



County of Los Angeles, California Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2022
Arlene Barrera • Auditor-Controller

County of Los Angeles, California
Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2022

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

COUNTY OF LOS ANGELES, CALIFORNIA
 ANNUAL COMPREHENSIVE FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2022
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**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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AUDITOR-CONTROLLER

OSCAR VALDEZ
CHIEF DEPUTY AUDITOR-CONTROLLER

ASSISTANT AUDITOR-CONTROLLERS

ROBERT G. CAMPBELL
KAREN LOQUET
CONNIE YEE

December 19, 2022

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

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

In accordance with Section 25253 of the Government Code of California, I hereby submit the Annual Comprehensive Financial Report (ACFR) of the County of Los Angeles for the year ended June 30, 2022. The report contains financial statements that have been prepared in accordance with generally accepted accounting principles (GAAP) prescribed for governmental entities, and provides a comprehensive overview of the County's financial operations and financial position. The accuracy, completeness and fairness of the presentation of all information in this report are the responsibility of the County.

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

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

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

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

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

LOS ANGELES COUNTY AND ITS SERVICES

Los Angeles County was established by an act of the State Legislature on February 18, 1850 as one of California's original 27 counties. Located in the southern portion of the State, the County covers 4,083 square miles. With a population of over 10 million, its population is the largest of any county in the nation.

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

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

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

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

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

ECONOMIC OVERVIEW

With a Gross Domestic Product of \$862 billion in 2021, Los Angeles County's economy is larger than that of 45 states and all but 18 countries. The County serves as the central trade district for the western United States and the gateway to the Asian economies, as it has evolved into a leader in international commerce and investments. The County's economy experienced strong growth in 2021, with an increase in economic output of 6.8%, as measured by Gross Product and increases in taxable sales of 21.9%.

During Fiscal Year (FY) 2016-17, voters approved various State and local ballot measures that could generate approximately \$151 billion in funding for capital infrastructure and public services in the County. In the June and November 2016 elections, the voters in school and community college districts passed over \$9.4 billion in general obligation bond measures supported by ad valorem taxes to finance new capital construction and improvement projects. As of December 31, 2021, school and community college districts had approximately \$19.7 billion of previously authorized, but unissued bond capacity.

In 2008, voters approved Measure R, a 30-year increase of one-half cent in sales tax to fund major public transit projects, including extending light rail to the Los Angeles International Airport (LAX), and a subway to Westwood. Revenues will also fund street and sidewalk repairs throughout the County, new bike paths, and earthquake retrofits for bridges. Measure M, approved by voters in 2016 provides an indefinite extension of Measure R and is projected to generate \$120 million of sales tax revenue annually over the next 40 years for the Los Angeles County Metropolitan Transit Authority to finance new transportation infrastructure projects.

On November 6, 2018, voters approved Measure W, the Safe Clean Water Program, which is expected to generate approximately \$300 million for the County's Flood Control District through a parcel tax. Revenues will be used to modernize the County's 100-year old water system to protect public health, our environment, and maximize a cleaner, locally controlled water supply.

In addition, hospitals throughout the County are engaged in building programs to meet stricter earthquake standards and other regulatory requirements. These major construction projects, combined with terminal expansions under way at the two primary seaports (Port of Los Angeles and Port of Long Beach), LAX, and the Metro Light Rail System have provided continued support to the job market in the County.

The County enjoys a diverse industrial base, with employment in wholesale and retail trade, health care, manufacturing, and leisure and hospitality being the leading employment sectors in the private economy. The two major seaports in the County, located in the cities of Los Angeles and Long Beach, encompass the largest port complex in the nation as measured by cargo tonnage and the number of containers handled, and on a combined basis rank ninth largest among the world's port facilities. The County's technology sector, known as "Silicon Beach," has become a large and growing source of highly compensated jobs and this sector employed 183,300 workers in 2021.

INTERNAL AND BUDGETARY CONTROLS

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

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

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

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

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

BUDGET OUTLOOK AND MAJOR INITIATIVES

The FY 2022-23 Budget of \$44.6 billion assumes increases of \$448 million in Mental Health Services Act (MHSA) funds, \$370 million in State, federal and other outside funding sources, and \$269 million in anticipated prior year savings.

NEWLY FUNDED PROGRAM INITIATIVES

Outlined below are examples of significant program initiatives that were funded or augmented by the FY 2022-23 Budget process:

- \$278.9 million to the Cares First Community Investment Initiative to, among other things, provide permanent supportive housing, community operated youth centers, reentry services, violence prevention and gang intervention services, and other applicable programs to address negative outcomes caused by racially driven criminal justice inequities and long-term community economic disinvestment.
- \$132 million to support CalWORKS families living in deep poverty.
- \$75 million of a new \$125 million multi-year commitment to support the Department of Justice consent decree and relieve overcrowding at the Inmate Reception Center.
- \$47.8 million to launch the Justice, Care and Opportunities Department, which will have programs focused on rapid diversion, pretrial release, and expanding capacity of community-based organizations that can provide supportive services.

CAPITAL ASSET AND DEFERRED MAINTENANCE INITIATIVES

The County continues to plan for, and fund high priority capital asset projects that address health, public safety, recreation, and infrastructure needs. Many capital asset initiatives are multi-year in nature and the FY 2022-23 Budget provides one-time funding of over \$1.3 billion for initiatives in progress as well as new projects. During FY 2021-22, eight capital projects were completed at a total cost over \$730 million, including the Vermont Corridor Project Site and the Martin Luther King, Jr. Medical Center Behavioral Health Center.

The County continues to invest in deferred maintenance to meet performance requirements and expectations for its facilities. The FY 2022-23 Budget earmarks \$112 million for high priority repairs, maintenance, and accessibility modifications needs at County facilities, including juvenile halls, animal shelters, beaches, parks, and for various roof repairs.

STRATEGIC PLANNING INITIATIVES

The County is actively working to update its FY 2016-2021 Strategic Plan, *Creating Connections: People, Communities, and Government*. The current plan includes an updated vision, mission, and values, with three new goals, 10 strategies and objectives with a focus on Board priorities and initiatives.

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

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

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

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

LONG-TERM FINANCIAL PLANNING

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

- Ongoing costs should be funded with ongoing revenues. Aligning continuing expenditures with continuing revenues, on a level that can be reasonably sustained, will foster stability, predictability, and long-range planning, while avoiding volatility in service levels. Before expanding services, use new, ongoing revenues to meet

current obligations and reduce reliance on one-time funding. New programs should not be proposed without identifying specific and continuous funding sources.

- Budget decisions should be considered within the context of revenues and expenditures projected beyond a single fiscal year. A long-range forecast should be developed and maintained to reflect continuing programs, anticipated new initiatives, revenue changes, cost increases, potential problem issues, and other factors that may impact strategies for maintaining a balanced budget over several years.

On June 22, 2009, the Board established a “Reserve for Rainy Day” (Reserve) account within the County’s General Fund, which is intended to protect essential County programs against unforeseen emergencies and economic downturns. On May 3, 2022, the Board increased the Reserve cap from 10% to 17% of on-going locally generated revenue. Transfers, at a minimum of 10% of excess fund balance, less Board approved carryover balances, are required to be set aside in the Reserve until the 17% cap is met.

For the year ended June 30, 2011, the County implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54), “Fund Balance Reporting and Governmental Fund Type Definitions.” The County’s policies for use of the Reserve are not within the GASB 54 definition of a stabilization arrangement. Therefore, the Reserve is classified as General Fund unassigned fund balance in the GAAP financial statements. As of June 30, 2022, the Reserve balance was \$758.4 million, and was increased to \$854.9 million as part of the FY 2022-23 Final Budget.

OTHER INFORMATION

INDEPENDENT AUDIT

The basic financial statements have been audited by Macias Gini & O’Connell LLP (MGO). In accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), MGO is also in the process of completing an annual financial and compliance audit of federal funds received by the County in FY 2021-22. The County’s single audit for FY 2020-21 has been completed.

AWARDS

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

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

The Honorable Members of the Board of Supervisors and
Citizens of County of Los Angeles
December 19, 2022
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A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

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

Sincerely,

A handwritten signature in black ink, appearing to read "Arlene Barrera".

Arlene Barrera
Auditor-Controller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**County of Los Angeles
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

COUNTY OF LOS ANGELES
BOARD OF SUPERVISORS AND PRINCIPAL COUNTY OFFICIALS
AS OF JUNE 30, 2022

BOARD OF SUPERVISORS

Holly J. Mitchell, Chair
Second District

Hilda L. Solis
First District

Sheila Kuehl
Third District

Janice Hahn
Fourth District

Kathryn Barger
Fifth District

Celia Zavala
Executive Officer
Board of Supervisors

PRINCIPAL COUNTY OFFICIALS

Jeffrey Prang
Assessor

George Gascón
District Attorney

Alex Villanueva
Sheriff

Fesia A. Davenport
Chief Executive Officer

Keith Knox
Treasurer and Tax Collector

Arlene Barrera
Auditor-Controller

Dawyn Harrison
Acting County Counsel

COUNTY OF LOS ANGELES

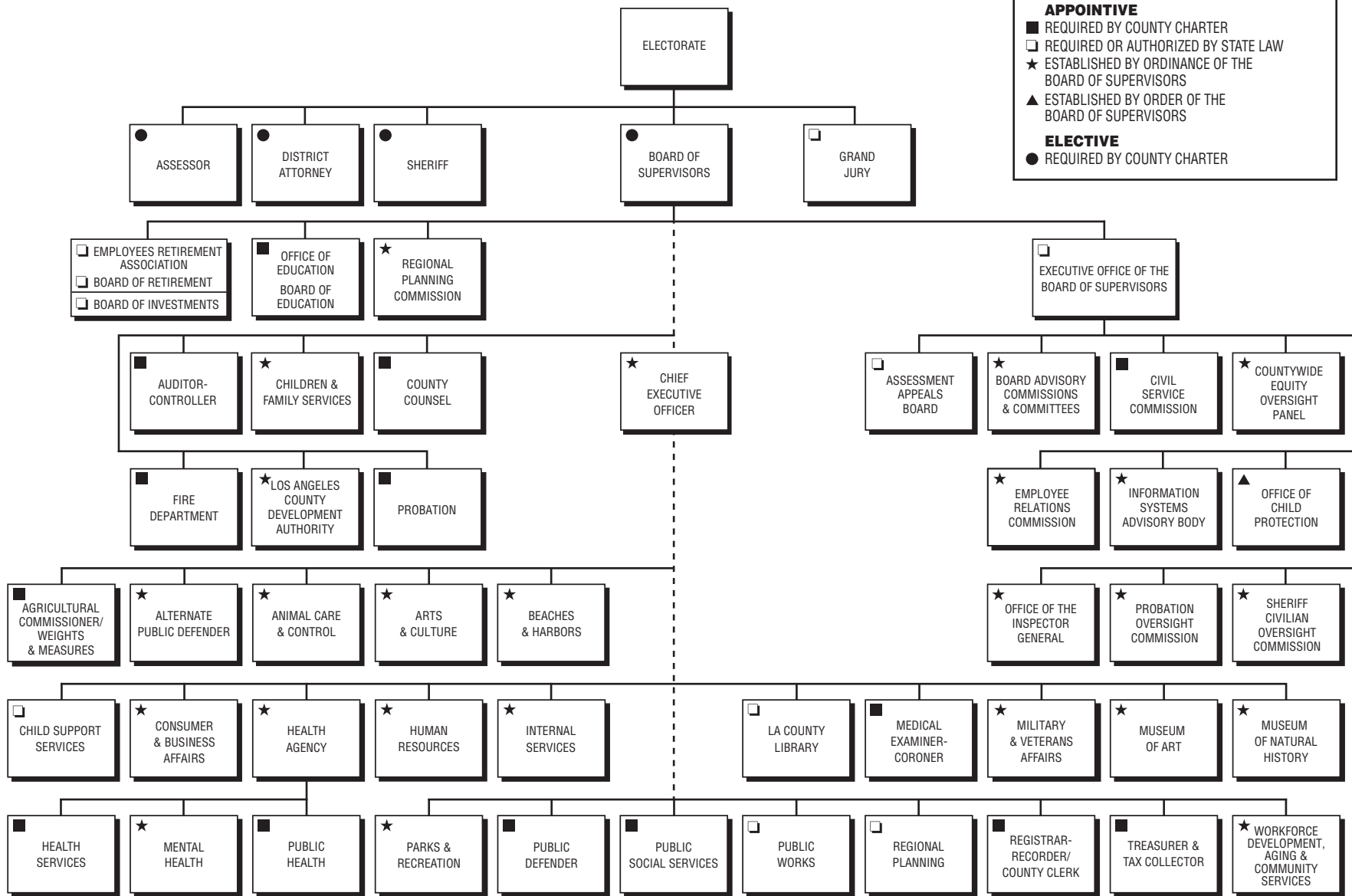
LEGEND

APPOINTEE

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

ELECTIVE

- REQUIRED BY COUNTY CHARTER







Independent Auditor’s Report

The Honorable Board of Supervisors
County of Los Angeles, California

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying 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 as of June 30, 2022, 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.

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	69%	70%	2%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for LACDA, First 5 LA, and LACERA, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matters

As discussed in Note 2 to the basic financial statements, effective July 1, 2021, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

As discussed in Note 21 to the financial statements, in March 2020, a presidential emergency was declared due to the Coronavirus Disease 2019 (COVID-19) pandemic. The County was advanced federal and State disaster assistance funding to supplement the County's recovery efforts. As of June 30, 2022, the County reported \$1.72 billion in advances payable (unearned revenues) related to these advances. Our opinions are not modified with respect to this matter.

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 is the responsibility of management and, 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.

Supplementary 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 combining and individual fund statements and schedules are presented for purposes of additional analysis 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. The 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 GAAS. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Macias Gini & O'Connell LLP

Los Angeles, California
December 19, 2022

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2022**

This section of the County's Annual Comprehensive Financial Report (ACFR) presents a narrative overview and analysis of financial activities for the year ended June 30, 2022. 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 \$10.590 billion. Net position is classified into three categories and the unrestricted component was negative \$33.200 billion.

During the current year, the County implemented Governmental Accounting Standards Board Statement (GASB) No. 87, "Leases" (GASB 87), and recognized certain lease assets and liabilities, as a lessor, that were previously classified as operating and capital leases. In addition, lease receivables and deferred inflow of resources, as a lessor, were added to the basic financial statements. GASB 87 had an effect on the County's beginning net position, which was restated and decreased governmental activities and increased business-type activities net position by \$135 million and \$124 million, respectively. In addition, the beginning net position was impacted by a correction to a prior period. See further discussion in Note 2 to the basic financial statements.

During the current year, the County's net position increased by \$2.339 billion. Net position related to governmental activities increased by \$1.244 billion, while net position related to business-type activities increased by \$1.095 billion.

At the end of the current year, the County's General Fund reported a total fund balance of \$5.618 billion. The fund balance categories and amounts consisted of nonspendable fund balance of \$285 million, restricted fund balance of \$65 million, committed fund balance of \$760 million, assigned fund balance of \$774 million, and \$3.734 billion of unassigned fund balance.

The County's capital asset balances were \$22.375 billion at year-end and increased by \$1.652 billion during the year.

During the current year, the County's long-term debt related to bonds, notes and loans from direct borrowings and direct placements decreased by \$42 million. Newly issued and accreted long-term debt of \$900 million was more than the long-term debt maturities of \$942 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, 2022**

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, 2022**

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 Fund are all considered major funds for presentation purposes. There is one nonmajor enterprise fund (Aviation Fund) and it is displayed with the other major enterprise funds.
- **Fiduciary Funds** - 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 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, 2022**

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 \$10.590 billion at the close of the most recent fiscal year.

Summary of Net Position
As of June 30, 2022 and 2021 (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
		(1)		(1)		(1)
Current and other assets	\$ 21,683,997	\$ 17,185,410	\$ 4,146,378	\$ 3,295,402	\$ 25,830,375	\$ 20,480,812
Capital assets	19,202,670	17,603,915	3,172,279	3,118,699	22,374,949	20,722,614
Total assets	<u>40,886,667</u>	<u>34,789,325</u>	<u>7,318,657</u>	<u>6,414,101</u>	<u>48,205,324</u>	<u>41,203,426</u>
Deferred outflows of resources	11,493,075	13,404,038	1,783,810	2,103,974	13,276,885	15,508,012
Current and other liabilities	7,750,943	6,123,568	779,092	710,873	8,530,035	6,834,441
Long-term liabilities	39,028,682	47,944,269	7,285,745	9,363,234	46,314,427	57,307,503
Total liabilities	<u>46,779,625</u>	<u>54,067,837</u>	<u>8,064,837</u>	<u>10,074,107</u>	<u>54,844,462</u>	<u>64,141,944</u>
Deferred inflows of resources	14,715,572	4,350,095	2,512,350	1,137,747	17,227,922	5,487,842
Net position:						
Net investment in capital assets	15,588,360	15,649,484	2,309,804	2,071,584	17,898,164	17,721,068
Restricted	4,646,341	4,297,717	65,363	66,423	4,711,704	4,364,140
Unrestricted (deficit)	<u>(29,350,156)</u>	<u>(30,171,770)</u>	<u>(3,849,887)</u>	<u>(4,831,786)</u>	<u>(33,200,043)</u>	<u>(35,003,556)</u>
Total net position	<u>\$ (9,115,455)</u>	<u>\$ (10,224,569)</u>	<u>\$ (1,474,720)</u>	<u>\$ (2,693,779)</u>	<u>\$ (10,590,175)</u>	<u>\$ (12,918,348)</u>

(1) The 2021 amounts were not restated for GASB 87.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2022

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 \$4.499 billion for governmental activities. There was an increase of \$2.132 billion in pooled cash and investments, largely due to the improved cash position of the County's General Fund of \$1.894 billion, which was mainly attributable to an increase of \$1.087 billion of realignment and sales tax-based revenue, a decrease in vendor payments of \$427 million due to a decline in Coronavirus Disease 2019 (COVID-19) expenditures, a decrease of \$125 million for public assistance funds, and a decrease of \$685 million of COVID-19 federal and State funds. In addition, Other Pooled Cash and Investments grew by \$1.795 billion primarily from the American Rescue Plan (ARP) Coronavirus State and Local Government Fiscal Recovery Funds (Fiscal Recovery Fund) funds of \$1.689 billion. There was an increase in pooled cash and investments in the Mental Health Services Act fund and Homeless and Housing Measure H nonmajor special revenue funds of \$294 million and \$130 million, respectively, at year-end. The County added \$1.900 billion in lease receivables for governmental activities due to the implementation of GASB 87. As a lessor, the County recognized a lease receivable and a corresponding deferred inflow of resources based on the payment provisions of the contracts. The lease receivable was measured at the present value of lease payments expected to be received during the lease term as discussed in Note 9.

For business-type activities, current and other assets increased by \$851 million. The business-type activities other receivables and pooled cash and investments increased by \$1.036 billion and \$161 million, respectively, from the prior year. This was primarily from an increase of \$1.027 billion in the hospital receivables for the Managed Care Rate Supplements, Enhanced Payment Program, and Quality Incentive Program as discussed in Note 13. In addition, lease receivables of \$21 million were added due to the implementation of GASB 87. This was offset by a decrease in internal receivables and accounts receivable of \$346 million and \$15 million, respectively, from the prior year.

