERVICES
SUPPLEMENTARY SCHEDULE OF REVENUE AND EXPENDITURES
CSBG CONTRACT NO. 20F-3105 DISCRETIONARY
FOR THE YEAR ENDED JUNE 30, 2021**

AL #93.569

	June 1, 2020 through <u>June 30, 2020</u>	July 1, 2020 through <u>May 31, 2021</u>	Total Costs	Total Budget ⁽¹⁾
REVENUE				
Grant Revenue	\$ -	\$ 32,000	\$ 32,000	\$ 32,000
Interest Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>-</u>	<u>32,000</u>	<u>32,000</u>	<u>32,000</u>
EXPENDITURES ⁽²⁾				
<u>Administrative Costs</u>				
Salaries and Wages	-	-	-	-
Fringe Benefits	-	-	-	-
Operating Expenses	-	-	-	-
Equipment	-	-	-	-
Out-of-State Travel	-	-	-	-
Contract/Consultant Services	-	-	-	-
Other Costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Administrative Costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Program Costs</u>				
Salaries and Wages	-	933	933	933
Fringe Benefits	-	587	587	587
Operating Expenses	-	480	480	480
Equipment	-	-	-	-
Out-of-State Travel	-	-	-	-
Subcontractor/Consultant Services	-	30,000	30,000	30,000
Other Costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Program Costs	<u>-</u>	<u>32,000</u>	<u>32,000</u>	<u>32,000</u>
Total Expenditures	<u>-</u>	<u>32,000</u>	<u>32,000</u>	<u>32,000</u>
Revenue over (under) Expenditures:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Total budget amounts are based on the CSBG Contract Budget Summary contained in the contract (as an Attachment to the Grant Agreement) with year-end budget shifts.

(2) The expenditure amounts are based on the monthly California Department of Community Services and Development Expenditure Claim Reports filed with the California Department of Community Services and Development.

**COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC SOCIAL SERVICES
SUPPLEMENTARY SCHEDULE OF REVENUE AND EXPENDITURES
CSBG CONTRACT NO. 20F-3021
FOR THE YEAR ENDED JUNE 30, 2021**

AL #93.569

	January 1, 2020 through <u>June 30, 2020</u>	July 1, 2020 through <u>May 31, 2021</u>	Total Costs	Total Budget ⁽¹⁾
REVENUE				
Grant Revenue	\$ 1,046,823	\$ 5,212,821	\$ 6,259,644	\$ 6,259,644
CSBG Discretionary	<u>-</u>	<u>32,000</u>	<u>32,000</u>	<u>32,000</u>
Total Revenue	<u>1,046,823</u>	<u>5,244,821</u>	<u>6,291,644</u>	<u>6,291,644</u>
EXPENDITURES ⁽²⁾				
<u>Administrative Costs</u>				
Salaries and Wages	117,958	264,752	382,710	382,710
Fringe Benefits	70,278	155,521	225,799	225,799
Operating Expenses	-	15,560	15,560	15,560
Equipment	-	-	-	-
Out-of-State Travel	-	-	-	-
Contract/Consultant Services	-	-	-	-
Other Costs	<u>32,712</u>	<u>82,902</u>	<u>115,614</u>	<u>115,614</u>
Total Administrative Costs	<u>220,948</u>	<u>518,735</u>	<u>739,683</u>	<u>739,683</u>
<u>Program Costs</u>				
Salaries and Wages	98,083	611,598	709,681	709,681
Fringe Benefits	58,330	346,263	404,593	404,593
Operating Expenses	-	-	-	-
Equipment	-	-	-	-
Out-of-State Travel	-	-	-	-
Subcontractor/Consultant Services	638,393	3,587,404	4,225,797	4,225,797
Other Costs	<u>31,069</u>	<u>180,821</u>	<u>211,890</u>	<u>211,890</u>
Total Program Costs	<u>825,875</u>	<u>4,726,086</u>	<u>5,551,961</u>	<u>5,551,961</u>
Total Expenditures	<u>1,046,823</u>	<u>5,244,821</u>	<u>6,291,644</u>	<u>6,291,644</u>
Revenue over (under) Expenditures:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) The expenditure and total budget amounts are based on the CSBG Contract Budget Summary contained in the contract (as Attachment I to the Grant Agreement). The Contract Budget amounts are for the 17-month period which began on January 1, 2020 and ended on May 31, 2021.