Deferred Outflows of Resources

In the current year, the County's deferred outflows of resources balances were \$13.277 billion. The deferred outflows of resources were \$11.493 billion and \$1.784 billion for governmental and business-type activities, respectively. The total deferred outflows of resources amounts and net decreases of \$2.231 billion were mostly related to pension and OPEB RHC. The total pension related deferred outflows decreased by \$1.807 billion and \$308 million for governmental and business-type activities, respectively, from the prior year. The total OPEB RHC related deferred outflows decreased by \$196 million and \$41 million for governmental and business-type activities, respectively, from the prior year. The pension and OPEB RHC 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 \$1.627 billion for governmental activities primarily from advances payable, which increased by \$1.733 billion. Of this amount, \$1.722 billion was attributable to COVID-19 federal funds received in advance as an advances payable, as discussed in Note 21. Accounts payable decreased by \$58 million and accrued payroll increased by \$14 million for amounts owed at year-end. For business-type activities, a net increase of \$68 million in current and other liabilities was largely associated with a increase in accounts payable by \$228 million for amounts owed at year-end. This was offset by a decrease of \$156 million in advance payable primarily due to reduction of COVID-19 Provider Relief Funds from the previous year.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2022

Liabilities-Continued

Long-term liabilities decreased by \$8.916 billion and \$2.077 billion for governmental and business-type activities, respectively. Net pension liabilities significantly decreased in the current year by \$8.927 billion and \$1.437 billion for governmental and business-type activities, respectively. Net OPEB liabilities decreased by \$1.999 billion and \$372 million for governmental and business-type activities, respectively. Pension and OPEB liabilities changes were due to the projected and actual experience, assumption changes and changes in proportion.

The County added \$1.419 billion and \$1 million in lease liabilities for governmental and business-type activities, respectively, due to the implementation of GASB 87. As a lessee, the County recognized a lease liability and a corresponding right-to-use lease asset based on the provisions of the lease agreements. The lease liability was measured at the present value of lease payments expected to be made during the lease term (less any lease incentives) as discussed in Note 9.

For governmental activities and business-type activities, liabilities for bonds, notes and loans from direct borrowings and direct placements, accrued compensated absences, workers' compensation and litigation and self-insurance were higher by \$566 million and lower by \$148 million, respectively. For business-type activities, amounts owed to third party payors by the County's hospitals were lower by \$122 million as discussed in Note 13. Specific disclosures related to pension liabilities, OPEB liabilities, lease liabilities and other changes in long-term liabilities are discussed and referenced in Notes 7, 8, 9, and 10 to the basic financial statements, respectively.

Deferred Inflows of Resources

In the current year, the County's deferred inflows of resources were \$17.228 billion. Deferred inflows of resources increased by \$10.365 billion and \$1.375 billion for governmental and business-type activities, respectively. Due to the implementation of GASB 87, the deferred inflow of resources for leases, as a lessor, increased by \$1.900 billion and \$21 million for governmental and business-type activities, respectively, as discussed in "Current and Other Assets" and Note 9. The total OPEB RHC related deferred inflows increased by \$2.549 billion and \$415 million for governmental and business-type activities, respectively, from the prior year. Pension related deferred inflows of resources increased by \$5.915 billion and \$932 million for governmental and business-type activities, respectively. 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 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 \$73 million of deferred inflows of resources recognized in the current year, which represents a decrease of \$5 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.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2022**

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, \$17.898 billion, represents its investment in capital assets (i.e., land, buildings and improvements, infrastructure, software, equipment and leased assets net of related depreciation and amortization), 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 \$4.712 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 \$33.200 billion. Both governmental and business-type activities reported deficits in this category of \$29.350 billion and \$3.850 billion, respectively. OPEB related liabilities of \$26.998 billion, along with pension liabilities totaling \$7.030 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, 2022**

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

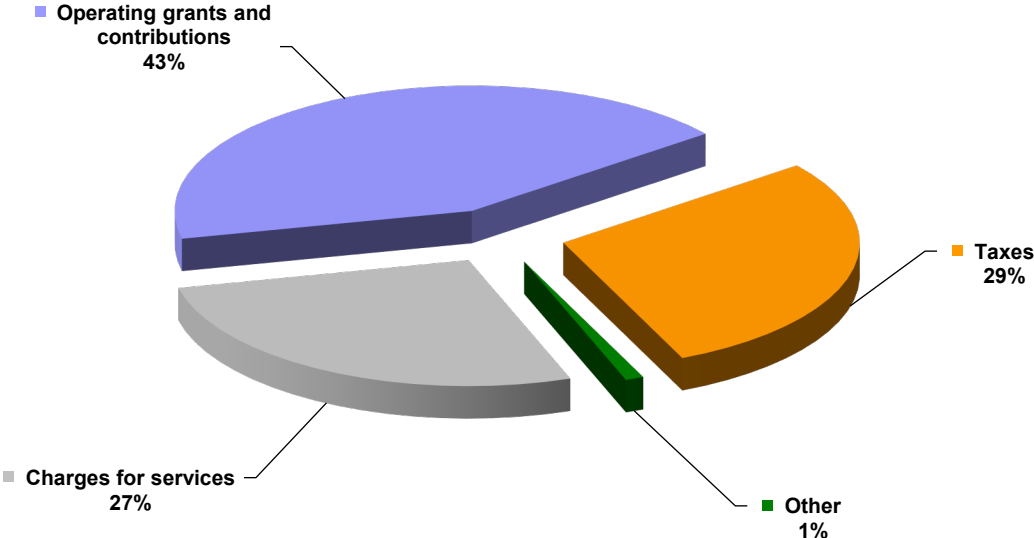
Summary of Changes in Net Position
For the Years Ended June 30, 2022 and 2021
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:		(1)		(1)		(1)
Program revenues:						
Charges for services	\$ 4,040,659	\$ 4,000,030	\$ 4,878,673	\$ 3,429,366	\$ 8,919,332	\$ 7,429,396
Operating grants and contributions	13,466,206	13,861,166	931,722	364,408	14,397,928	14,225,574
Capital grants and contributions	42,426	56,073	81	15,467	42,507	71,540
General revenues:						
Taxes	9,648,848	9,218,814	7,730	8,302	9,656,578	9,227,116
Unrestricted grants and contributions	631,429	571,163	3	746	631,432	571,909
Investment loss	(456,803)	(32,284)	(39,782)	(1,090)	(496,585)	(33,374)
Miscellaneous	175,385	205,748		299	175,385	206,047
Total revenues	27,548,150	27,880,710	5,778,427	3,817,498	33,326,577	31,698,208
Expenses:						
General government	1,243,850	1,767,441			1,243,850	1,767,441
Public protection	8,354,532	8,963,490			8,354,532	8,963,490
Public ways and facilities	468,413	471,131			468,413	471,131
Health and sanitation	6,690,851	6,729,312			6,690,851	6,729,312
Public assistance	7,741,363	8,304,610			7,741,363	8,304,610
Education	152,330	174,937			152,330	174,937
Recreation and cultural services	568,447	514,751			568,447	514,751
Interest on long-term debt	147,433	107,106			147,433	107,106
Hospitals			5,491,898	5,030,015	5,491,898	5,030,015
Waterworks			111,190	110,955	111,190	110,955
Aviation			17,582	6,195	17,582	6,195
Total expenses	25,367,219	27,032,778	5,620,670	5,147,165	30,987,889	32,179,943
Excess (deficiency) before transfers	2,180,931	847,932	157,757	(1,329,667)	2,338,688	(481,735)
Transfers	(936,810)	(1,469,751)	936,810	1,469,751		
Change in net position	1,244,121	(621,819)	1,094,567	140,084	2,338,688	(481,735)
Net position - beginning, as restated in 2022	(10,359,576)	(9,602,750)	(2,569,287)	(2,833,863)	(12,928,863)	(12,436,613)
Net position - ending	\$ (9,115,455)	\$ (10,224,569)	\$ (1,474,720)	\$ (2,693,779)	\$ (10,590,175)	\$ (12,918,348)

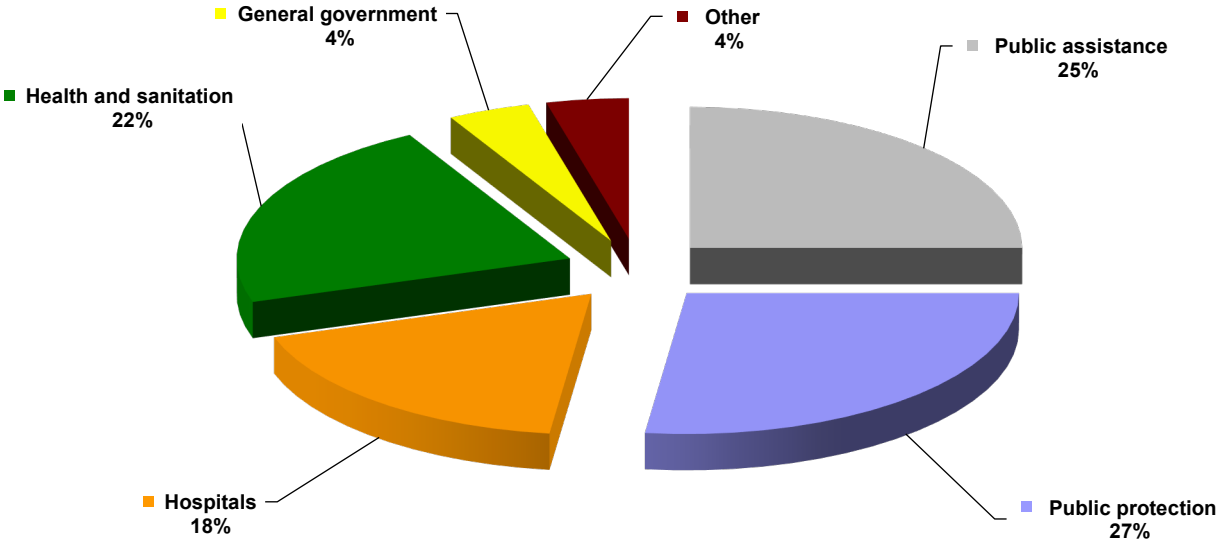
(1) The 2021 amounts were not restated for GASB 87.

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

**REVENUES BY SOURCE – ALL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**



**EXPENSES BY TYPE – ALL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**



COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2022

Governmental Activities

Revenues from governmental activities decreased by \$333 million ((1.2)%) 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 decreased by \$395 million, which was primary attributable to a decrease of \$947 million of COVID-19 federal and State revenues in all functional categories. This was offset by an increase in non-COVID State and federal revenues in the public assistance, public protection, and public ways and facilities categories. Revenues for public assistance programs grew by \$359 million as there were higher State realignment sales tax and higher levels of administrative and program reimbursable costs. Revenues for public protection programs increased by \$242 million due to an increase of sales tax from the Public Safety Augmentation Fund (Proposition 172) and the California Public Safety Realignment Act of 2011. Public ways and facilities program in State and Federal revenues increased by \$41 million for infrastructure projects.
- Taxes, the County's largest general revenue source, were \$430 million higher than the prior year and were mostly attributable to property taxes and sales and other taxes, which grew by \$276 million and \$154 million, respectively. The County's total taxable assessed property tax value is \$1.786 trillion, which grew by 3.58% 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 \$438 million and decreased by \$10 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 \$371 million, an decrease of \$52 million compared to the prior year. Revenues also increased by \$68 million from the sales and use taxes in the Homeless and Housing Measure H program and \$17 million from the local generated sales tax due to increased consumer spending.
- Unrestricted grants and contributions were \$60 million higher than the prior year. The increase was primarily attributable to increased vehicle license fees of \$69 million due to increase consumer spending on motor vehicles and the County did not owe funds to the State at year-end under Assembly Bill (AB85), where the County was subject to the State withholding revenue known as "1991 Health Realignment Funds".
- Investment loss resulted in an decrease of \$425 million due to an increase in interest earnings of \$25 million and a loss in the fair value change in investments at year-end of \$450 million, which was primarily from an increase in market yields throughout the fiscal year.

Expenses related to governmental activities decreased by \$1.666 billion ((6.2)%) during the current year. This was primarily attributable to an decrease in salaries and employee benefit (S&EB) expenses of \$2.155 billion and an increase in operating expenses of \$489 million. The S&EB expenses decrease was largely attributable to an decrease in the pension, OPEB, and compensated absences of \$2.177 billion, \$322 million, and \$212 million respectively, in all functional categories.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2022

Governmental Activities-Continued

In addition, there were general salary increases for S&EB, which grew by \$649 million. The increase in the operating expenses was primarily from health and sanitation and public protection by \$304 million and \$433 million, respectively. This was offset by a decrease in operating expenses from general government and public assistance by \$246 million and \$235 million, respectively. Health and sanitation operating expenses were primarily higher due to an increase public health, mental health and ambulatory network program expenses by \$390 million, \$85 million and \$77 million, respectively, due to the COVID-19 response. Public protection operating expenses were higher from increased Sheriff and Probation departments litigation and self-insurance, the Safe, Clean Water Program Measure W and the Flood Control District expenses by \$191 million, \$108 million and \$90 million, respectively. General government operating expenses were lower primarily from prior year COVID-19 program expenses of \$168 million and election expenses of \$47 million. Public assistance operating expenses were lower primarily from the previous years' COVID-19 programs of \$313 million for affordable and homeless housing programs and \$186 million for senior food and nutrition program, which was offset by higher litigation and self-insurance expenses of \$305 million.

Interest on long-term debt was \$147 million, an increase of \$40 million from the prior year. Depreciation/amortization expense was \$588 million in the current year, an increase of \$123 million from the prior year amount of \$465 million.

Business-type Activities

Revenues from business-type activities for the current year were \$5.778 billion, an increase of \$1.961 billion (51.4%) from the previous year. The most significant increase was in charges for services for the County's hospitals by \$1.021 billion. Operating grants and contributions increased by \$682 million for the County's hospitals. The increase in charges for services can be primarily attributed to an increase in Global Payment Program (GPP) revenue, Medicaid Coverage Expansion, Enhanced Payment Program, and Physician State Plan Amendment of \$704 million, \$213 million, \$210 million, and \$143 million, respectively, due to an increase in workload from the COVID-19 pandemic and the State of California redetermination moratorium on Medi-cal beneficiaries. Operating grants and contributions increase was attributed to \$367 million and \$22 million from the Quality Incentive Program and federal Provider Relief Funds, respectively. 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 \$474 million (9.2%), and were associated primarily with the County's hospitals, where expenses increased by \$462 million. The hospital expenses increased primarily from the County's hospital Intergovernmental transfer expense of \$624 million primarily for the Global Payment, Enhanced Payment, and Quality Incentive Programs. In addition, there was an increase of \$181 million for services and supplies and professional services related to the COVID-19 pandemic. This was offset by a decrease in S&EB expenses of \$377 million, of which pension expenses decreased by \$347 million.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2022**

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 \$10.975 billion, an increase of \$831 million in comparison with the prior year. Of the total fund balances, \$299 million is nonspendable to indicate the extent that funds are not in spendable form or are required to remain intact. An additional \$4.999 billion is classified as restricted, \$894 million as committed, and \$1.049 billion as assigned. The remaining balance of \$3.734 billion is classified as unassigned and is entirely associated with the General Fund.

Revenues from all governmental funds for the current year were \$27.521 billion, a decrease of \$255 million ((0.9%)) from the previous year. Expenditures for all governmental funds in the current year were \$26.175 billion, an increase of \$214 million (0.8%) from the previous year. In addition, net other financing uses were \$456 million, a decrease of \$209 million (28.9%) as compared to \$724 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 \$684 million (13.9%). At the end of the current fiscal year, the General Fund's total fund balance was \$5.618 billion. Of this amount, \$285 million is classified as nonspendable, \$65 million as restricted, \$760 million as committed, \$774 million as assigned and the remaining \$3.734 billion is classified as unassigned.

General Fund revenues during the current year were \$22.863 billion, a decrease of \$420 million ((1.8%)) from the previous year. General Fund expenditures during the current year were \$22.090 billion, a decrease of \$165 million ((0.7%)) from the previous year. Net other financing sources/uses was negative \$89 million in the current year as compared to negative \$613 million in the prior year.

Following are significant changes in General Fund revenues and expenditures:

- Intergovernmental revenues decreased by \$293 million overall, and were primarily associated with an increase in State revenue by \$304 million and a decrease of federal revenue by \$582 million. State and federal revenues related to the COVID-19 pandemic decreased by \$775 million and were offset by an increase of \$294 million from the ARP funds. Proposition 172 Public Safety Realignment state sales tax and vehicle license fees were higher by \$119 million and \$29 million, respectively, primarily due to the steady rise in consumer spending. Other State and federal revenue growth was attributable to higher levels of reimbursable program and administrative costs in the social services, registrar-recorder, public health, mental health programs of \$278 million, \$59 million, \$51 million, and \$31 million, respectively. During the fiscal year, Federal Emergency Management Agency (FEMA) funds of \$20 million were recognized as federal revenue from previous year's fire disasters reimbursements. The County also received State funds of \$17 million to backfill revenues lost from the repeal of court fees and fines under

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2022**

Governmental Funds-Continued

California Senate Bill 1869. This was offset by lower levels of reimbursable program and administrative costs of \$242 million, and \$48 million in the health administration programs and ambulatory care network programs, respectively. In addition, State revenue for capital projects decreased by \$137 million due to the completion of one-time homeless and housing properties acquired during the COVID-19 pandemic. The remaining variance was a net increase of \$26 million.

- Revenues from taxes increased by \$266 million and were primarily associated with an increase in property taxes of \$205 million and other taxes of \$61 million. The property taxes increase was primarily associated with \$265 million of revenue from a growth in assessed property values. Residual property tax revenues, which are associated with redevelopment dissolution, were \$315 million in the current year, \$37 million lower than the prior year. Property tax was also reflected in “pass through” property tax revenues, which were \$10 million lower in the current year. Documentary transfer taxes increased other taxes by \$27 million fueled by low interest rates in the real estate market and the County median home prices saw record highs in this fiscal year. Sales and use tax increased other taxes by \$17 million from increased consumer spending due to the COVID-19 pandemic economic recovery.
- Investment loss resulted in a decrease of \$276 million due to an increase of \$18 million in interest earnings and a loss of \$294 million in the fair value change in investments at year-end, which was primarily from an increase in market yields throughout the fiscal year.
- General Fund expenditures decreased by a total of \$165 million, or (0.7)%. Current expenditures decreased by \$335 million, and debt service and capital outlay expenditures increased by \$170 million.
 - General government spending decreased by \$614 million and was primarily associated with decreases in spending for \$290 million for costs associated with capital improvements, \$240 million to reclassify the operating expense to transfer out related to the commercial paper program, a decrease in prior year spending of \$48 million for the Registrar-Recorder Voting Solutions for All People (VSAP) election system and offset by an increase of \$71 million in S&EB.
 - Public assistance expenditures decreased by \$343 million. This was primarily due to a decrease in \$500 million of COVID-19 pandemic expenditures from the prior year, including \$232 million for affordable housing programs, \$186 million for economic and senior assistance programs, and \$81 million for homeless and housing programs. This was offset by increases of \$174 million for salary and employee benefit expenditures and \$106 million for public assistance and children and family assistance.
 - Health and sanitation programs costs were higher by \$412 million. This was primarily from expenditures for increases of \$87 million in salary and employee benefits and \$372 million, \$85 million, \$76 million for public health, mental health, and ambulatory network programs, respectively, in response to the COVID-19 pandemic. This was offset by lower costs of \$157 million for the health services administration programs.
 - Public protection program costs were higher by \$182 million, and was primarily associated with an increase in S&EB expenditures of \$217 million.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2022

Governmental Funds-Continued

The Fire Protection District reported a year-end fund balance of \$190 million, which represented a decrease of \$24 million fund balance compared to the previous year increase of \$42 million, resulting in a net difference of \$66 million. The Fire Protection District responds to a number of major incidents and emergencies and provide essential fire protection and emergency medical services during the fiscal year. Revenues increased by \$32 million, of which \$24 million was related to property taxes and primarily associated with growth in assessed property values, and \$24 million for contract cities services. This was offset by \$15 million in lower federal and State COVID-19 prior year revenues . Expenditures were higher by \$88 million, of which S&EB and services and supplies costs increased by \$59 million and \$115 million, respectively and offset by a decrease in capital outlay of \$21 million.

The Flood Control District reported a year-end fund balance of \$406 million, which represented a decrease of \$93 million in fund balance compared to the previous year increase of \$17 million, resulting in a net difference of \$110 million. The change in fund balance was primarily due to higher services and supplies and capital assets infrastructure expenditures of \$124 million for infrastructure improvement projects to support flood protection and water conservation. Revenues increased by \$5 million due to higher property taxes from the previous year.

The LA County Library Fund reported a year-end fund balance of \$132 million, which represented an increase of \$22 million in fund balance compared to the previous year increase of \$12 million, resulting in a net difference of \$10 million. Revenues increased by \$9 million, of which \$3 million was related to property taxes associated with growth in assessed valuation and \$11 million in charges for services due to the libraries reopening from the COVID-19 pandemic. This was offset by \$4 million in lower State and federal revenues and a loss of \$3 million in interest. Expenditures were \$4 million higher than the previous year.

The Regional Park and Open Space District reported a year-end fund balance of \$574 million, which represented an increase of \$57 million in fund balance compared to the previous year increase of \$67 million, resulting in a net difference of \$10 million. The net change in fund balance was primarily attributable to a reduction of investment income of \$17 million and offset by an increase of \$7 million in property tax associated with growth in assessed valuation. Expenditures were nearly the same as the previous year.

The Mental Health Services Act (MHSA) Fund reported a year-end fund balance of \$1.279 billion , which represented an increase of \$182 million in fund balance compared to the previous increase of \$215 million, resulting in a net difference of \$33 million. Current year revenues were higher by \$45 million, primarily from an increase of \$91 million in State revenues and offset by an investment loss of \$47 million, while transfers out increased by \$79 million to support the five MHSA program components (Community Services and Supports; Prevention and Early Intervention; Innovation; Workforce Education and Training; and Capital Facilities and Technological Needs.

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 four hospital funds had a net deficit as discussed in Note 3.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2022

Proprietary Funds-Continued

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 \$80 million for the Olive-View UCLA Medical Center to \$335 million for the LAC+USC Medical Center. The total subsidy amount was \$722 million and is reflected in the Statement of Revenues, Expenses and Changes in Fund Net Position as "transfers in." By comparison, the total General Fund subsidy in the prior year was \$1.252 billion. 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 (\$117 million), Harbor-UCLA Medical Center (\$55 million), and Olive-View UCLA Medical Center (\$36 million). The total current year amount of \$208 million in Measure B transfers was nearly the same as the prior year.

Waterworks Fund reported year-end net position of \$771 million, which was \$5 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 of \$99 million were slightly higher by \$1 million than the previous year's amount of \$98 million. Current year operating expenses of \$111 million were the same as the previous year.

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 \$740 million in the General Fund's available (unassigned) fund balance from the previous year.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2022**

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	\$ 295,444	\$ 7,088,427	\$ 7,162,868	\$ 74,441
Intergovernmental revenues	1,370,212	14,201,314	12,665,172	(1,536,142)
Charges for services	116,589	2,857,296	2,756,418	(100,878)
All other revenues	38,435	527,625	663,919	136,294
Other sources and transfers in	16,999	1,400,421	1,047,300	(353,121)
Total	\$ 1,837,679	\$ 26,075,083	\$ 24,295,677	\$ (1,779,406)

Changes from Amounts Originally Budgeted

During the year, net increases in budgeted revenues and other financing sources were approximately \$1.838 billion. The most significant changes occurred in the following areas:

- The estimated revenue for "Intergovernmental revenues" increased by \$1.370 billion. The increase is primarily from COVID-19 federal and State revenues, which is associated with \$479 million for "Project Homekey 2.0" to provide interim and permanent housing for individuals and families who are experiencing homelessness or who are at risk of homelessness, \$271 million for social services programs, \$160 million for the Economic and Career Assistance and Elderly Nutrition Programs, \$141 million for the Department of Health Services and Public Health pandemic-related activities, \$66 million for the Department of Consumer and Small Business Affairs to provide rent relief, tenant, mortgage, and small business assistance programs, \$32 million for capital projects, and \$22 million for the Arts Relief and Recovery programs for the Department of Arts and Culture. In addition, there were an increase of \$132 million in federal and public safety augmentation sales tax revenue for the Sheriff's department. The remaining net budget increases of \$67 million were related to a variety of federal and State funded programs.
- The budget for tax revenues increased by \$295 million. The \$295 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.
- The estimated revenue for "Charge for services" increased by \$117 million. The increase is primarily from \$59 million for the ambulatory care network, \$41 million for health services administration, and \$16 million for correctional health facilities, which is associated with unanticipated COVID-19 pandemic costs and the expansion of the Office of Diversion and Re-Entry programs. There were \$1 million of net budget increases in charges for services from a variety of programs.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2022

Actual Revenues/Financing Sources Compared with Final Budget Amounts

Actual revenues and other financing sources recognized by the General Fund were approximately \$24.296 billion. This amount was \$1.779 billion, or 6.8%, lower than budget. As discussed below, most of this variance was concentrated in the areas of intergovernmental revenues, "other sources and transfers in", and charges for services.

- Actual intergovernmental revenues were \$1.536 billion lower than the amount budgeted. The ARP programs in various departments accounted for \$696 million as these program costs were not completed prior to year-end. Approximately \$416 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. Mental and health services administration programs accounted for approximately \$294 million, which experienced lower than anticipated reimbursable costs and correspondingly lower than expected revenues not associated with the pandemic. Budgeted intergovernmental revenues of \$179 million were not realized for various capital improvements and disaster recovery programs, as these initiatives were not completed prior to year-end. Probation and Sheriff budgeted intergovernmental revenues were lower by \$87 million, which experienced lower than anticipated reimbursable operating expenditures and staffing vacancies. This was offset by higher intergovernmental revenue from the ambulatory care network, public health, and registrar-recorder. The ambulatory care network services increased by \$76 million primarily from the Quality Incentive Program revenues. Public Health programs increased by \$62 million from COVID-19 pandemic reimbursable activities. Election services from State revenue increased by \$59 million from the June 7, 2022 Statewide primary election for the Registrar-Recorder department. There were net decreases of \$61 million from a variety of programs.
- The actual amount of "other sources and transfers in" was \$353 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 \$196 million lower than budgeted. Costs associated with Consumer Protection, Diversion and Reentry, Probation, Sheriff departmental programs funded by the Other Public Protection Special Revenue Funds were \$63 million less than budgeted. The "transfers in" for health services trauma programs, funded by the Health Services Measure B nonmajor special revenue fund, were \$33 million less than budgeted. Costs associated for the public health programs funded by the Health and Sanitation Special Revenue funds were \$17 million less than budgeted. The Homeless and Housing Measure H costs were \$15 million less than budgeted. In addition, "transfers in" totaling \$13 million were assumed in the budget for capital improvements and extraordinary building maintenance projects, which did not incur expected costs. There were various other sources and transfers that comprised the remaining variance of \$16 million.
- Actual charges for services were \$101 million lower than the amount budgeted. The decrease was primarily attributable to \$102 million and \$86 million of costs associated with Public Health and ambulatory care network 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. In addition, Registrar-Recorder were lower by \$61 million due to a decline in election services from municipal governments during the fiscal year. This was offset by \$148 million in higher revenue from Global Payment Program in the Health Services Administration program.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2022**

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	\$ (267,421)	\$ 2,587,222	\$ 1,433,352	\$ 1,153,870
Public protection	471,478	6,818,987	6,430,518	388,469
Health and sanitation	45,334	6,871,547	6,540,220	331,327
Public assistance	795,225	8,994,592	7,670,903	1,323,689
All other expenditures	175,264	1,851,137	630,151	1,220,986
Transfers out	183,173	831,948	830,446	1,502
Contingencies	262,530	287,649		287,649
Fund balance changes-net	172,096	269,599	19,714	249,885
Total	\$ 1,837,679	\$ 28,512,681	\$ 23,555,304	\$ 4,957,377

Changes from Amounts Originally Budgeted

During the year, net increases in General Fund appropriations and fund balance component changes were approximately \$1.838 billion. The most significant changes occurred in the following areas:

- General government appropriations decreased by \$267 million. The decrease was largely attributable to appropriations not associated with specific County departments. Nondepartmental special accounts appropriations decreased by \$74 million to fund Board approved increases in S&EB and a new County holiday, Juneteenth Day. On October 19, 2021, the Board approved a one-time bonus of \$1,000 (\$500 part-time) for represented and non-represented classifications, an additional \$500 COVID-19 Appreciation Pay bonus, and a maximum bonus of \$650 "Hero-Pay" for qualifying Department of Health Services employees. The Board approved June 19th as a new County Holiday to commemorate Juneteenth Day. Provisional appropriations decreased by \$164 million and were largely for the transfer of funds to support the Sheriff's department operation costs, the return of "Bruce's Beach" to the legal heirs of Charles and Willa Bruce, Probation department Juvenile Halls and Camps Home-Like Improvement project, and community programs. In addition, \$84 million shifted funds for extraordinary maintenance to capital projects for the Facility Investment Program. This was offset by an appropriation increase of \$28 million to support the Board Initiative and Programs and \$12 million for general government departments S&EB increases. There were net increases of \$15 million for other general governmental programs.
- Public assistance appropriations were increased by \$795 million. The increase in appropriation was primarily to support the ARP Fiscal Recovery Fund Spending Plan, which included an increase of \$520 million to provide supportive housing, \$35 million for supportive services through the "Project Room Key" project for the homeless and \$173 million to provide food and nutrition to the seniors and individuals who have food insecurities and Small Business Assistance programs. An increase of \$41 million of S&EB were appropriated to reflect the Board approved S&EB increases. There were net increases of \$26 million for other public assistance programs.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2022

Changes from Amounts Originally Budgeted-Continued

- Public protection appropriations were increased by \$471 million. As previously mentioned, an increase of \$167 million of S&EB were appropriated to reflect the Board approved S&EB increases and the Juneteenth holiday. Law enforcement appropriations were increased by \$181 million which was funded by provisional financing uses and other revenues for the Sheriff's department operations costs which includes increases in services and supplies, contracts, legal settlements, and costs for the COVID-19 activities. The Consumer and Business Affairs appropriation increased by \$87 million for COVID-19 grant programs to provide community violence interventions, economic impact assistance, and housing assistance. Probation appropriations were increased by \$15 million to fund various alterations and improvements at the juvenile camps and halls, such as the Home-Like Improvement Project, and COVID-19 related expenditures. There were net increases of \$21 million for other public protection programs.
- Appropriations for "transfers out" were increased by \$183 million. The increase was primarily attributable to augmenting the amount of fund transfers from the General Fund to the various Hospital Enterprise Funds by \$188 million. There were net decreases of \$5 million from transfers out to various other funds.

Actual Expenditures/Other Financing Uses Compared with Final Budget Amount

Actual expenditures/other financing uses for the current year were \$4.957 billion (17.4%) lower than the final total budget of \$28.513 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 \$1.221 billion less than the budgeted amount. Of this variance, \$1.174 billion was in the capital outlay category and was related to numerous capital improvements anticipated in the budget that remained in the planning and development stages and did not incur expenditures during the year. Most of the unused balance has been re-established in the following year's budget to ensure the continuity of the projects, many of which are multi-year in nature.
- The general government function reported actual expenditures that were \$1.154 billion less than the amount budgeted. Of this amount, \$676 million represented budgetary savings for items that are not associated with specific County departments, such as provisional appropriations and central non-departmental appropriations. The Board of Supervisors had budgetary savings of \$146 million to be spent in future years for various community projects. S&EB savings for general government departments of \$134 million were due to the hiring freeze and vacancies. The Care First Community Investment Program (CFCI) not associated with a specific County department had budgetary savings of \$42 million due to the length of time needed to design, develop, launch and implement Board-approved CFCI new programs. Chief Executive Office had budgetary savings of \$37 million due to lower than anticipated COVID-19 related program costs. The Real Estate has a budgetary savings of \$30 million lower than anticipated debt service and rent expenditures. In addition, the Board Initiatives and Programs budget had budgetary savings of \$28 million due to longer-than-anticipated implementations for the Alternative to Incarceration Initiative, Poverty Alleviation Initiative, Equity and Diversity Program, and ARP programs. The County Counsel and Judgments and Damages budget units had budgetary savings of \$23 million due to lower than anticipated attorney and legal settlements costs. The Assessor's Office had a budgetary savings of \$11 million associated with delays in the Assessor Modernization Project. The remaining net increase of \$27 million was spread across the general government departments and was mostly related to savings in the areas of services and supplies.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2022

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

- Actual public assistance expenditures were \$1.324 billion lower than the final budget. The variance of \$623 million was related to affordable housing and homeless programs due to delays in carrying out multi-year projects. Social services, children and family, and workforce development, aging, and community programs were lower than budgeted by \$261 million, \$238 million, and \$168 million, respectively. Cost savings in these areas were due to lower than anticipated costs in implementing new assistance programs, General Relief Guaranteed Income Pilot Program, Anti-Homelessness subsidy program, Family First Prevention Services Act, and ARP programs. There were also direct program savings associated with lower than anticipated caseloads. In addition, there were S&EB savings of \$26 million due to the hiring freeze, hiring delays and vacancies. The remaining variance of \$8 million was related to other public assistance programs.
- Actual public protection expenditures were \$388 million less than the budgeted amount. S&EB savings of \$151 million were due to the hiring freeze and vacancies. The Sheriff and Probation departments had budgetary savings of \$84 million due to the budgetary freeze in purchasing non-essential expenditures. The Diversion and Reentry budget unit had a budgetary savings of \$51 million from lower than anticipated contracted services. The Department of Consumer and Business Affairs had budgetary savings of \$64 million from delays in implementing the ARP COVID-19 pandemic projects. Trial Court operations had a budgetary savings of \$20 million from lower court facilities operating expenses and indigent defense aid cases. The remaining variance of \$18 million was related to other public protection programs.
- Overall expenditures for the health and sanitation category were \$331 million less than the budgeted amount. Specifically, the budgetary savings were from the mental health, CFCI health programs, and correctional health facilities of \$227 million, \$25 million, and \$23 million, respectively, due to lower than anticipated costs for professional, contracted, and information technology services, and implementing new programs. There was also \$137 million from S&EB savings from the staffing vacancies and hiring delays. This was offset with \$75 million in the health service administration budget for services provided to other County General Fund departments. The remaining variance of \$6 million was 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, 2022, were \$22.375 billion (net of depreciation and amortization). Capital assets include land, easements, buildings and improvements, equipment, software, infrastructure, and leased assets. 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.

As previously discussed, the County implemented GASB 87 during the year, which resulted in adding new right-to-use asset types of leased land, leased buildings and improvements, and leased equipment. For business-type activities, GASB 87 resulted in adding a new asset type of leased equipment.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2022**

The total increase in the County's capital assets (net of depreciation/amortization) for the current fiscal year was \$1.652 billion as shown in the following table.

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

	Current Year	Prior Year (1)	Increase (Decrease)
Land and easements	\$ 7,712,101	\$ 7,700,595	\$ 11,506
Buildings and improvements	6,223,775	5,689,879	533,896
Infrastructure	4,001,638	4,123,744	(122,106)
Equipment	603,431	643,373	(39,942)
Software	205,512	224,488	(18,976)
Capital assets, in progress	2,233,515	2,340,535	(107,020)
Leased assets	1,394,977		1,394,977
Total	<u>\$ 22,374,949</u>	<u>\$ 20,722,614</u>	<u>\$ 1,652,335</u>

(1) The 2021 amounts were not restated for GASB 87.

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 buildings and improvements, which increased by \$534 million. Governmental activities for buildings and improvements included completed major capital asset projects for general government of \$54 million, public protection of \$72 million, and health and sanitation of \$614 million. The completed major projects include the Vignes Street Housing, Martin Luther King, Jr. Behavioral Health Center, and Vermont Corridor County Administration Building and Parking Structure projects. Although, there was a net decrease of capital assets, in progress, for governmental activities totaling \$207 million due to completion of major projects, there were major construction-in-progress costs of \$108 million for the Los Angeles County Museum of Art Building for the Permanent Collection and \$20 million for various deferred maintenance projects under the Facility Reinvestment Program. In addition, there were capitalized software-in-progress costs of \$21 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, which was completed during the year.

Business-type activities capital assets, in progress, increased by \$100 million. The major construction-in-progress was \$69 million at the Harbor-UCLA Medical Center primarily for the Harbor-UCLA Medical Center Replacement Program. There were also \$25 million of construction-in-progress costs at Olive View-UCLA Medical Center primarily for the Fire Alarm and Nurse Call Systems project, and \$22 million of construction-in-progress costs at Rancho Los Amigos National Rehabilitation Center primarily for the Harriman Building Renovation Project.

As previously discussed, the County implemented GASB 87, which added right-to-use assets for leased land, buildings and improvements, and equipment. As of June 30, 2022, the leased assets for land, buildings and improvements, and equipment net of accumulated amortization were \$6 million, \$1.380 billion, and \$9 million, respectively.

As of June 30, 2022, there were \$1.236 billion of capital asset commitments outstanding.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2022**

Debt Administration

During the current year, the County's liabilities for long-term debt related to bonds, notes and loans from direct borrowings and direct placements, including accreted interest, decreased by \$42 million, as newly issued debt and accretions of \$900 million were less than the debt maturities of \$942 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 related to bonds, notes and loans from direct borrowings and direct placements were as follows:

- New debt of \$458 million and \$190 million (including interest accretion and debt premiums) for governmental and business-type activities, respectively, was issued in Lease Revenue bonds 2021 Series F, Lease Revenue bonds 2022 Series G, and Lease Revenue bonds 2022 for the Vermont Manchester Social Services Refunding to finance the construction of various governmental activities projects such as fire and sheriff stations, libraries, courthouses, social services building, and various general government buildings and to refund Lease Revenue Obligation Notes and the Community Redevelopment Agency of the City of Los Angeles, California Lease Revenue Bonds, Series 2005. For business-type activities, debt was issued to finance hospital facilities improvements.
- Lease Revenue Obligation Notes (LRON) of \$250 million were issued for governmental and business-type activities in the amounts of \$99 million and \$151 million, respectively. For governmental activities, debt was issued to finance renovations for public health centers, social services and probation buildings, beach and park facilities, libraries and various general government buildings. For business-type activities, debt was issued to finance hospital facilities improvements.

As previously discussed, the County implemented GASB 87, which reclassified 37 governmental activities capital lease obligations to 8 financed purchase obligations, where the asset transfers ownership to the County by the end of the agreement. Business-type activities has one financed purchase obligation that was previously reported as a capital lease obligation. Financed purchase obligations for governmental and business-type activities were \$30 million and \$11,000, respectively, as of June 30, 2022.

In addition to the above borrowing, the County continued to finance General Fund cash flow shortages occurring periodically during the fiscal year by selling \$1.000 billion in tax and revenue anticipation notes. The notes matured and were redeemed on June 30, 2022.

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.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2022

Economic Conditions and Outlook

Los Angeles County's budget marks an important step forward to move safely through the COVID-19 pandemic and into a broad-based, equity-focused economic recovery. The County's 2022-2023 Budget strikes a balance between funding an extensive range of fundamental regional mandated safety-net responsibilities while also continuing to build the foundation for a "Better than Before" recovery that lifts all communities, particularly those hardest hit by the health and economic impacts of the COVID-19 pandemic. The County's budget continues to reflect the County's long-standing commitment to responsible and sustainable fiscal practices.

The Board of Supervisors adopted the County's 2022-2023 Budget on June 27, 2022. The Budget was adopted based on estimated fund balances that would be available at the end of 2021-2022. The Board updated the Budget on October 4, 2022, to reflect final 2021-2022 fund balances and other pertinent financial information. For the County's General Fund, the 2022-2023 Budget utilized \$3.178 billion of fund balance, which exceeded the previously estimated fund balance of \$1.828 billion. Of the additional fund balance of \$1.350 billion, \$509 million was used to carryover lapsed appropriations and ensure the continuity of funded program initiatives. The remaining \$841 million was primarily used to launch a pioneering new Justice, Care and Opportunities department; address critical needs in the jail system while also advancing the Board's Cares First, Jails Last initiative and Alternatives to Incarceration; affordable housing and homelessness; poverty alleviation, health care and mental health needs; support residents with programs to bring jobs and recreational opportunities to the community, and address structural budget deficits across specific departments and programs.