(2) The expenditure amounts are based on the monthly CSBG Expenditure Claim Reports filed with the California Department of Community Services and Development during the 17-month period which began on January 1, 2020 and ended on May 31, 2021.

**COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC SOCIAL SERVICES
SUPPLEMENTARY SCHEDULE OF REVENUE AND EXPENDITURES
CSBG CARES ACT CONTRACT NO. 20F-3660
FOR THE YEAR ENDED JUNE 30, 2021**

AL #93.569

	March 27, 2020 through <u>June 30, 2021</u>	Total Costs	Total Budget ⁽¹⁾
REVENUE			
Grant Revenue	\$ 1,239,973	\$ 1,239,973	\$ 8,489,288
CSBG Discretionary	40,370	40,370	40,370
Interest Income	-	-	-
Total Revenue	<u>1,280,343</u>	<u>1,280,343</u>	<u>8,529,658</u>
EXPENDITURES ⁽²⁾			
<u>Administrative Costs</u>			
Salaries and Wages	22,802	22,802	53,029
Fringe Benefits	13,297	13,297	31,287
Operating Expenses	-	-	-
Equipment	-	-	-
Out-of-State Travel	-	-	-
Contract/Consultant Services	-	-	-
Other Costs	<u>7,220</u>	<u>7,220</u>	<u>15,684</u>
Total Administrative Costs	<u>43,319</u>	<u>43,319</u>	<u>100,000</u>
<u>Program Costs</u>			
Salaries and Wages	21,292	21,292	21,292
Fringe Benefits	12,350	12,350	12,350
Operating Expenses	-	-	-
Equipment	-	-	-
Out-of-State Travel	-	-	-
Subcontractor/Consultant Services	1,196,654	1,196,654	8,389,288
Other Costs	<u>6,728</u>	<u>6,728</u>	<u>6,728</u>
Total Program Costs	<u>1,237,024</u>	<u>1,237,024</u>	<u>8,429,658</u>
Total Expenditures	<u>1,280,343</u>	<u>1,280,343</u>	<u>1,280,343</u>
Revenue over (under) Expenditures:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,249,315 ⁽³⁾</u>

(1) The expenditure and total budget amounts are based on the CSBG Contract Budget Summary contained in the contract (as Attachment I to the Grant Agreement). The Contract Budget amounts are from March 27, 2020 through May 31, 2022.

(2) The expenditure amounts are based on the monthly CSBG CARES Expenditure Claim Reports filed with the California Department of Community Services and Development from March 27, 2020 through June 30, 2021.

(3) The grant balance of this contract was \$7,249,315 as of June 30, 2021. This amount will be expended during FY 2021-22.

**COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC SOCIAL SERVICES
SUPPLEMENTARY SCHEDULE OF REVENUE AND EXPENDITURES
CSBG CONTRACT NO. 21F-4021
FOR THE YEAR ENDED JUNE 30, 2021**

AL #93.569

	January 1, 2021 through June 30, 2021	Total Costs	Total Budget ⁽¹⁾
REVENUE			
Grant Revenue	\$ 830,147	\$ 830,147	\$ 6,259,644
Interest Income	-	-	-
Total Revenue	<u>830,147</u>	<u>830,147</u>	<u>6,259,644</u>
EXPENDITURES ⁽²⁾			
<u>Administrative Costs</u>			
Salaries and Wages	140,059	140,059	384,026
Fringe Benefits	80,794	80,794	222,735
Operating Expenses	7	7	20,860
Equipment	-	-	2,000
Out-of-State Travel	-	-	-
Contract/Consultant Services	-	-	-
Other Costs	<u>45,323</u>	<u>45,323</u>	<u>121,352</u>
Total Administrative Costs	<u>266,183</u>	<u>266,183</u>	<u>750,973</u>
<u>Program Costs</u>			
Salaries and Wages	133,654	133,654	685,428
Fringe Benefits	67,901	67,901	390,694
Operating Expenses	-	-	-
Equipment	-	-	-
Out-of-State Travel	-	-	-
Subcontractor/Consultant Services	311,436	311,436	4,217,325
Other Costs	<u>50,973</u>	<u>50,973</u>	<u>215,224</u>
Total Program Costs	<u>563,964</u>	<u>563,964</u>	<u>5,508,671</u>
Total Expenditures	<u>830,147</u>	<u>830,147</u>	<u>830,147</u>
Revenue over (under) Expenditures:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,429,497</u> ⁽³⁾