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 6 percent to the property tax assessment roll based on Consumer Price Index inflation adjustment of two percent and increases in property sales while the assessed valuation of commercial properties such as offices, hotels, and retail spaces remains challenging from the post COVID-19 pandemic reopening activities. The County also faces higher operating costs as a result of increased salaries and employee benefits as part of the new three-year approved labor agreements. In addition, the County must continue to prepare for potential legal settlements and judgments that could negatively impact the County's finances in future budget phases. The County will continue to advocate for additional federal and State funding. We will closely monitor key economic indicators and the risks of recession to guide our efforts in the development of future budget recommendations that will impact the County's revenues, support the needs of County residents and advance the Board's priorities.

Nationally, economic growth, measured by gross domestic product, has turned negative and is raising concerns of inflation and risks of a recession. The economy has slowed from high inflation and continued tightening caused by rising interest rates. The County's current economic condition reflects a strong labor market, which has held the unemployment rate low and wages up. This helps sustain consumer spending which supports our sales and use tax related revenues. However, rising interest rates may impact a slow-down in the real estate market.

On September 13, 2022, the County approved the "Phase Two" spending plan for the County's allocation of the ARP Fiscal Recovery Funds for the \$975 million second tranche payment. Phase two provides an additional \$401 million to equity-based investments to position the County to recover "Better than Before" the pandemic, \$80 million to support an equitable and inclusive recovery, and \$494 million to shore up the County's safety-net programs.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2022

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 future economic conditions will heavily impact their revenue. Facing rising inflation, the Federal Reserve has enacted large interest rate increases throughout 2022 with the aim of cooling the economy and, in turn, slowing inflation. Reflecting the threat of a recession, if inflation is not slowed, the State faces a \$25 billion budget problem and potential budget deficits. The LAO recommends addressing the State budget problem by making inflation-related adjustments, saving reserves for a recession, and identifying recently enacted programs to pause or delay implementation. Health and human services programs are subject to considerable challenges and uncertainty as the County depends on funding from the State and federal government.

On November 8, 2022, the voters approved a general tax on cannabis businesses in the unincorporated areas of Los Angeles County. The "Cannabis Business Tax Ordinance" will help regulate the cannabis businesses and establishes enforcement, collection, and appeals of taxes levied. The projected revenue from the initial number of permits is \$10 million and would be deposited in the County General Fund for county services.

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, 2022 (in thousands)

	PRIMARY GOVERNMENT			DISCRETELY PRESENTED COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
ASSETS				
Pooled cash and investments: (Notes 1 and 4)				
Operating	\$ 8,426,826	1,111,047	\$ 9,537,873	\$ 368,889
Other	6,832,578	41,607	6,874,185	
Total pooled cash and investments	15,259,404	1,152,654	16,412,058	368,889
Other investments (Note 4)	68,856		68,856	535,454
Taxes receivable	365,114	850	365,964	
Accounts receivable - net (Note 13)		1,746,250	1,746,250	25,652
Interest receivable	23,435	939	24,374	207
Lease receivable	1,900,130	21,396	1,921,526	3,474
Other receivables (Note 13)	3,829,194	1,134,357	4,963,551	51,865
Internal balances (Note 14)	51,642	(51,642)		
Inventories	184,852	37,102	221,954	12,807
Restricted assets (Note 4)	1,370	104,472	105,842	9,493
Net pension asset				5,705
Capital assets: (Notes 1, 5 and 9)				
Capital assets, not being depreciated	9,399,114	546,502	9,945,616	96,140
Capital assets, net of accumulated depreciation/ amortization	9,803,556	2,625,777	12,429,333	91,602
Total capital assets	19,202,670	3,172,279	22,374,949	187,742
TOTAL ASSETS	40,886,667	7,318,657	48,205,324	1,201,288
DEFERRED OUTFLOWS OF RESOURCES (Note 19)	11,493,075	1,783,810	13,276,885	12,191
LIABILITIES				
Accounts payable	756,470	639,472	1,395,942	71,388
Accrued payroll	567,769	105,741	673,510	
Other payables	39,230	12,957	52,187	8,455
Accrued interest payable	15,500	13,370	28,870	
Advances payable	6,371,974	7,552	6,379,526	9,305
Long-term liabilities: (Note 10)				
Due within one year	1,583,107	450,713	2,033,820	4,529
Due in more than one year	37,445,575	6,835,032	44,280,607	61,095
TOTAL LIABILITIES	46,779,625	8,064,837	54,844,462	154,772
DEFERRED INFLOWS OF RESOURCES (Note 19)	14,715,572	2,512,350	17,227,922	38,469
NET POSITION				
Net investment in capital assets	15,588,360	2,309,804	17,898,164	151,670
Restricted for:				
Capital projects	37,392		37,392	
Debt service	4,831	65,363	70,194	
Permanent funds - nonspendable	2,095		2,095	
General government	284,841		284,841	
Public protection	946,717		946,717	
Public ways and facilities	880,353		880,353	
Health and sanitation	1,560,085		1,560,085	
Recreation	607,479		607,479	
Community development				536,400
First 5 LA				287,687
Other	322,548		322,548	
Unrestricted (deficit)	(29,350,156)	(3,849,887)	(33,200,043)	44,481
TOTAL NET POSITION (DEFICIT) (Note 3)	\$ (9,115,455)	(1,474,720)	\$ (10,590,175)	\$ 1,020,238

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, 2022 (in thousands)

FUNCTIONS	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT:				
Governmental activities:				
General government	\$ 1,243,850	632,043	78,098	3,318
Public protection	8,354,532	1,657,494	2,049,338	36,833
Public ways and facilities	468,413	33,171	313,479	2,046
Health and sanitation	6,690,851	1,550,591	4,396,482	229
Public assistance	7,741,363	11,051	6,618,258	
Education	152,330	14,403	7,797	
Recreation and cultural services	568,447	141,906	2,754	
Interest on long-term debt	147,433			
Total governmental activities	<u>25,367,219</u>	<u>4,040,659</u>	<u>13,466,206</u>	<u>42,426</u>
Business-type activities:				
Hospitals	5,491,898	4,765,753	927,565	
Waterworks	111,190	99,170	3,831	
Aviation	17,582	13,750	326	81
Total business-type activities	<u>5,620,670</u>	<u>4,878,673</u>	<u>931,722</u>	<u>81</u>
Total primary government	<u>\$ 30,987,889</u>	<u>8,919,332</u>	<u>14,397,928</u>	<u>42,507</u>
DISCRETELY PRESENTED COMPONENT UNITS	<u>\$ 930,082</u>	<u>33,142</u>	<u>910,892</u>	<u>7,962</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, 2021, AS RESTATED (Note 2)

NET POSITION (DEFICIT), JUNE 30, 2022

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
\$ (530,391)		\$ (530,391)		PRIMARY GOVERNMENT:
(4,610,867)		(4,610,867)		Governmental activities:
(119,717)		(119,717)		General government
(743,549)		(743,549)		Public protection
(1,112,054)		(1,112,054)		Public ways and facilities
(130,130)		(130,130)		Health and sanitation
(423,787)		(423,787)		Public assistance
(147,433)		(147,433)		Education
(7,817,928)		(7,817,928)		Recreation and cultural services
				Interest on long-term debt
				Total governmental activities
	201,420	201,420		Business-type activities:
	(8,189)	(8,189)		Hospitals
	(3,425)	(3,425)		Waterworks
	189,806	189,806		Aviation
(7,817,928)	189,806	(7,628,122)		Total business-type activities
				Total primary government
			\$ 21,914	DISCRETELY PRESENTED COMPONENT UNITS
8,258,042	7,730	8,265,772		GENERAL REVENUES:
52,506		52,506		Taxes:
493,011		493,011		Property taxes
141,614		141,614		Utility users taxes
40,618		40,618		Voter approved taxes
663,057		663,057		Documentary transfer taxes
631,429	3	631,432		Other taxes
(456,803)	(39,782)	(496,585)	(32,863)	Sales and use taxes, levied by the State
175,385		175,385	18	Grants and contributions not restricted to special programs
(936,810)	936,810			Investment loss
9,062,049	904,761	9,966,810	(32,845)	Miscellaneous
1,244,121	1,094,567	2,338,688	(10,931)	TRANSFERS - NET
(10,359,576)	(2,569,287)	(12,928,863)	1,031,169	Total general revenues and transfers
\$ (9,115,455)	(1,474,720)	\$ (10,590,175)	\$ 1,020,238	CHANGE IN NET POSITION
				NET POSITION (DEFICIT), JULY 1, 2021, AS RESTATED (Note 2)
				NET POSITION (DEFICIT), JUNE 30, 2022

COUNTY OF LOS ANGELES
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022 (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	\$ 2,863,507	164,512	499,929	96,634	573,610
Other	6,687,283	42,735	10,691	11,994	4,450
Total pooled cash and investments	9,550,790	207,247	510,620	108,628	578,060
Other investments (Note 4)	2,988			114	
Taxes receivable	262,404	54,500	16,682	8,125	1,800
Interest receivable	16,401	231	641	131	722
Lease receivable (Note 9)	1,864,647		35,483		
Other receivables	3,453,588	48,262	5,549	2,061	3,013
Due from other funds (Note 14)	875,872	1,884	18,710	31,119	
Advances to other funds (Note 14)	18,221		6,395		
Inventories	163,736	11,739	1	316	
TOTAL ASSETS	16,208,647	323,863	594,081	150,494	583,595
DEFERRED OUTFLOWS OF RESOURCES (Note 19)					
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 16,208,647	323,863	594,081	150,494	583,595
LIABILITIES					
Accounts payable	\$ 627,573	6,229	6,572	1,758	1,281
Accrued payroll	489,407	50,420		4,531	
Other payables	31,838	2,967		605	
Due to other funds (Note 14)	346,213	26,840	45,295	6,239	5,463
Advances payable	6,225,152		88,766		
Third party payor (Notes 10 and 13)	289,706				
TOTAL LIABILITIES	8,009,889	86,456	140,633	13,133	6,744
DEFERRED INFLOWS OF RESOURCES (Note 19)	2,581,104	47,819	47,424	5,821	2,474
FUND BALANCES (Note 20)					
Nonspendable	284,841	11,739	1	316	
Restricted	64,516	177,849	405,924	47,503	574,377
Committed	759,944				
Assigned	774,267		99	83,721	
Unassigned	3,734,086				
TOTAL FUND BALANCES	5,617,654	189,588	406,024	131,540	574,377
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 16,208,647	323,863	594,081	150,494	583,595

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)
\$ 1,551,700	2,666,005	\$ 8,415,897	Operating
1,025	63,545	6,821,723	Other
<u>1,552,725</u>	<u>2,729,550</u>	<u>15,237,620</u>	Total pooled cash and investments
	65,754	68,856	Other investments (Note 4)
	21,603	365,114	Taxes receivable
1,959	3,235	23,320	Interest receivable
		1,900,130	Lease receivable (Note 9)
	232,055	3,744,528	Other receivables
	42,875	970,460	Due from other funds (Note 14)
	10,836	35,452	Advances to other funds (Note 14)
	1	175,793	Inventories
<u>1,554,684</u>	<u>3,105,909</u>	<u>22,521,273</u>	TOTAL ASSETS
	192,311	192,311	DEFERRED OUTFLOWS OF RESOURCES (Note 19)
<u>\$ 1,554,684</u>	<u>3,298,220</u>	<u>\$ 22,713,584</u>	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES
			LIABILITIES
	105,860	\$ 749,273	Accounts payable
	42	544,400	Accrued payroll
	746	36,156	Other payables
275,964	332,915	1,038,929	Due to other funds (Note 14)
	56,452	6,370,370	Advances payable
	246	289,952	Third party payor (Notes 10 and 13)
<u>275,964</u>	<u>496,261</u>	<u>9,029,080</u>	TOTAL LIABILITIES
	24,436	2,709,078	DEFERRED INFLOWS OF RESOURCES (Note 19)
			FUND BALANCES (Note 20)
	2,096	298,993	Nonspendable
1,278,720	2,450,417	4,999,306	Restricted
	134,392	894,336	Committed
	190,618	1,048,705	Assigned
		3,734,086	Unassigned
<u>1,278,720</u>	<u>2,777,523</u>	<u>10,975,426</u>	TOTAL FUND BALANCES
<u>\$ 1,554,684</u>	<u>3,298,220</u>	<u>\$ 22,713,584</u>	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

COUNTY OF LOS ANGELES
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022 (in thousands)

Fund balances - total governmental funds (page 33)		\$ 10,975,426
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	\$ 7,550,790	
Construction-in-progress	1,853,999	
Buildings and improvements - net	5,712,495	
Equipment - net	349,360	
Intangible software - net	199,983	
Infrastructure - net	<u>3,414,308</u>	19,080,935
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	\$ 9,706	
Deferred outflows from OPEB	5,168,387	
Deferred outflows from pension	5,847,857	
Deferred inflows from gains on refunding of debt	(11,232)	
Deferred inflows from service concession arrangements	(72,583)	
Deferred inflows from OPEB	(6,002,800)	
Deferred inflows from pension	<u>(6,226,501)</u>	(1,287,166)
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	\$ (192,311)	
Deferred inflows from tobacco settlement revenues	192,311	
Deferred inflows from property taxes	254,784	
Deferred inflows from long-term receivables	<u>361,853</u>	616,637
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	\$ (903)	
Accrued interest on long-term receivables	<u>55</u>	(848)
Installment receivables from service concession arrangements.		72,583
Accrued interest payable is not recognized in governmental funds.		(15,499)
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	\$ (2,292,618)	
Unamortized premiums on bonds	(294,346)	
Accreted interest on bonds	(9,192)	
Lease liability	(1,418,465)	
Financed purchase obligations	(29,816)	
Accrued compensated absences	(1,962,101)	
Workers' compensation	(2,951,658)	
Litigation and self-insurance	(546,007)	
Pollution remediation obligation	(38,032)	
Net pension liability	(5,838,844)	
Net OPEB liability	(21,855,164)	
Third party payor liability	<u>(118,145)</u>	(37,354,388)
Assets and liabilities of certain internal service funds are included in governmental activities in the accompanying statement of net position.		<u>(1,203,135)</u>
Net position (deficit) of governmental activities (page 29)		<u>\$ (9,115,455)</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, 2022 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	LA COUNTY LIBRARY	REGIONAL PARK AND OPEN SPACE DISTRICT
REVENUES					
Taxes	\$ 7,161,038	1,035,593	187,588	112,338	109,330
Licenses, permits and franchises	70,654	21,125	1,473		
Fines, forfeitures and penalties	173,404	3,824	1,170	576	427
Revenue from use of money and property:					
Investment loss (Note 4)	(293,362)	(5,066)	(15,050)	(2,917)	(17,934)
Rents and concessions (Note 9)	48,762	73	5,497	11	
Lease revenue (Note 9)	68,540		1,349		
Royalties	14		624		
Intergovernmental revenues:					
Federal	5,175,234	13,255	42	7,697	
State	7,454,647	17,316	27,270	479	
Other	34,630	2,166	283	278	
Charges for services	2,728,979	297,871	119,847	13,169	74
Miscellaneous	240,128	914	1,767	2,103	
TOTAL REVENUES	22,862,668	1,387,071	331,860	133,734	91,897
EXPENDITURES					
Current:					
General government	1,193,470				
Public protection	6,330,770	1,432,855	432,261		
Public ways and facilities					
Health and sanitation	6,380,309				
Public assistance	7,555,772				
Education				156,771	
Recreation and cultural services	427,224				34,959
Debt service:					
Principal	102,300	8,715	1,262	548	
Interest and other charges	40,914	1,053	94	272	
Refunding escrow					
Capital outlay	58,841	191			
TOTAL EXPENDITURES	22,089,600	1,442,814	433,617	157,591	34,959
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	773,068	(55,743)	(101,757)	(23,857)	56,938
OTHER FINANCING SOURCES (USES)					
Transfers in (Note 14)	1,055,588	46,083	8,226	47,023	
Transfers out (Note 14)	(1,205,323)	(14,895)		(806)	
Issuance of debt (Note 10)					
Refunding bonds issued (Note 10)					
Payment to refunded bonds escrow agent (Note 10)					
Debt premium (Note 10)					
Sales of capital assets	1,756	160	186	15	
Leases	58,841	191			
TOTAL OTHER FINANCING SOURCES (USES)	(89,138)	31,539	8,412	46,232	
NET CHANGE IN FUND BALANCES	683,930	(24,204)	(93,345)	22,375	56,938
FUND BALANCES, JULY 1, 2021, AS RESTATED (Note 2)	4,933,724	213,792	499,369	109,165	517,439
FUND BALANCES, JUNE 30, 2022	\$ 5,617,654	189,588	406,024	131,540	574,377

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
\$	904,075	\$ 9,509,962	Taxes
	24,167	117,419	Licenses, permits and franchises
	32,968	212,369	Fines, forfeitures and penalties
			Revenue from use of money and property:
(50,275)	(72,039)	(456,643)	Investment loss (Note 4)
	49,469	103,812	Rents and concessions (Note 9)
		69,889	Lease revenue (Note 9)
	4	642	Royalties
			Intergovernmental revenues:
	20,270	5,216,498	Federal
873,105	401,654	8,774,471	State
	12,325	49,682	Other
	435,400	3,595,340	Charges for services
	82,703	327,615	Miscellaneous
<u>822,830</u>	<u>1,890,996</u>	<u>27,521,056</u>	TOTAL REVENUES
			EXPENDITURES
			Current:
	10,092	1,203,562	General government
	326,039	8,521,925	Public protection
	432,429	432,429	Public ways and facilities
33	183,079	6,563,421	Health and sanitation
	167,656	7,723,428	Public assistance
	53	156,824	Education
	8,585	470,768	Recreation and cultural services
			Debt service:
	373,844	486,669	Principal
	336,950	379,283	Interest and other charges
	53,754	53,754	Refunding escrow
	182,590	241,622	Capital outlay
<u>33</u>	<u>2,075,071</u>	<u>26,233,685</u>	TOTAL EXPENDITURES
<u>822,797</u>	<u>(184,075)</u>	<u>1,287,371</u>	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
			OTHER FINANCING SOURCES (USES)
	454,809	1,611,729	Transfers in (Note 14)
(641,162)	(680,286)	(2,542,472)	Transfers out (Note 14)
	313,834	313,834	Issuance of debt (Note 10)
	167,925	167,925	Refunding bonds issued (Note 10)
	(167,925)	(167,925)	Payment to refunded bonds escrow agent (Note 10)
	70,739	70,739	Debt premium (Note 10)
	28,577	30,694	Sales of capital assets
		59,032	Leases
<u>(641,162)</u>	<u>187,673</u>	<u>(456,444)</u>	TOTAL OTHER FINANCING SOURCES (USES)
181,635	3,598	830,927	NET CHANGE IN FUND BALANCES
1,097,085	2,773,925	10,144,499	FUND BALANCES, JULY 1, 2021, AS RESTATED (Note 2)
<u>\$ 1,278,720</u>	<u>2,777,523</u>	<u>\$ 10,975,426</u>	FUND BALANCES, JUNE 30, 2022

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, 2022 (in thousands)

Net change in fund balances - total governmental funds (page 37)		\$ 830,927
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	\$ 767,671	
Less - current year depreciation expense	(432,665)	
Expenditures for right-to-use lease assets	59,032	
Less - current year amortization expense	<u>(129,003)</u>	265,035
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.		(100,289)
Contribution of capital assets is not recognized in the governmental funds.		39,108
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.		(1,641)
Changes in unavailable revenues are reported as changes in deferred inflows of resources for governmental funds, but were recognized when earned for governmental activities.		28,294
Timing differences result in more or less revenues and expenses in the statement of activities.		
Change in accrued interest on long-term receivables	\$ 21	
Change in unamortized premiums	<u>4,743</u>	4,764
Issuance of long-term debt provides resources in the governmental funds, but increases long-term liabilities in the statement of net position.		(611,530)
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	\$ 76,715	
Notes, loans, and lease revenue obligation notes	297,134	
Other long-term notes, loans and leases	<u>112,820</u>	486,669
Payment to escrow agent for refunding		221,679
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	\$ (87,169)	
Change in litigation and self-insurance	(336,389)	
Change in pollution remediation obligation	155	
Change in accrued compensated absences	(8,034)	
Change in net pension liability, net of related deferred outflows of resources and deferred inflows of resources	1,160,714	
Change in net OPEB liability, net of related deferred outflows of resources and deferred inflows of resources	(617,912)	
Change in third party payor liability	(43,080)	
Change in accrued interest payable	(734)	
Change in accretion of tobacco settlement bonds	(4,771)	
Transfer of capital assets between governmental fund and enterprise fund	<u>(5,007)</u>	57,773
The portion of internal service funds that is reported with governmental activities.		<u>23,332</u>
Change in net position of governmental activities (page 31)		<u><u>\$ 1,244,121</u></u>

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022 (in thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 6,792,983	7,088,427	7,162,868	74,441
Licenses, permits and franchises	61,087	61,102	71,365	10,263
Fines, forfeitures and penalties	140,343	140,720	173,404	32,684
Revenue from use of money and property:				
Investment income	34,065	34,981	62,442	27,461
Rents and concessions	123,931	123,931	116,591	(7,340)
Royalties			14	14
Intergovernmental revenues:				
Federal	5,147,513	5,901,664	5,182,358	(719,306)
State	7,628,554	8,230,015	7,459,071	(770,944)
Other	55,035	69,635	23,743	(45,892)
Charges for services	2,740,707	2,857,296	2,756,418	(100,878)
Miscellaneous	129,764	166,891	240,103	73,212
TOTAL REVENUES	22,853,982	24,674,662	23,248,377	(1,426,285)
EXPENDITURES				
Current:				
General government	2,854,643	2,587,222	1,433,352	1,153,870
Public protection	6,347,509	6,818,987	6,430,518	388,469
Health and sanitation	6,826,213	6,871,547	6,540,220	331,327
Public assistance	8,199,367	8,994,592	7,670,903	1,323,689
Recreation and cultural services	439,226	474,138	426,695	47,443
Debt service-				
Interest	1,673	1,673	1,673	
Capital outlay	1,234,974	1,375,326	201,783	1,173,543
TOTAL EXPENDITURES	25,903,605	27,123,485	22,705,144	4,418,341
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,049,623)	(2,448,823)	543,233	2,992,056
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	654	654	1,755	1,101
Transfers in	1,382,768	1,399,767	1,045,545	(354,222)
Transfers out	(648,775)	(831,948)	(830,446)	1,502
Appropriations for contingencies	(25,119)	(287,649)		287,649
Changes in fund balance	(97,503)	(269,599)	(19,714)	249,885
TOTAL OTHER FINANCING SOURCES (USES)	612,025	11,225	197,140	185,915
NET CHANGE IN FUND BALANCE	(2,437,598)	(2,437,598)	740,373	3,177,971
FUND BALANCE, JULY 1, 2021	2,437,598	2,437,598	2,437,598	
FUND BALANCE, JUNE 30, 2022 (Note 15)	\$		3,177,971	3,177,971

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, 2022 (in thousands)

	FIRE PROTECTION DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 1,018,494	1,035,448	1,035,283	(165)
Licenses, permits and franchises	19,651	19,958	21,125	1,167
Fines, forfeitures and penalties	3,224	3,224	3,824	600
Revenue from use of money and property:				
Investment income	1,243	1,243	744	(499)
Rents and concessions	101	101	73	(28)
Intergovernmental revenues:				
Federal	21,358	40,447	12,588	(27,859)
State	15,522	15,631	10,388	(5,243)
Other			2,166	2,166
Charges for services	264,141	264,199	293,651	29,452
Miscellaneous	1,424	1,434	914	(520)
TOTAL REVENUES	1,345,158	1,381,685	1,380,756	(929)
EXPENDITURES				
Current-Public protection:				
Salaries and employee benefits	1,201,615	1,251,203	1,245,758	5,445
Services and supplies	170,990	169,336	162,865	6,471
Other charges	30,132	25,608	22,796	2,812
Capital assets	3,326	40,007	30,687	9,320
TOTAL EXPENDITURES	1,406,063	1,486,154	1,462,106	24,048
DEFICIENCY OF REVENUES OVER EXPENDITURES	(60,905)	(104,469)	(81,350)	23,119
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	157	157	160	3
Transfers in	47,757	48,631	46,081	(2,550)
Transfers out	(12,320)	(12,320)	(12,320)	
Appropriations for contingencies	(22,021)	(4,331)		4,331
Changes in fund balance		25,000	62,339	37,339
TOTAL OTHER FINANCING SOURCES (USES)	13,573	57,137	96,260	39,123
NET CHANGE IN FUND BALANCE	(47,332)	(47,332)	14,910	62,242
FUND BALANCE, JULY 1, 2021	47,332	47,332	47,332	
FUND BALANCE, JUNE 30, 2022 (Note 15)	\$		62,242	62,242

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, 2022 (in thousands)

	FLOOD CONTROL DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 172,994	186,313	187,667	1,354
Licenses, permits and franchises	1,390	1,390	1,472	82
Fines, forfeitures and penalties	1,433	1,433	1,170	(263)
Revenue from use of money and property:				
Investment income	3,800	3,800	3,195	(605)
Rents and concessions	7,342	7,342	6,846	(496)
Royalties	417	417	624	207
Intergovernmental revenues:				
Federal			42	42
State	1,129	1,129	27,270	26,141
Other	814	814	283	(531)
Charges for services	121,477	121,477	119,555	(1,922)
Miscellaneous			1,767	1,767
TOTAL REVENUES	310,796	324,115	349,891	25,776
EXPENDITURES				
Current-Public protection:				
Services and supplies	325,024	352,104	351,297	807
Other charges	7,138	9,138	6,108	3,030
Capital assets	660	780	223	557
Capital outlay	76,927	47,727	40,893	6,834
TOTAL EXPENDITURES	409,749	409,749	398,521	11,228
DEFICIENCY OF REVENUES OVER EXPENDITURES	(98,953)	(85,634)	(48,630)	37,004
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	25	25	187	162
Transfers in	7,770	7,770	8,226	456
Transfers out	(3,965)	(3,965)		3,965
Appropriations for contingencies		(13,319)		13,319
Changes in fund balance	52,624	52,624	113,017	60,393
TOTAL OTHER FINANCING SOURCES (USES)	56,454	43,135	121,430	78,295
NET CHANGE IN FUND BALANCE	(42,499)	(42,499)	72,800	115,299
FUND BALANCE, JULY 1, 2021	42,499	42,499	42,499	
FUND BALANCE, JUNE 30, 2022 (Note 15)	\$		115,299	115,299

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, 2022

	LA COUNTY LIBRARY			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 109,639	111,081	112,344	1,263
Fines, forfeitures and penalties	375	375	576	201
Revenue from use of money and property:				
Investment income	1,200	1,200	612	(588)
Rents and concessions	15	15	11	(4)
Intergovernmental revenues:				
Federal		6,330	7,698	1,368
State	650	650	479	(171)
Other	130	130	278	148
Charges for services	1,990	1,990	13,169	11,179
Miscellaneous	584	584	2,103	1,519
TOTAL REVENUES	114,583	122,355	137,270	14,915
EXPENDITURES				
Current-Education:				
Salaries and employee benefits	123,289	123,289	106,951	16,338
Services and supplies	89,232	95,495	49,710	45,785
Other charges	1,172	1,172	848	324
Capital assets	594	594		594
TOTAL EXPENDITURES	214,287	220,550	157,509	63,041
DEFICIENCY OF REVENUES OVER EXPENDITURES	(99,704)	(98,195)	(20,239)	77,956
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	13	13	15	2
Transfers in	52,482	52,415	47,022	(5,393)
Appropriation for contingencies		(1,442)		1,442
Changes in fund balance	(15,609)	(15,609)	(13,285)	2,324
TOTAL OTHER FINANCING SOURCES (USES)	36,886	35,377	33,752	(1,625)
NET CHANGE IN FUND BALANCE	(62,818)	(62,818)	13,513	76,331
FUND BALANCE, JULY 1, 2021	62,818	62,818	62,818	
FUND BALANCE, JUNE 30, 2022 (Note 15)	\$		76,331	76,331

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, 2022 (in thousands)

	REGIONAL PARK AND OPEN SPACE DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 102,350	102,350	109,330	6,980
Fines, forfeitures and penalties	798	798	427	(371)
Revenue from use of money and property- Investment income	1,726	1,726	3,756	2,030
TOTAL REVENUES	104,874	104,874	113,513	8,639
EXPENDITURES				
Current-Recreation and cultural services:				
Services and supplies	23,362	23,031	8,719	14,312
Other charges	407,791	408,585	31,626	376,959
TOTAL EXPENDITURES	431,153	431,616	40,345	391,271
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(326,279)	(326,742)	73,168	399,910
OTHER FINANCING SOURCES (USES)				
Transfers in	120,388	120,919	119,248	(1,671)
Transfers out	(120,388)	(120,919)	(119,248)	1,671
Changes in fund balance	667	1,130	6,295	5,165
TOTAL OTHER FINANCING SOURCES (USES)	667	1,130	6,295	5,165
NET CHANGE IN FUND BALANCE	(325,612)	(325,612)	79,463	405,075
FUND BALANCE, JULY 1, 2021	325,612	325,612	325,612	
FUND BALANCE, JUNE 30, 2022 (Note 15)	\$		405,075	405,075

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, 2022 (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	\$ 7,117	7,117	9,266	2,149
Intergovernmental revenues-				
State	551,078	551,078	873,105	322,027
TOTAL REVENUES	558,195	558,195	882,371	324,176
EXPENDITURES				
Current-Health and sanitation-				
Services and supplies	669	669		669
TOTAL EXPENDITURES	669	669		669
EXCESS OF REVENUES OVER EXPENDITURES	557,526	557,526	882,371	324,845
OTHER FINANCING SOURCES (USES)				
Transfers out	(808,939)	(809,976)	(641,162)	168,814
Appropriations for contingencies	(257,752)	(257,752)		257,752
Changes in fund balance	108,270	109,307	109,779	472
TOTAL OTHER FINANCING SOURCES (USES)	(958,421)	(958,421)	(531,383)	427,038
NET CHANGE IN FUND BALANCE	(400,895)	(400,895)	350,988	751,883
FUND BALANCE, JULY 1, 2021	400,895	400,895	400,895	
FUND BALANCE, JUNE 30, 2022 (Note 15)	\$		751,883	751,883

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, 2022 (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	\$ 367,597	110,439	325,326	163,387
Other	13,499	6,449	15,525	3,397
Total pooled cash and investments	<u>381,096</u>	<u>116,888</u>	<u>340,851</u>	<u>166,784</u>
Taxes receivable				
Accounts receivable - net (Note 13)	584,293	281,025	763,943	95,348
Interest receivable	129	107	514	
Lease receivable (Note 9)				
Other receivables	16,019	9,958	24,717	4,014
Due from other funds (Note 14)	372,694	89,539	282,797	68,745
Advances to other funds (Note 14)				
Inventories	12,320	5,815	17,143	1,824
Total current assets	<u>1,366,551</u>	<u>503,332</u>	<u>1,429,965</u>	<u>336,715</u>
Noncurrent assets:				
Restricted assets (Note 4)	66,588	18,694	7,405	9,244
Lease receivable (Note 9)				
Other receivables (Note 13)	430,964	150,443	229,972	264,519
Capital assets: (Notes 1, 5 and 9)				
Land and easements	1,671	1,894	16,194	217
Buildings and improvements, equipment, and intangible-software Infrastructure	1,104,476	364,119	1,236,570	538,866
Construction in progress	165,044	23,348	15,677	111,439
Leased assets		389	508	291
Less accumulated depreciation/amortization	(391,392)	(215,068)	(459,937)	(171,620)
Total capital assets - net	<u>879,799</u>	<u>174,682</u>	<u>809,012</u>	<u>479,193</u>
Total noncurrent assets	<u>1,377,351</u>	<u>343,819</u>	<u>1,046,389</u>	<u>752,956</u>
TOTAL ASSETS	<u>2,743,902</u>	<u>847,151</u>	<u>2,476,354</u>	<u>1,089,671</u>
DEFERRED OUTFLOWS OF RESOURCES (Note 19)	<u>540,092</u>	<u>304,496</u>	<u>779,909</u>	<u>159,313</u>
LIABILITIES				
Current liabilities:				
Accounts payable	214,384	105,874	181,827	134,627
Accrued payroll	34,352	18,347	43,990	9,052
Other payables	4,853	2,398	4,288	1,362
Accrued interest payable	10,608	2,002	45	699
Due to other funds (Note 14)	167,482	97,097	424,601	156,137
Advances from other funds (Note 14)	4,736	2,555	6,401	1,265
Advances payable	2,638	1,135	3,294	461
Current portion of long-term liabilities (Note 10)	209,490	77,698	108,354	44,849
Total current liabilities	<u>648,543</u>	<u>307,106</u>	<u>772,800</u>	<u>348,452</u>
Noncurrent liabilities:				
Accrued compensated absences (Note 10)	81,357	45,054	98,724	20,940
Bonds and notes (Note 10)	487,600	76,626	15,396	214,952
Lease liability (Note 9 and 10)		302	406	220
Workers' compensation (Notes 10 and 17)	109,433	44,954	162,587	32,118
Litigation and self-insurance (Notes 10 and 17)	1,314	328	9,274	39
Net pension liability (Notes 7 and 10)	296,524	167,841	405,386	87,581
Net OPEB liability (Notes 8 and 10)	1,214,466	697,271	1,846,843	376,242
Third party payor (Notes 10 and 13)	133,347	43,226	130,904	26,032
Total noncurrent liabilities	<u>2,324,041</u>	<u>1,075,602</u>	<u>2,669,520</u>	<u>758,124</u>
TOTAL LIABILITIES	<u>2,972,584</u>	<u>1,382,708</u>	<u>3,442,320</u>	<u>1,106,576</u>
DEFERRED INFLOWS OF RESOURCES (Note 19)	<u>730,417</u>	<u>508,029</u>	<u>1,032,743</u>	<u>219,765</u>
NET POSITION				
Net investment in capital assets	363,530	88,788	793,338	242,623
Restricted-				
Debt service	13,612	681	2,687	45,842
Unrestricted (deficit)	(796,149)	(828,559)	(2,014,825)	(365,822)
TOTAL NET POSITION (DEFICIT) (Note 3)	<u>\$ (419,007)</u>	<u>(739,090)</u>	<u>(1,218,800)</u>	<u>(77,357)</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
\$ 133,438	10,860	\$ 1,111,047	\$ 10,929
2,609	128	41,607	10,855
<u>136,047</u>	<u>10,988</u>	<u>1,152,654</u>	<u>21,784</u>
850		850	
20,509	1,132	1,746,250	
176	13	939	60
	832	832	
3,750	1	58,459	11,414
1,113	86	814,974	149,546
1,381	124	1,505	
		37,102	9,059
<u>163,826</u>	<u>13,176</u>	<u>3,813,565</u>	<u>191,863</u>
		101,931	3,911
	20,564	20,564	
		1,075,898	
12,318	134,692	166,986	
123,489	44,009	3,411,529	265,496
1,224,785	82,492	1,307,277	
49,672	14,336	379,516	
		1,188	1,224
<u>(776,807)</u>	<u>(79,393)</u>	<u>(2,094,217)</u>	<u>(144,985)</u>
<u>633,457</u>	<u>196,136</u>	<u>3,172,279</u>	<u>121,735</u>
<u>633,457</u>	<u>216,700</u>	<u>4,370,672</u>	<u>125,646</u>
<u>797,283</u>	<u>229,876</u>	<u>8,184,237</u>	<u>317,509</u>
		<u>1,783,810</u>	<u>467,125</u>
2,515	245	639,472	7,197
		105,741	23,369
	56	12,957	3,074
	16	13,370	1
6,646	1,201	853,164	42,887
		14,957	22,000
24		7,552	32
10,209	113	450,713	14,789
<u>19,394</u>	<u>1,631</u>	<u>2,097,926</u>	<u>113,349</u>
		246,075	71,382
6,565	1,180	802,319	
		928	780
		349,092	55,530
		10,955	
		957,332	234,287
		4,134,822	1,007,574
		333,509	
<u>6,565</u>	<u>1,180</u>	<u>6,835,032</u>	<u>1,369,553</u>
<u>25,959</u>	<u>2,811</u>	<u>8,932,958</u>	<u>1,482,902</u>
	<u>21,396</u>	<u>2,512,350</u>	<u>502,326</u>
626,683	194,842	2,309,804	124,068
		62,822	2,541
144,641	10,827	(3,849,887)	(1,327,203)
<u>\$ 771,324</u>	<u>205,669</u>	<u>(1,477,261)</u>	<u>\$ (1,200,594)</u>
		2,541	
		<u>\$ (1,474,720)</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

Lease receivable (Note 9)

Other receivables

Due from other funds (Note 14)

Advances to other funds (Note 14)

Inventories

Total current assets

Noncurrent assets:

Restricted assets (Note 4)

Lease receivable (Note 9)

Other receivables (Note 13)

Capital assets: (Notes 1, 5 and 9)

Land and easements

Buildings and improvements, equipment, and intangible-software

Infrastructure

Construction in progress

Leased assets

Less accumulated depreciation/amortization

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 (Note 10)

Lease liability (Note 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 29)

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022 (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)	\$ 1,539,844	754,924	1,958,345	512,640
Charges for services				
Other (Note 13)	347,614	152,327	369,123	58,913
TOTAL OPERATING REVENUES	1,887,458	907,251	2,327,468	571,553
OPERATING EXPENSES:				
Salaries and employee benefits	778,925	401,744	1,008,845	199,755
Services and supplies	253,497	116,837	308,811	43,614
Other professional services	320,792	174,035	483,779	71,408
Depreciation and amortization (Note 5)	27,222	14,551	31,694	13,341
Medical malpractice		3,989	8,514	142
TOTAL OPERATING EXPENSES	1,380,436	711,156	1,841,643	328,260
OPERATING INCOME / (LOSS)	507,022	196,095	485,825	243,293
NONOPERATING REVENUES (EXPENSES):				
Taxes				
Investment loss	(15,033)	(4,402)	(9,819)	(5,976)
Gain (loss) on disposal of property	(369)	(34)	(4)	(12)
Interest revenue				
Interest expense	(30,115)	(2,701)	(444)	(11,951)
Intergovernmental transfers expense (Note 13)	(339,080)	(137,064)	(485,802)	(221,202)
Intergovernmental revenues:				
State				
Federal				
Other				
TOTAL NONOPERATING REVENUES (EXPENSES)	(384,597)	(144,201)	(496,069)	(239,141)
INCOME/(LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	122,425	51,894	(10,244)	4,152
Capital contributions	47	4,559		401
Transfers in (Note 14)	643,942	158,848	500,177	209,235
Transfers out (Note 14)	(712)	(48,258)	(445,766)	(85,674)
CHANGE IN NET POSITION	765,702	167,043	44,167	128,114
NET POSITION (DEFICIT), JULY 1, 2021, AS RESTATED (Note 2)	(1,184,709)	(906,133)	(1,262,967)	(205,471)
NET POSITION (DEFICIT), JUNE 30, 2022	\$ (419,007)	(739,090)	(1,218,800)	(77,357)