(1) The expenditure and total budget amounts are based on the CSBG Contract Budget Summary contained in the contract (as Attachment I to the Grant Agreement). The Contract Budget amounts are for the 17-month period which began on January 1, 2021 and ends on May 31, 2022.

(2) The expenditure amounts are based on the monthly CSBG Expenditure Claim Reports filed with the California Department of Community Services and Development during a 6-month period which began on January 1, 2021 and ended on June 30, 2021.

(3) The grant balance of this contract was \$5,429,497 as of June 30, 2021. This amount will be expended during FY 2021-22.

**COUNTY OF LOS ANGELES
WORKFORCE DEVELOPMENT, AGING AND COMMUNITY SERVICES
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
GRANTED BY CALIFORNIA DEPARTMENT OF AGING
FOR THE YEAR ENDED JUNE 30, 2021**

Grant Name	ALN	Single Audit		Total
		Federal Expenditures	State Expenditures	
Older American Title V Project	17.235	\$ 1,485,190	\$ -	\$ 1,485,190
Area Agency on Aging HICAP (H9 Fed)	93.324	316,447	-	316,447
Area Agency on Aging HICAP (H3 Fed and H12 State)	93.324	58,236	590,563	648,799
Financial Alignment (FA2021-19)	93.634	34,165	-	34,165
Medicare Improvements for Patients and Providers Act (MI1819-19)	93.071	45,416	-	45,416
Medicare Improvements for Patients and Providers Act (MI2021-19)	93.071	92,751	-	92,751
CalFresh Expansion - Contract (CF-1920-19)	10.561	39,964	-	39,964
Supplemental Nutrition Assistance Program - Education (SNAP-ED) - (SP1920-19)	10.561	74,826	-	74,826
Supplemental Nutrition Assistance Program - Education (SNAP-ED) - (SP2021-19)	10.561	133,912	-	133,912
TOTAL OTHERS		2,280,907	590,563	2,871,470
Ombudsman SNF	*	-	243,708	243,708
Ombudsman Initiative	*	-	422,412	422,412
Ombudsman PH L&C	*	-	51,307	51,307
Area Agency on Aging Title III E	93.052	2,787,229	-	2,787,229
Area Agency on Aging III B	93.044	5,310,914	906,502	6,217,416
Title VII - Ombudsman	93.042	138,654	-	138,654
Area Agency on Aging III C-I	93.045	6,967,648	1,433,095	8,400,743
Area Agency on Aging III C-II	93.045	5,067,044	2,330,089	7,397,133
Title VII - Elder Abuse Prevention	93.041	85,551	-	85,551
Area Agency on Aging III D	93.043	487,986	-	487,986
Area Agency on Aging III USDA C-I	93.053	887,492	-	887,492
Area Agency on Aging III USDA C-II	93.053	726,890	-	726,890
TOTAL TITLE III AND VII		22,459,408	5,387,113	27,846,521
FFCRA - Congregate Nutrition Title IIIC1	93.045	60,383	-	60,383
FFCRA - Home-Delivered Meals Title IIIC2	93.045	346,753	-	346,753
TOTAL FFCRA		407,136	-	407,136
COVID-19 - Coronavirus Aid, Relief, and Economic Security - OMB	93.042	241,211	-	241,211
COVID-19 - Coronavirus Aid, Relief, and Economic Security - IIIB	93.044	126,818	-	126,818
COVID-19 - Coronavirus Aid, Relief, and Economic Security - HD	93.045	4,464,702	-	4,464,702
TOTAL CARES		4,832,731	-	4,832,731
TOTAL		\$ 29,980,182	\$ 5,977,676	\$ 35,957,858

*This grant does not have an Assistance Listing Number. It is 100% State-funded.