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	
\$		\$ 4,765,753	\$	OPERATING REVENUES:
98,953	4,316	103,269	699,223	Net patient service revenues (Note 13)
	86	928,063		Charges for services
				Other (Note 13)
98,953	4,402	5,797,085	699,223	TOTAL OPERATING REVENUES
		2,389,269	539,995	OPERATING EXPENSES:
84,999	13,499	821,257	53,790	Salaries and employee benefits
2,217	1,141	1,053,372	67,312	Services and supplies
23,828	2,902	113,538	26,623	Other professional services
		12,645		Depreciation and amortization (Note 5)
111,044	17,542	4,390,081	687,720	Medical malpractice
(12,091)	(13,140)	1,407,004	11,503	TOTAL OPERATING EXPENSES
				OPERATING INCOME / (LOSS)
7,730		7,730		NONOPERATING REVENUES (EXPENSES):
(4,217)	(335)	(39,782)	(184)	Taxes
		(419)	1,237	Investment loss
	9,434	9,434	10,238	Gain (loss) on disposal of property
(146)	(40)	(45,397)	(446)	Interest revenue
		(1,183,148)		Interest expense
				Intergovernmental transfers expense (Note 13)
43		43		Intergovernmental revenues:
3,818	326	4,144		State
111		111		Federal
7,339	9,385	(1,247,284)	10,845	Other
(4,752)	(3,755)	159,720	22,348	TOTAL NONOPERATING REVENUES (EXPENSES)
	81	5,088		INCOME/(LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS
11		1,512,213	2,650	Capital contributions
		(580,410)	(3,710)	Transfers in (Note 14)
(4,741)	(3,674)	1,096,611	21,288	Transfers out (Note 14)
776,065	209,343		(1,221,882)	CHANGE IN NET POSITION
\$ 771,324	205,669		\$ (1,200,594)	NET POSITION (DEFICIT), JULY 1, 2021, AS RESTATED (Note 2)
		(2,044)		NET POSITION (DEFICIT), JUNE 30, 2022
		\$ 1,094,567		Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
				CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES (PAGE 31)

COUNTY OF LOS ANGELES
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022 (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	\$ 854,703	561,389	1,695,338	240,929
Cash received from charges for services				
Other operating revenues	347,614	152,327	369,123	58,913
Cash received for services provided to other funds	35,033	35,756	57,913	205
Cash paid for salaries and employee benefits	(816,078)	(442,117)	(1,062,091)	(212,235)
Cash (paid) returned for services and supplies	56,610	(48,455)	27,014	75,880
Other operating expense	(321,384)	(173,987)	(479,264)	(71,415)
Cash (paid) returned for services from other funds	33,460	(32,675)	5,684	83,839
Net cash provided by (required for) operating activities	<u>189,958</u>	<u>52,238</u>	<u>613,717</u>	<u>176,116</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash advances received from other funds	221,920	22,998	571,417	
Cash advances paid to other funds	(221,921)	(22,996)	(571,485)	(3)
Intergovernmental transfers paid	(339,080)	(137,064)	(485,802)	(221,202)
Intergovernmental receipts				
Transfers in	499,151	158,848	292,719	209,235
Transfers out	(712)	(48,258)	(445,766)	(85,674)
Net cash provided by (required for) noncapital financing activities	<u>159,358</u>	<u>(26,472)</u>	<u>(638,917)</u>	<u>(97,644)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from taxes				
Capital contributions				
Proceeds from bonds and notes	94,255	39,022	20,346	42,992
Interest paid on capital borrowing	(33,464)	(14,021)	(399)	(12,029)
Interest revenue				
Principal payments on bonds and notes	(112,635)	(17,480)	(15,447)	(80,711)
Payment to refunded bonds escrow agent	(36,289)			
Principal payments on financed purchase obligations		(32)		
Leases paid		(15)	(8)	(17)
Proceeds from bond premiums	26,719	2,298	2,232	2,599
Acquisition and construction of capital assets	(79,356)	(29,853)	(16,002)	(27,469)
Net cash required for capital and related financing activities	<u>(140,770)</u>	<u>(20,081)</u>	<u>(9,278)</u>	<u>(74,635)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income (loss)	(15,058)	(4,471)	(10,068)	(5,938)
Net increase (decrease) in cash and cash equivalents	193,488	1,214	(44,546)	(2,101)
Cash and cash equivalents, July 1, 2021	254,196	134,368	392,802	178,129
Cash and cash equivalents, June 30, 2022	<u>\$ 447,684</u>	<u>135,582</u>	<u>348,256</u>	<u>176,028</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	
		\$ 3,352,359	\$	CASH FLOWS FROM OPERATING ACTIVITIES
93,779	4,596	98,375	42,529	Cash received from patient services
4,783	86	932,846		Cash received from charges for services
		128,907	620,643	Other operating revenues
		(2,532,521)	(555,098)	Cash received for services provided to other funds
(85,879)	(13,114)	12,056	(68,617)	Cash paid for salaries and employee benefits
	(1,141)	(1,047,191)	(67,312)	Cash (paid) returned for services and supplies
		90,308		Other operating expense
				Cash (paid) returned for services from other funds
12,683	(9,573)	1,035,139	(27,855)	Net cash provided by (required for) operating activities
				CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES
171		816,506		Cash advances received from other funds
	(179)	(816,584)	(496)	Cash advances paid to other funds
		(1,183,148)		Intergovernmental transfers paid
3,972	326	4,298		Intergovernmental receipts
11		1,159,964	2,650	Transfers in
		(580,410)	(3,710)	Transfers out
4,154	147	(599,374)	(1,556)	Net cash provided by (required for) noncapital financing activities
				CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES
7,677		7,677		Proceeds from taxes
	81	81		Capital contributions
1,048		197,663		Proceeds from bonds and notes
(147)	(41)	(60,101)	(498)	Interest paid on capital borrowing
			10,238	Interest revenue
(411)	(110)	(226,794)	(13,965)	Principal payments on bonds and notes
		(36,289)		Payment to refunded bonds escrow agent
		(32)		Principal payments on financed purchase obligations
		(40)	(197)	Leases paid
		33,848		Proceeds from bond premiums
(8,431)	(238)	(161,349)	(19,532)	Acquisition and construction of capital assets
(264)	(308)	(245,336)	(23,954)	Net cash required for capital and related financing activities
				CASH FLOWS FROM INVESTING ACTIVITIES
(4,281)	9,096	(30,720)	(202)	Investment income (loss)
12,292	(638)	159,709	(53,567)	Net increase (decrease) in cash and cash equivalents
123,755	11,626	1,094,876	79,262	Cash and cash equivalents, July 1, 2021
\$ 136,047	10,988	\$ 1,254,585	\$ 25,695	Cash and cash equivalents, June 30, 2022

Continued...

COUNTY OF LOS ANGELES
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022 (in thousands)

	BUSINESS-TYPE ACTIVITIES -			
	Harbor-UCLA Medical Center	Olive View- UCLA Medical Center	LAC+USC Medical Center	Rancho Los Amigos National Rehab Center
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	\$ 507,022	196,095	485,825	243,293
Adjustments to reconcile operating income (loss) to net cash provided by (required for) operating activities:				
Depreciation and amortization	27,222	14,551	31,694	13,341
(Increase) decrease in:				
Accounts receivable - net	48,205	71,751	(165,609)	63,810
Other receivables	(410,746)	(144,250)	(215,268)	(262,100)
Due from other funds	(246,009)	(17,225)	316,858	(49,634)
Inventories	1,062	1,029	(1,200)	1,775
Increase (decrease) in:				
Accounts payable	107,545	(24,502)	73,943	72,532
Accrued payroll	435	(235)	(723)	315
Other payables	392	199	431	157
Accrued compensated absences	(641)	(503)	(3,404)	39
Due to other funds	234,960	59,180	268,766	129,026
Advances payable	(10,576)	(55,882)	(70,186)	(18,716)
Workers' compensation	1,574	859	2,588	583
Litigation and self-insurance	3,470	4,037	13,028	135
Net pension liability and related changes in deferred outflows and inflows of resources	(59,812)	(37,537)	(82,194)	(18,039)
Net OPEB liability and related changes in deferred outflows and inflows of resources	18,388	(2,713)	30,689	4,587
Third party payor	(32,533)	(12,616)	(71,521)	(4,988)
TOTAL ADJUSTMENTS	(317,064)	(143,857)	127,892	(67,177)
NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES	\$ 189,958	52,238	613,717	176,116
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
Proceeds from refunding bonds paid to escrow agent	\$ 110,820			
Contributions of capital assets	47	4,559		401
Gain (loss) on disposal of capital assets	(369)	(34)	(4)	(12)
Leased asset acquisition		389	508	291
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:				
Pooled cash and investments	\$ 381,096	116,888	340,851	166,784
Restricted assets	66,588	18,694	7,405	9,244
TOTAL	\$ 447,684	135,582	348,256	176,028

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
\$ (12,091)	(13,140)	\$ 1,407,004	\$ 11,503
23,828	2,902	113,538	26,623
(3,239)	338	15,256	
(3,750)		(1,036,114)	(2,761)
1,815	(58)	5,747	(34,667)
		2,666	(196)
(1,473)	242	228,287	1,163
		(208)	199
	3	1,182	576
		(4,509)	(907)
593	140	692,665	(15,794)
		(155,360)	
		5,604	1,045
7,000		27,670	
		(197,582)	(44,890)
		50,951	30,251
		(121,658)	
24,774	3,567	(371,865)	(39,358)
\$ 12,683	(9,573)	\$ 1,035,139	\$ (27,855)

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES:

Operating income (loss)
Adjustments to reconcile operating income (loss) to net cash provided by (required for) operating activities:
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 (REQUIRED FOR) OPERATING ACTIVITIES

SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

Proceeds from refunding bonds paid to escrow agent
Contributions of capital assets
Gain (loss) on disposal of capital assets
Leased asset acquisition

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

Pooled cash and investments
Restricted assets

TOTAL

COUNTY OF LOS ANGELES
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022 (in thousands)

	PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST	INVESTMENT TRUST	CUSTODIAL	
			EXTERNAL INVESTMENT POOLS	OTHER CUSTODIAL
ASSETS				
Pooled cash and investments (Note 4)	\$ 122,073	813,079	26,422,790	1,031,791
Other investments: (Note 4)			137,656	301
Short-term investments	3,105,491			
Equity	25,664,493			
Fixed income	19,545,639			
Private equity	12,753,842			
Real estate	6,044,147			
Real assets	1,363,252			
Hedge funds	4,440,434			
Cash collateral on loaned securities	1,401,077			
Taxes receivable				886,348
Interest receivable	226,939	949	29,324	
Other receivables	365,645			664,149
TOTAL ASSETS	75,033,032	814,028	26,589,770	2,582,589
LIABILITIES				
Accounts payable	835,119			6,251
Other payables (Note 4)	1,514,199		26	758,946
Due to other governments				83,401
TOTAL LIABILITIES	2,349,318		26	848,598
NET POSITION				
Restricted for:				
Pension	70,289,612			
OPEB	2,394,102			
Other		814,028	26,589,744	1,733,991
TOTAL NET POSITION	\$ 72,683,714	814,028	26,589,744	1,733,991

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, 2022 (in thousands)

	PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST	INVESTMENT TRUST	CUSTODIAL	
			EXTERNAL INVESTMENT POOLS	OTHER CUSTODIAL
ADDITIONS				
Contributions:				
Pension and OPEB trust contributions:				
Employer	\$ 3,297,173			
Member	806,732			
Contributions to investment trust and custodial funds		252,273	62,760,659	23,663,573
Total contributions	4,103,905	252,273	62,760,659	23,663,573
Investment earnings (loss):				
Investment income (loss)	5,501,731	(27,948)	(862,656)	
Net decrease in the fair value of investments	(7,029,886)			
Securities lending income (Note 4)	12,294			
Total investment loss	(1,515,861)	(27,948)	(862,656)	
Less - Investment expenses:				
Expense from investing activities	311,593			
Expense from securities lending activities (Note 4)	1,191			
Total net investment expense	312,784			
Net investment loss	(1,828,645)	(27,948)	(862,656)	
Other additions				2,788,740
Miscellaneous	4,117			
TOTAL ADDITIONS	2,279,377	224,325	61,898,003	26,452,313
DEDUCTIONS				
Administrative expenses:				
Salaries and employee benefits	71,723			
Services and supplies	28,997			
Total administrative expenses	100,720			
Benefit payments	4,775,488			
Distributions from investment trust and custodial funds		82,415	57,913,760	23,665,250
Other deductions				2,763,592
Miscellaneous	38,308			
TOTAL DEDUCTIONS	4,914,516	82,415	57,913,760	26,428,842
CHANGE IN NET POSITION	(2,635,139)	141,910	3,984,243	23,471
NET POSITION, JULY 1, 2021	75,318,853	672,118	22,605,501	1,710,520
NET POSITION, JUNE 30, 2022	\$ 72,683,714	814,028	26,589,744	1,733,991

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, 2022 (in thousands)

	LOS ANGELES COUNTY DEVELOPMENT AUTHORITY	FIRST 5 LA	TOTAL
ASSETS			
Pooled cash and investments-			
Operating (Notes 1 and 4)	\$ 67,150	301,739	\$ 368,889
Other investments (Note 4)	535,454		535,454
Accounts receivable - net	25,652		25,652
Interest receivable		207	207
Lease receivable	3,474		3,474
Other receivables	44,629	7,236	51,865
Inventories	12,807		12,807
Restricted assets (Note 4)	9,493		9,493
Net pension asset	5,705		5,705
Capital assets: (Notes 1 and 5)			
Capital assets, not being depreciated/amortized	94,101	2,039	96,140
Capital assets, net of accumulated depreciation/amortization	80,761	10,841	91,602
Total capital assets	174,862	12,880	187,742
TOTAL ASSETS	879,226	322,062	1,201,288
DEFERRED OUTFLOWS OF RESOURCES	12,191		12,191
LIABILITIES			
Accounts payable	50,950	20,438	71,388
Other payables	8,455		8,455
Advances payable	9,305		9,305
Long-term liabilities: (Note 10)			
Due within one year	4,407	122	4,529
Due in more than one year	60,160	935	61,095
TOTAL LIABILITIES	133,277	21,495	154,772
DEFERRED INFLOWS OF RESOURCES	38,469		38,469
NET POSITION			
Net investment in capital assets	138,790	12,880	151,670
Restricted for:			
Community development	536,400		536,400
First 5 LA		287,687	287,687
Unrestricted	44,481		44,481
TOTAL NET POSITION	\$ 719,671	300,567	\$ 1,020,238

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, 2022 (in thousands)

	LOS ANGELES COUNTY DEVELOPMENT AUTHORITY	FIRST 5 LA	TOTAL
PROGRAM (EXPENSES) REVENUES:			
Expenses	\$ (835,710)	(94,372)	\$ (930,082)
Program revenues:			
Charges for services	33,142		33,142
Operating grants and contributions	832,516	78,376	910,892
Capital grants and contributions	7,962		7,962
Net program (expenses) revenues	<u>37,910</u>	<u>(15,996)</u>	<u>21,914</u>
GENERAL REVENUES:			
Investment loss	(23,319)	(9,544)	(32,863)
Miscellaneous		18	18
Total general revenues	<u>(23,319)</u>	<u>(9,526)</u>	<u>(32,845)</u>
CHANGE IN NET POSITION	14,591	(25,522)	(10,931)
NET POSITION, JULY 1, 2021, AS RESTATED (Note 2)	<u>705,080</u>	<u>326,089</u>	<u>1,031,169</u>
NET POSITION, JUNE 30, 2022	<u>\$ 719,671</u>	<u>300,567</u>	<u>\$ 1,020,238</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, 2022

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, 2022

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, 2022

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 at www.first5la.org/our-board/financials or 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, 2022

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, 2022, the restricted net position balances were \$4.646 billion and \$65.36 million for governmental activities and business-type activities, respectively. For governmental activities, \$912.59 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, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements

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

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

The County reports the following major governmental funds:

General Fund

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

Fire Protection District

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

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

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

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, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

Mental Health Services Act

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 Fund are all considered major funds for presentation purposes. There is one nonmajor enterprise fund (Aviation Fund). 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 Fund provides water services to County residents. Revenues are derived primarily from the sale of water and water service standby charges. The Aviation Enterprise Fund provides airport services for five County airports. Revenues are derived primarily from airport charges and lease payments. 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

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

Nonmajor Aviation

The Aviation Enterprise Fund is 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, 2022

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

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

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

External Investment Pools

The External Investment Pools Funds are 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

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, 2022

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 financed purchase 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Basis of Accounting-Continued

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 Fund, Nonmajor Aviation Enterprise Fund and Internal Service Funds are charges for services. Operating expenses for all Enterprise Funds and the Internal Service Funds include the cost of sales and services, administrative expenses and depreciation and amortization on capital assets. Medical malpractice expenses, which are self-insured, are classified as operating expenses of the Hospitals. All other revenues and expenses not meeting this definition are reported as nonoperating items. As discussed in Note 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 \$41.704 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, 2022. 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

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) 2021-2022 assessed valuation of the County approximated \$1.786 trillion.

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

The County is divided into 12,870 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 2021-2022 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

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, 2022, the County's share of residual property tax revenues was \$371.80 million, of which \$315.43 million was recognized in the County's General Fund.

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, 2022, 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, including leases), 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Deposits and Investments-Continued

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.

Lease Receivable

As a lessor, the County recognized a lease receivable and a corresponding deferred inflow of resources based on the payment provisions of the contracts in the government-wide Statement of Net Position as discussed in Note 9. The lease receivable was measured at the present value of lease payments expected to be received during the lease term. The deferred inflows of resources was measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. The amount of lease revenue and interest revenue are reflected as program revenues under "Charges for Services" on the Statement of Activities.

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, right-to-use leased assets, 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. Right-to-use leased assets are defined as leased assets with a useful life of more than one year and are recorded at the present value of future lease payments, including expenses to place the asset into service. In accordance with GASB Statement No. 87, the County has reported right-to-use leased assets for land, buildings and improvements, and equipment. 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Capital Assets-Continued

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, other intangible assets, and leased 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
Right-to-use leased assets	Shorter of the leased asset's useful life or the lease term

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Deferred Outflows and Inflows of Resources

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

In addition to assets, the financial statements report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods 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 assets that applies to future periods 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.

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).

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Lease Liability

As a lessee, a lease is defined as a contractual agreement that conveys control of the right-to-use another entity's nonfinancial asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. The County leases a significant amount of nonfinancial assets such as land, buildings, and equipment. The related lease liabilities are presented in the amounts equal to the present value of lease payments, payable during the remaining lease term. A lease liability, as discussed in Note 9, and the associated right-to-use lease asset, as discussed in Note 5, is recognized on the government-wide Statement of Net Position.

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, 2020 rolled forward to June 30, 2021

Measurement Date - June 30, 2021

Measurement Period - July 1, 2020 to June 30, 2021

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, 2020 rolled forward to June 30, 2021

Measurement Date - June 30, 2021

Measurement Period - July 1, 2020 to June 30, 2021

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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, 2021

Measurement Date - June 30, 2021

Measurement Period - July 1, 2020 to June 30, 2021

Long-term Debt

In the government-wide and proprietary funds financial statements, long-term debt and other long-term obligations, including financed purchase 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, 2022

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, 2022

2. NEW ACCOUNTING PRONOUNCEMENTS

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

GASB Statement No. 87 - Statement No. 87, "Leases", establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement is effective for reporting periods beginning after June 15, 2021. See below for the restatement of Net Position, capital assets and long-term obligations due to implementation of this statement.

GASB Statement No. 92 - Statement No. 92, "Omnibus 2020", enhances comparability in the application of accounting and financial reporting requirements and improves the consistency of authoritative literature. More comparable reporting will improve the usefulness of information for users of state and local government financial statements. The statement is effective for reporting periods beginning after June 15, 2021. This statement did not have a material impact on the financial statements.

GASB Statement No. 93 - Statement No. 93, "Replacement of Interbank Offered Rates", addresses the accounting and financial reporting implications that result from the replacement of an Interbank Offered Rate (IBOR). GASB Statement No. 93, except for paragraphs 11b, 13 and 14 is effective for reporting periods beginning after June 15, 2020 and was implemented in the prior year. Paragraph 11b is effective for reporting periods ending after December 31, 2021 and the requirements in paragraphs 13 and 14 are effective for fiscal years beginning after June 15, 2021. This statement did not have a material impact to the financial statements.

GASB Statement No. 99 - Statement No. 99, "Omnibus 2022", enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. GASB Statement No. 99, paragraphs 26-32 were effective upon issuance. This statement did not have a material impact to the financial statements.

Restatement of Net Position

GASB 87

The County implemented GASB 87 during the fiscal year, which resulted in a restatement of net position, capital assets and long-term obligations. Net position at July 1, 2021, as restated is shown in the table below.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

2. NEW ACCOUNTING PRONOUNCEMENTS-Continued

Error Correction

During FY 2021-2022, the County determined that the Lease Revenue Bonds (Multiple Capital Projects II), Series 2012, debt liability for the High Desert Multi-Service Ambulatory Care Center (HD MACC) facility was incorrectly reflected in the Olive View-UCLA Medical Center Enterprise Fund, instead of the General Fund. In FY 2018-2019, ambulatory care operations were transferred from the Hospital Enterprise Funds to the General Fund under the new Ambulatory Care Network. All related assets, including the HD MACC facility, and other related liabilities were transferred, except for this debt liability. The correction resulted in a change in beginning net position and fund balance as reflected in the tables below.

Table of beginning net position and fund balance restatements (in thousands):

	Government-wide	
	Governmental Activities	Business-Type Activities
Net position at July 1, 2021, as previously reported	\$ (10,224,569)	\$ (2,693,779)
Add lease receivable under GASB Statement No. 87 at July 1, 2021	1,938,971	21,396
Add capital assets, intangible asset - right to use leased asset under GASB Statement No. 87 at July 1, 2021 (See Note 5)	1,404,437	
Less deferred inflows of resources under GASB Statement No. 87 at July 1, 2021	(1,938,971)	(21,396)
Less lease liabilities under GASB Statement No. 87 at July 1, 2021 (See Note 10)	(1,463,910)	
Add financed purchase obligations under GASB Statement No. 87 at July 1, 2021 (See Note 10)	48,958	
Error correction due to Lease Revenue Bonds for the High Desert Multi-Service Ambulatory Care Center reflected in Enterprise Funds instead of the General Fund (See Note 10)	(133,394)	133,394
Impact of cash and investments due to the error correction	8,902	(8,902)
Net position at July 1, 2021, as restated	<u>\$ (10,359,576)</u>	<u>\$ (2,569,287)</u>

The General Fund, Flood Control District, and the Nonmajor Aviation Fund also recognized a lease receivable and a corresponding deferred inflows of resources of \$1.903 billion, \$36.39 million, and \$21.40 million, respectively. The recognition of these items did not have an impact on the beginning fund balance as the amounts offset each other.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

2. NEW ACCOUNTING PRONOUNCEMENTS-Continued

	Debt Service	Enterprise Funds	Discretely Presented Component Units
	Public Buildings	Olive View- UCLA Medical Center	LACDA
Net position/fund balance at July 1, 2021, as previously reported	\$ 52,542	\$ (1,030,625)	\$ 704,745
Add net lease receivable under GASB Statement No. 87 at July 1, 2021			3,850
Add capital assets, intangible asset - right to use leased asset under GASB Statement No. 87 at July 1, 2021 (See Note 5)			103
Less net deferred inflows of resources under GASB Statement No. 87 at July 1, 2021			(3,398)
Less lease liabilities under GASB Statement No. 87 at July 1, 2021			(97)
Less removal of net book value and lease liability of old capital leased assets			(123)
Error correction due to Lease Revenue Bonds for the High Desert Multi-Service Ambulatory Care Center reflected in Enterprise Funds instead of the General Fund (See Note 10)		133,394	
Impact of cash and investments due to the error correction	8,902	(8,902)	
Net position/fund balance at July 1, 2021, as restated	<u>\$ 61,444</u>	<u>\$ (906,133)</u>	<u>\$ 705,080</u>

3. DEFICIT NET POSITION

The following activities/funds had a net deficit at June 30, 2022 (in thousands):

	<u>Accumulated Deficit</u>
<u>Government-wide:</u>	
Governmental Activities	\$ 9,115,455
Business-type Activities	1,474,720
<u>Enterprise Funds:</u>	
Harbor-UCLA Medical Center	419,007
Olive View-UCLA Medical Center	739,090
LAC+USC Medical Center	1,218,800
Rancho Los Amigos National Rehab Center	77,357
<u>Internal Service Funds:</u>	
Public Works	1,207,154

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, 2022

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, 2022 (in thousands):

	Pooled Cash and Investments	Other Investments	Restricted Assets		Total
			Pooled Cash and Investments	Other Investments	
Governmental Funds	\$ 15,237,620	68,856			\$ 15,306,476
Proprietary Funds	1,174,438		99,164	6,678	1,280,280
Fiduciary Funds (excluding Pension and OPEB)	28,267,660	137,957			28,405,617
Pension and OPEB Trust Funds	122,073	74,318,375			74,440,448
Discretely Presented Component Units	368,889	535,454		9,493	913,836
Total	\$ 45,170,680	75,060,642	99,164	16,171	\$ 120,346,657

A summary of cash and investments (by type) as of June 30, 2022 is as follows (in thousands):

Cash:	Cash and investments are reported as follows:	
County		
Imprest Cash	\$ 9,850	Governmental Funds \$ 15,306,476
Cash in Vault	187	Proprietary Funds 1,280,280
Cash in Bank	250,881	Investment Trust Fund 813,079
Deposits in Transit	12,144	Custodial Funds 27,592,538
Held by Outside Trustees	1	Pension and OPEB
LACDA	36,401	Trust Funds (LACERA) 74,440,448
Total Cash	309,464	Discretely presented component units:
		First 5 LA 301,739
		LACDA 612,097
		Total Cash and Investments \$ 120,346,657
Investments:		
In Treasury Pool	44,996,782	
In Specific Purpose Investment (SPI)	140,645	
In Other Specific Investments	301	
Held by Outside Trustees	72,545	
In LACERA	74,318,375	
In Discretely Presented Component Unit - LACDA	508,545	
Total Investments	120,037,193	
Total Cash and Investments	\$ 120,346,657	

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

4. CASH AND INVESTMENTS-Continued

County Treasurer Cash

As of June 30, 2022, the County Treasurer (Treasurer) maintained accounts in six banks. The carrying amount of the Treasurer's total deposits in financial institutions was \$250.88 million, deposits in transit were \$12.14 million, and cash in the Treasurer's vault was \$187 thousand.

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 and 53652 delineate the types of eligible securities and the required collateral percentage of at least 110%, respectively. However, for the letters of credit issued by the Federal Home Loan Bank of San Francisco, with the consent of the Treasurer, the California Government Code 53632 only requests the collateral percentage to be 105%. 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, 2022.

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 are only 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, 2022, to support the value of shares in the Pool.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

4. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

The School Districts and the Superior Court are required by legal provisions to participate in the County's investment pool. Fifty-three percent (52.85%) 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. 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 \$137.66 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, 2022, the total amount invested by all California local governments and special districts in LAIF was \$35.760 billion. LAIF is part of the State of California's Pooled Money Investment Account (PMIA), which as of June 30, 2022 had a balance of \$234.469 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 \$4.400 billion at June 30, 2022. Collectively, these represent 1.88% of the PMIA balance of \$234.469 billion. The SPI holdings in the LAIF investment pool as of June 30, 2022, were \$40.04 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, 2022

4. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

The Treasurer has the following recurring fair value measurements as of June 30, 2022 (in thousands):

<u>Pool</u>	Fair Value	Fair Value Measurement Using			External Government Investment Pools
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Commercial Paper	\$ 10,434,741	\$	\$ 10,434,741	\$	\$
Corporate and Deposit Notes	10,392		10,392		
Negotiable Certificates of Deposit	1,699,422		1,699,422		
U.S. Agency Securities	25,414,744		25,414,744		
U.S. Treasury Securities:					
U.S. Treasury Notes	2,641,603		2,641,603		
U.S. Treasury Bills	4,773,190		4,773,190		
Municipals	22,690		22,690		
Total Investments	<u>\$ 44,996,782</u>	<u>\$</u>	<u>\$ 44,996,782</u>	<u>\$</u>	<u>\$</u>
<u>SPI</u>					
Local Agency Investment Fund	\$ 40,035	\$	\$	\$	\$ 40,035
Los Angeles County Securities	2,988			2,988	
U.S. Agency Securities	58,536		58,536		
U.S. Treasury Securities:					
U.S. Treasury Notes	39,086		39,086		
Total Investments	<u>\$ 140,645</u>	<u>\$</u>	<u>\$ 97,622</u>	<u>\$ 2,988</u>	<u>\$ 40,035</u>
<u>Other Specific Investments</u>					
U.S. Treasury Bills	\$ 301	\$	\$ 301	\$	\$
Total Investments	<u>\$ 301</u>	<u>\$</u>	<u>\$ 301</u>	<u>\$</u>	<u>\$</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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, 2022

4. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

A summary of investments held by the Pool at June 30, 2022 is as follows (dollars in thousands):

Pool	Fair Value	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity In Years
Commercial Paper	\$ 10,434,741	\$ 10,438,975	0.76% - 2.44%	07/01/22 - 10/28/22	0.11
Corporate and Deposit Notes	10,392	10,991	0.50%	06/18/24	1.97
Negotiable Certificates of Deposit	1,699,422	1,700,000	0.80% - 2.34%	07/01/22 - 11/21/22	0.13
Municipals	22,690	23,887	2.96%	08/01/24	2.09
U.S. Agency Securities	25,414,744	27,091,289	0.07% -4.70%	07/01/22 - 01/05/34	3.64
U.S. Treasury Securities:					
U.S. Treasury Notes	2,641,603	2,889,971	0.25% - 1.63%	11/15/22 - 11/15/30	4.09
U.S. Treasury Bills	4,773,190	4,784,611	0.13% - 2.35%	07/07/22 - 03/23/23	0.28
Total	<u>\$ 44,996,782</u>	<u>\$ 46,939,724</u>			2.35

The unrealized loss on investments held in the Pool was \$1.943 billion as of June 30, 2022. 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, 2022 relative to the County Pool balances. A separate financial report is issued for the Pool for the year ended June 30, 2022 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, 2022 is as follows (dollars in thousands):

SPI	Fair Value	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity In Years
Local Agency Investment Fund	\$ 40,035	\$ 40,556	0.99%	05/07/23	0.85
Los Angeles County Securities	2,988	2,855	5.00%	12/02/27	5.43
U.S. Agency Securities	58,536	73,405	2.00% - 3.27%	12/27/39 - 08/27/43	18.82
U.S. Treasury Notes	39,086	39,852	1.50%	02/29/24	1.67
Total	<u>\$ 140,645</u>	<u>\$ 156,668</u>			8.56

Other Specific Investments	Fair Value	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity In Years
U.S. Treasury Bills	\$ 301	\$ 301	1.52%	11/25/22	0.41

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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 increased fluctuations of the Pool size and market activity resulting from COVID-19, the Treasurer increased the weighted average maturity target to between 1.0 and 3.0 years in FY 2020-2021 as permitted under the Investment Policy. Due to continued fluctuations in the Pool size and market activity resulting from COVID-19, the Treasurer further increased the weighted average maturity target to between 1.0 and 4.0 years on August 30, 2021. 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, 2022, is \$44.997 billion, of which 61.29% will mature in six months or less. Of the remainder, 37.34% have a maturity of more than one year. At June 30, 2022, the weighted average maturity in years for the Pool was 2.35 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, 2022, there were none.

At June 30, 2022, there were no floating or variable rate notes in the Pool, 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 (RPV Bond) and LAIF, were either held by the Treasurer or by the custodian bank in the name of the Treasurer. The RPV Bond was held in the Treasurer's vault and is 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, 2022

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, 2022 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, 2022, 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, 2022 (dollars in thousands):

Issuer	Pool		SPI	
	Fair Value	% of Portfolio	Fair Value	% of Portfolio
Federal Home Loan Bank	\$ 14,652,544	32.56%	\$ 19,197	13.65%
Federal Home Loan Mortgage Corporation	3,204,287	7.12%		
Federal Farm Credit Bank	5,902,581	13.12%	32,632	23.20%

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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, 2022:

Pool	S&P	Moody's	Fitch	% of Portfolio
Commercial Paper	Not Rated	Not Rated	Not Rated	23.19 %
Corporate and Deposit Notes (ST)	A+	A1	A+	0.02 %
Municipals	AA	Not Rated	AA	0.05 %
Negotiable Certificates of Deposits	Not Rated	Not Rated	Not Rated	3.78 %
U.S. Agency Securities	AA+	Aaa	AAA	16.18 %
	AA+	Aaa	Not Rated	9.19 %
	Not Rated	Aaa	AAA	6.74 %
	Not Rated	Not Rated	Not Rated	24.37 %
U.S. Treasury Securities*				16.48 %
				<u>100.00 %</u>
<u>SPI</u>				
Local Agency Investment Fund	Not Rated	Not Rated	Not Rated	28.47 %
Los Angeles County Securities	Not Rated	Not Rated	Not Rated	2.12 %
U.S. Agency Securities	AA+	Aaa	AAA	23.20 %
	AA+	Aaa	Not Rated	13.65 %
	Not Rated	Aaa	AAA	4.77 %
U.S. Treasury Securities*				27.79 %
				<u>100.00 %</u>
<u>Other Specific Investments</u>				
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, 2022

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, 2022, 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, 2022 were \$792. A total of \$194.51 million of investments held by outside trustees are invested in the Pool. In addition, the outside trustees invested \$72.55 million outside of the Pool.

The following is a summary of investments held by outside trustees as of June 30, 2022 (dollars in thousands):

	<u>Fair Value</u>	<u>Principal</u>	<u>Interest Rate Range</u>	<u>Maturity Range</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Treasury Securities:					
U.S. Treasury Bonds	20,408	20,408	0.00% - 2.875%	11/15/22 - 11/15/28	5.21
U.S. Treasury Notes	3,420	3,420	0.13% - 2.88%	05/31/23 - 05/31/26	0.35
	<u>Net Asset Value</u>				
Money Market Mutual Funds	\$ 48,717				

The following is a summary of the credit quality distribution and concentration of credit risk as of June 30, 2022:

<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	67.15%
U.S. Treasury Securities *				32.85%
				<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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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, 2022 (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, 2022, (in thousands) and are as follows:

	Fair Value
Cash Collateral on Loaned Securities	\$ 1,401,077
Short-term Investments	3,105,491
Domestic and International Equity	25,664,493
Fixed Income	19,545,639
Real Estate*	6,044,147
Real Assets	1,363,252
Private Equity	12,753,842
Hedge Funds	4,440,434
Total	\$ 74,318,375

* Refer to Note J of LACERA's ACFR for the year ended June 30, 2022, for additional discussion on special purpose entities.

The Pension and OPEB Trust Funds also had deposits with the Pool at June 30, 2022 totaling \$122.07 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 exercises 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 deposit and 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, 2022

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 manager 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, 2022

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Credit Quality Ratings

The following is a schedule as of June 30, 2022 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 \$11.87 million are excluded from this presentation.

Credit Quality Ratings of Investments in Fixed Income Securities - Pension Plan
As of June 30, 2022
(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	\$ 6,255,435	879,227		155,890	1,305,060	1,512	160,929	\$ 8,758,053	47.01 %
Aa			5,371	31,004	61,253	2,179	22,574	122,381	0.66 %
A			2,927	437,487	319,064	30,212	29,468	819,158	4.40 %
Baa			2,233	353,497	384,886	51,425	85,349	877,390	4.71 %
Ba				224,737	7,231	41,726	308,352	582,046	3.12 %
B				1,148,664		161,666	579,043	1,889,373	10.14 %
Caa				180,953		10,911	179,499	371,363	1.99 %
Ca				527		11	3,552	4,090	0.02 %
C				913			181	1,094	0.01 %
Not Rated		538		227,747	4,718,362	42,658	215,661	5,204,966	27.94 %
Total Investment in Fixed Income Securities - Pension Plan	\$ 6,255,435	879,765	10,531	2,761,419	6,795,856	342,300	1,584,608	\$18,629,914	100.00 %

Note: Pooled Investments included within the Not Rated Quality Ratings, represents investments in commingled funds. The Credit Quality Ratings table does not include holdings with commingled investment structures or structures that are not directly held in custody by LACERA's global custodian, State Street Bank and Trust Company.

Credit Quality Ratings of Investments in Fixed Income Securities - OPEB Trust
As of June 30, 2022 (dollars in thousands)

Quality Ratings	Pooled Investments	Total	Percentage of Portfolio
Not Rated	\$ 903,853	\$ 903,853	100.00 %
Total Investment in Fixed Income Securities - OPEB Trust	\$ 903,853	\$ 903,853	100.00 %

Note: Pooled Investments included with the Not Rated Quality Ratings represents investments in commingled funds. All fixed income securities in the OPEB Trust were invested through commingled funds.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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 investment 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

For diversification purposes, all investment grade and liquid credit portfolios limit the exposure to a single issuer. This limitation is typically 5.00%, but does not apply to U.S. Treasury securities, government-guaranteed debt (including G-7 countries), agency debt, agency mortgage-backed securities, and approved commingled funds and fund-of-one vehicles.

As of June 30, 2022, 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, 2022

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, investment manager guidelines require that the duration of all investment grade bond portfolios must remain within a range centered around the duration of the benchmark index. This range is currently +/- 25.00% of the benchmark duration. 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, 2022 presents the duration by investment type. Whole loan mortgages included in the Pension Plan Portfolio of \$11.87 million are excluded from this presentation.

Duration in Fixed Income Securities - Pension Plan
As of June 30, 2022
(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	\$ 6,255,435	11.94
U.S. Government Agency	879,765	4.26
Municipal / Revenue Bonds	10,531	11.07
Subtotal U.S. Treasuries, U.S. Government Agency, and Municipal Instruments	7,145,731	
Corporate Bonds and Credit Securities:		
Asset-Backed Securities	243,612	1.98
Corporate and Other Credit	2,540,330	2.06
Fixed Income Swaps and Options	(22,523)	N/A
Pooled Funds	6,795,856	2.06
Subtotal Corporate Bonds and Credit Securities	9,557,275	
Non-U.S. Fixed Income	342,300	1.49
Private Placement Fixed Income	1,584,608	3.91
Subtotal Non-U.S. and Private Placement Securities	1,926,908	
Total Fixed Income Securities - Pension Plan	\$ 18,629,914	

Note: The Duration table does not include holdings within commingled investment structures or structures that are not directly held in custody by LACERA's global custodian, State Street Bank and Trust Company.

*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, 2022

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Interest Rate Risk-Continued

Duration in Fixed Income Securities - OPEB Trust
As of June 30, 2022 (dollars in thousands)

Investment Type	Fair Value	Portfolio Weighted Average Effective Duration*
Corporate Bonds and Credit Securities:		
Pooled Investments	\$ 903,853	3.24
Total Fixed Income Securities - OPEB Trust	\$ 903,853	

*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 investment managers are permitted to invest in approved countries or regions, as stated in their respective investment manager 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 that are denominated in foreign currency. 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 the pro-rata portion of non-U.S. commingled fund holdings. The OPEB Trust did not hold any non-U.S. investment securities as of June 30, 2022.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Non-U.S. Investment Securities at Fair Value - Pension Plan
As of June 30, 2022
(in thousands)

Currency	Equity	Fixed Income	Foreign Currency	Real Estate	Real Assets	Private Equity Investments	Forward Contracts	Total
AFRICA								
South African Rand	\$ 69,825							\$ 69,825
AMERICAS								
Brazilian Real	112,645		16					112,661
Canadian Dollar	1,137,585	2,809	139				9,570	1,150,103
Chilean Peso	7,402							7,402
Colombian Peso	3,410							3,410
Mexican Peso	40,657		13					40,670
ASIA								
Australian Dollar	491,289	1,362	388			6,076	19,148	518,263
Chinese Renminbi	74,796							74,796
Hong Kong Dollar	685,135						103	685,238
Indonesian Rupiah	39,514							39,514
Japanese Yen	1,072,284		1				60,069	1,132,354
Kuwaiti Dinar	13,986							13,986
Malaysian Ringgit	29,704							29,704
New Zealand Dollar	11,687		229				698	12,614
Philippine Peso	11,360							11,360
Singapore Dollar	68,379		7				914	69,300
South Korean Won	233,259							233,259
Taiwan Dollar	274,164							274,164
Thai Baht	35,390							35,390
EUROPE								
British Pound Sterling	1,039,875	15,545	8,072	387		133,152	33,291	1,230,322
Czech Republic Koruna	4,044							4,044
Danish Krone	191,042		1				1,957	193,000
Euro	1,737,692	121,041	14,562	316,344	142,469	910,380	28,222	3,270,710
Hungarian Forint	3,345							3,345
Norwegian Krone	78,572						2,964	81,536
Polish Zloty	11,781							11,781
Russian Ruble	31,651							31,651
Swedish Krona	188,247						8,410	196,657
Swiss Franc	459,145						3,875	463,020
MIDDLE EAST								
Egyptian Pound	2,259							2,259
Israeli New Shekel	58,557		512				1,831	60,900
Qatari Rial	24,773							24,773
Turkish Lira	7,552							7,552
UAE Dirham	32,384							32,384
Total Investment Securities								
Subject to Foreign Currency								
Risk - Pension Plan	\$ 8,283,390	140,757	23,940	316,731	142,469	1,049,608	171,052	\$10,127,947

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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. Collateralization is set on non-U.S. loans at 105% minimum and on U.S. loans at 102% minimum 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 fair value of a security on loan rises, LACERA receives additional collateral. Conversely, if the fair 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 agent provides 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, 2022.

As of June 30, 2022, the fair value of securities on loan was \$3.721 billion, with a value of cash collateral received of \$1.401 billion, which is included in Other payables on the financial statements, and non-cash collateral of \$2.540 billion. LACERA's investment income, net of expenses from securities lending, was \$11.10 million for the year ended June 30, 2022.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Securities Lending Program-Continued

Securities Lending
As of June 30, 2022
(in thousands)

Securities on Loan	Fair Value of Securities on Loan	Cash Collateral Received	Non-Cash Collateral Received	Calculated Mark ⁽¹⁾
U.S. Equity	\$ 2,295,594	\$ 862,637	\$ 1,559,646	\$ (17,143)
U.S. Fixed Income	958,823	438,042	575,808	15
Non-U.S. Equity	466,448	100,398	404,899	(5,842)
Total	<u>\$ 3,720,865</u>	<u>\$ 1,401,077</u>	<u>\$ 2,540,353</u>	<u>\$ (22,970)</u>

(1) Calculated Mark is performed daily, and it is the amount LACERA will collect from the borrower (if the amount is positive), or payment to the borrower (if the amount is negative), to bring the collateralization to appropriate levels based on fair 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 commingled investment structures or structures that are not directly held in custody by the Bank.

Interest Rate Risk Analysis
As of June 30, 2022
(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		\$ 1	\$	\$	\$	\$ 1
Fixed Income Options Bought		256	33	33			
Fixed Income Options Written		(2,901)	(16)		(5)		(11)
Receive Fixed Interest Rate Swaps	15,973		(1,868)		(938)	(930)	
Total Return Swaps Bond	2,335		188	188			
Total Return Swaps Equity	(223,615)		(21,416)	(21,951)	535		
Total	<u>\$ (204,507)</u>	<u>(2,645)</u>	<u>\$(23,078)</u>	<u>\$(21,730)</u>	<u>\$ (408)</u>	<u>\$ (930)</u>	<u>\$ (10)</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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. Diversified hedge funds comprise a variety of hedged investments, such as relative value, arbitrage, and long/short strategies within a diversified portfolio.

The status of LACERA's hedge fund program as of June 30, 2022 is as follows:

- LACERA is invested in eight hedge fund managers in the core hedge funds portfolio.
- LACERA is invested in five hedge fund emerging managers in the hedge funds emerging manager portfolio. LACERA's discretionary hedge funds emerging manager separate account manager, Stable Asset Management, selected five emerging managers during the last fiscal year.
- LACERA continues to have exposure with one hedge fund of funds managers, Grosvenor Capital Management (GCM). In 2019, LACERA initiated the full redemption of the GCM hedge fund of funds' portfolio. This portfolio began returning cash during the prior fiscal year and will continue to distribute cash in alignment with the liquidity terms of the portfolio or underlying managers. GCM is managing the redemption process of the GCM portfolio.

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, 2022 was \$4.440 billion.

The core portfolio, emerging manager portfolio, and GCM hedge funds of funds portfolio reside within Diversified Hedge Funds under the Risk Reduction and Mitigation functional asset category of LACERA's Total Fund.

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, 2022

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. Equity securities classified in Level 2 are not traded in the active market. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. These matrix pricing techniques incorporate inputs such as yield, prepayment speeds, and credit spreads for fixed income securities. Derivative securities classified as Level 2 are securities whose value are either derived daily from associated securities that are traded, or are determined by using a market approach that considers benchmark interest rates.

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 the Bank.

Hedge Funds, Private Equity, Real Assets, Real Estate, Equity, and Fixed Income Funds

Investments in hedge funds, private equity, real assets, 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, 2022

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Fair Value-Continued

Investments and Derivative Instruments Measured at Fair Value - Pension Plan
As of June 30, 2022
(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	\$ 243,612	\$	\$ 243,612	\$
Corporate and Other Credit	2,540,330		2,486,407	53,923
Municipal/Revenue Bonds	10,531		10,531	
Non-U.S. Fixed Income	342,300		311,667	30,633
Pooled Investments	541,639	541,639		
Private Placement Fixed Income	1,584,608		1,584,451	157
U.S. Government Agency	879,765		879,765	
U.S. Treasuries	6,255,435		6,255,435	
Whole Loan Mortgages	11,873			11,873
Total Fixed Income Securities	12,410,093	541,639	11,771,868	96,586
Equity Securities				
Non-U.S. Equity	8,839,445	8,835,981	11	3,453
Pooled Investments	326,233	326,233		
U.S. Equity	13,638,899	13,606,890	10,232	21,777
Total Equity Securities	22,804,577	22,769,104	10,243	25,230
Collateral from Securities Lending	1,401,077		1,401,077	
Total Investments by Fair Value Level	\$ 36,615,747	\$ 23,310,743	\$ 13,183,188	\$ 121,816
Investments Measured at NAV				
Fixed Income	\$ 6,254,217			
Equity	1,660,096			
Hedge Funds	4,440,434			
Private Equity	12,753,842			
Real Estate	5,802,979			
Real Assets	1,363,252			
Total Investments Measured at NAV	32,274,820			
Total Investments	\$ 68,890,567			
Derivatives				
Foreign Exchange Contracts	\$ 171,052	\$	\$ 171,052	\$
Foreign Fixed Income Derivatives	(18,746)	(12)	(18,734)	
Foreign Equity Derivatives	1,242	1,242		
U.S. Equity Derivatives	(1,195)	(1,195)		
U.S. Fixed Income Derivatives	(3,778)	29	(3,807)	
Total Derivatives	\$ 148,575	\$ 64	\$ 148,511	\$

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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, 2022
(dollars in thousands)

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Fixed Income Funds ⁽¹⁾	\$ 6,254,217	\$ 857,195	Daily, Monthly or Not Eligible	1-60 days or N/A
Commingled Equity Funds ⁽²⁾	1,660,096		Daily, Monthly or Not Eligible	1-60 days or N/A
Hedge Funds ⁽³⁾	4,440,434	381,198	Daily, Monthly, Quarterly, Semi-Annual, Annual, Self-Liquidating	5-180 days
Private Equity ⁽⁴⁾	12,753,842	4,822,028	Not Eligible	N/A
Real Estate ⁽⁴⁾	5,802,979	334,665	Quarterly or Not Eligible	30 days+ or N/A
Real Assets ⁽⁴⁾	1,363,252	1,618,103	Not Eligible	N/A
Total Investments Measured at the NAV	<u>\$ 32,274,820</u>			

(1) Fixed Income Funds: 9 fixed income funds are valued at the NAV of units held at the end of the period based upon the fair value of the underlying investments. Approximately 80% of assets are available within 12 months; these funds provide daily, monthly or quarterly liquidity. Approximately 20% of the fund assets have liquidity beyond 12 months.

(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 years.

(3) Hedge Funds: This portfolio consists of 13 current funds and 2 fund of funds. Hedge Fund investments are valued at NAV per share. When considering liquidity terms of the 13 current funds, 62% 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. Approximately 38% 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, Real Assets, and Real Estate Funds: LACERA's Private Equity portfolio consists of 272 funds, investing primarily in buyout funds, with some exposure to venture capital, special situations, fund of funds, 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 271 funds are ineligible for up to 10 years. The Real Assets portfolio, consists of 17 funds, investing primarily in infrastructure and natural resources. Due to contractual limitations, none of the funds are eligible for redemption as the lock-up period is typically from 10 to 15 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, 2022

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Fair Value-Continued

Investments Measured at Fair Value - OPEB Trust
As of June 30, 2022
(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	\$ 238,854	\$ 238,854	\$	\$
Total Fixed Income Securities	<u>238,854</u>	<u>238,854</u>		
Total Investments by Fair Value Level	<u>\$ 238,854</u>	<u>\$ 238,854</u>	\$	\$

Investments Measured at Net Asset Value (NAV)

Fixed Income	\$ 664,999
Equity	1,199,773
Real Estate Investment Trust (REIT)	<u>241,168</u>
Total Investments Measured at NAV	<u>2,105,940</u>
Total Investments	<u>\$ 2,344,794</u>

Investments Measured at Net Asset Value - OPEB Trust
As of June 30, 2022
(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	\$ 664,999	\$	Daily, Monthly	1-30 days or N/A
Commingled Equity Fund	1,199,773		Daily, Monthly	1-30 days or N/A
Real Estate Investment Trust (REIT)	<u>241,168</u>		Daily, Monthly	1-30 days or N/A
Total Investments Measured at NAV ⁽¹⁾	<u>\$ 2,105,940</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, 2022

5. CAPITAL ASSETS

As a result of the implementation of GASB 87, the capital asset balances as of June 30, 2021 were restated as follows (in thousands):

	Balance July 1, 2021, as previously reported	Effect of GASB 87 implementation	Balance July 1, 2021, as restated
<u>Governmental Activities</u>			
Capital assets, not being depreciated/amortized:			
Land	\$ 2,527,202	\$ (20,669)	\$ 2,506,533
Capital assets, being depreciated/amortized:			
Buildings and improvements	6,292,411	(66,465)	6,225,946
Equipment	1,860,146	(2,027)	1,858,119
Leased land		9,081	9,081
Leased buildings and improvements		1,447,814	1,447,814
Leased equipment		7,215	7,215
Accumulated depreciation/amortization:			
Buildings and improvements	(2,507,560)	28,367	(2,479,193)
Equipment	(1,365,089)	1,121	(1,363,968)
Total governmental activities capital assets restatement		1,404,437	
<u>LACDA:</u>			
Capital assets, being depreciated/amortized:			
Leased equipment		197	197
Accumulated depreciation/amortization:			
Leased equipment		(94)	(94)
Total LACDA capital assets restatement		103	

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

5. CAPITAL ASSETS-Continued

Capital assets activity for the year ended June 30, 2022 is as follows (in thousands):

<u>Governmental Activities</u>	Balance July 1, 2021, as restated	Additions	Deletions	Balance June 30, 2022
Capital assets, not being depreciated/ amortized:				
Land	\$ 2,506,533	11,581	(11,569)	\$ 2,506,545
Easements	5,006,407	32,163		5,038,570
Software in progress	54,243	33,482	(23,073)	64,652
Construction in progress-buildings and improvements	1,517,863	458,181	(790,863)	1,185,181
Construction in progress-infrastructure	489,214	176,748	(61,796)	604,166
Subtotal	<u>9,574,260</u>	<u>712,155</u>	<u>(887,301)</u>	<u>9,399,114</u>
Capital assets, being depreciated/amortized:				
Buildings and improvements	6,225,946	810,725	(84,123)	6,952,548
Equipment	1,858,119	92,487	(78,857)	1,871,749
Software	585,049	23,073		608,122
Infrastructure	8,136,797	53,637	(3)	8,190,431
Leased land	9,081			9,081
Leased buildings and improvements	1,447,814	56,557		1,504,371
Leased equipment	7,215	2,475		9,690
Subtotal	<u>18,270,021</u>	<u>1,038,954</u>	<u>(162,983)</u>	<u>19,145,992</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(2,479,193)	(145,759)	4,874	(2,620,078)
Equipment	(1,363,968)	(121,792)	76,910	(1,408,850)
Software	(369,632)	(38,507)		(408,139)
Infrastructure	(4,623,136)	(152,987)		(4,776,123)
Leased land		(3,406)		(3,406)
Leased buildings and improvements		(124,118)		(124,118)
Leased equipment		(1,722)		(1,722)
Subtotal	<u>(8,835,929)</u>	<u>(588,291)</u>	<u>81,784</u>	<u>(9,342,436)</u>
Total capital assets, being depreciated/ amortized, net	<u>9,434,092</u>	<u>450,663</u>	<u>(81,199)</u>	<u>9,803,556</u>
Governmental activities capital assets, net	<u>\$19,008,352</u>	<u>1,162,818</u>	<u>(968,500)</u>	<u>\$ 19,202,670</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

5. CAPITAL ASSETS-Continued

<u>Business-type Activities</u>	Balance July 1, 2021, as restated	Additions	Deletions	Balance June 30, 2022
Capital assets, not being depreciated/ amortized:				
Land	\$ 134,932			\$ 134,932
Easements	32,054			32,054
Construction in progress-buildings and improvements	222,529	128,550	(34,980)	316,099
Construction in progress- infrastructure	56,686	8,045	(1,314)	63,417
Subtotal	<u>446,201</u>	<u>136,595</u>	<u>(36,294)</u>	<u>546,502</u>
Capital assets, being depreciated/ amortized:				
Buildings and improvements	2,859,326	37,699		2,897,025
Equipment	436,417	27,867	(8,702)	455,582
Software	58,922			58,922
Infrastructure	1,305,991	1,286		1,307,277
Leased equipment		1,188		1,188
Subtotal	<u>4,660,656</u>	<u>68,040</u>	<u>(8,702)</u>	<u>4,719,994</u>
Less accumulated depreciation/ amortization for:				
Buildings and improvements	(954,298)	(51,422)		(1,005,720)
Equipment	(288,101)	(34,428)	7,479	(315,050)
Software	(49,851)	(3,542)		(53,393)
Infrastructure	(695,908)	(24,039)		(719,947)
Leased equipment		(107)		(107)
Subtotal	<u>(1,988,158)</u>	<u>(113,538)</u>	<u>7,479</u>	<u>(2,094,217)</u>
Total capital assets, being depreciated/ amortized, net	<u>2,672,498</u>	<u>(45,498)</u>	<u>(1,223)</u>	<u>2,625,777</u>
Business-type activities capital assets, net	<u>3,118,699</u>	<u>91,097</u>	<u>(37,517)</u>	<u>3,172,279</u>
Total capital assets, net	<u>\$ 22,127,051</u>	<u>1,253,915</u>	<u>(1,006,017)</u>	<u>\$ 22,374,949</u>

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

5. CAPITAL ASSETS-Continued

Depreciation/Amortization Expense

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

Governmental activities:

General government	\$ 58,824
Public protection	195,108
Public ways and facilities	90,861
Health and sanitation	102,983
Public assistance	60,087
Education	6,378
Recreation and cultural services	47,427
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	26,623
Total depreciation/amortization expense, governmental activities	\$ 588,291

Business-type activities:

Hospitals	\$ 86,808
Waterworks	23,828
Aviation	2,902
Total depreciation/amortization expense, business-type activities	\$ 113,538

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

5. CAPITAL ASSETS-Continued

Discretely Presented Component Units

LACDA

Capital assets activity for the LACDA component unit for the year ended June 30, 2022, was as follows (in thousands):

	Balance July 1, 2021, as restated	Additions	Deletions	Balance June 30, 2022
Capital assets, not being depreciated/ amortized:				
Land	\$ 88,791			\$ 88,791
Construction in progress-buildings and improvements	3,957	4,384	(3,031)	5,310
Subtotal	<u>92,748</u>	<u>4,384</u>	<u>(3,031)</u>	<u>94,101</u>
Capital assets, being depreciated/amortized:				
Buildings and improvements	247,445	7,199		254,644
Equipment	9,535	712	(1,339)	8,908
Software	1,025			1,025
Leased buildings and improvements		1,267		1,267
Leased equipment	197	234		431
Subtotal	<u>258,202</u>	<u>9,412</u>	<u>(1,339)</u>	<u>266,275</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(171,349)	(5,419)		(176,768)
Equipment	(8,388)	(371)	802	(7,957)
Software	(231)	(102)		(333)
Leased buildings and improvements		(206)		(206)
Leased equipment	(94)	(156)		(250)
Subtotal	<u>(180,062)</u>	<u>(6,254)</u>	<u>802</u>	<u>(185,514)</u>
Total capital assets being depreciated/ amortized, net	<u>78,140</u>	<u>3,158</u>	<u>(537)</u>	<u>80,761</u>
LACDA capital assets, net	<u>\$ 170,888</u>	<u>7,542</u>	<u>(3,568)</u>	<u>\$ 174,862</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

5. CAPITAL ASSETS-Continued

First 5 LA

Capital assets activity for the First 5 LA component unit for the year ended June 30, 2022, was as follows (in thousands):

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets, not being depreciated-				
Land	\$ 2,039			\$ 2,039
Capital assets, being depreciated:				
Buildings and improvements	12,076	2,857		14,933
Equipment	3,075	28		3,103
Subtotal	<u>15,151</u>	<u>2,885</u>		<u>18,036</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,890)	(327)		(4,217)
Equipment	(2,905)	(73)		(2,978)
Subtotal	<u>(6,795)</u>	<u>(400)</u>		<u>(7,195)</u>
Total capital assets being depreciated, net	<u>8,356</u>	<u>2,485</u>		<u>10,841</u>
First 5 LA capital assets, net	<u>\$ 10,395</u>	<u>2,485</u>		<u>\$ 12,880</u>

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

6. SERVICE CONCESSION ARRANGEMENTS-Continued

Golf Courses-Continued

As of June 30, 2022, the present value of the installment payments under contract is estimated to be \$72.58 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 2 to 17 years as of June 30, 2022. The FY 2021-2022 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 \$19.97 million as of June 30, 2022.

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.

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.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

7. PENSION PLAN-Continued

Benefits Provided-Continued

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 2021-2022:

July 1, 2021 - September 15, 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%			
September 16, 2021 - June 30, 2022	A	B	C	D	E	G
General Members	31.40%	24.16%	21.39%	22.94%	24.49%	22.85%
Safety Members	40.12%	34.59%	28.17%			

The rates were determined by the actuarial valuations performed as of June 30, 2019 and 2020, respectively. The investment rate of return assumption used in the valuation performed as of June 30, 2020 remained at 7.00%. The employer contribution rates used in FY 2021-2022, beginning September 16, 2021, increased by 1.67% to 3.03% over the rates used in FY 2020-2021 and may increase again during the following fiscal year. The most significant factors causing the increase were increases to the normal cost rate and deferred recognition of new assumptions.

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

During FY 2021-2022, 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 \$2.122 billion.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

7. PENSION PLAN-Continued

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

At June 30, 2022, the County reported a liability of \$7.030 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, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, 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, 2021, the County's proportionate share was 96.41%, which was an increase of 0.14% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the County recognized pension expense of \$(1.403) billion which is reported as \$(1.206) billion for governmental activities and \$(197.58) million for business-type activities. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or methods, and plan benefits. At June 30, 2022, 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	\$ 7,021,527	\$
Change in assumptions		3,012,519
Change in experience	211,224	1,537,846
Change in proportion and differences between County contributions and proportionate share of contributions	310,913	345,080
Contributions made subsequent to measurement date		2,122,282
Total	\$ 7,543,664	\$ 7,017,727

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, 2022.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

7. PENSION PLAN-Continued

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

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>
2023	\$ (834,665)
2024	(583,575)
2025	(714,905)
2026	(1,627,233)
2027	549,171
Thereafter	562,988

Deferred outflows of \$2.122 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.

As of the measurement date of June 30, 2022, the Pension Plan's fiduciary net position decreased approximately \$2.722 billion due to significant decreases in the fair value of the Pension Plan's investments. Overall, the decrease in the fiduciary net position and increase in the total pension liability of \$3.628 billion from interest and service costs, resulted in an increase in net pension liability from \$7.292 billion to \$13.642 billion. The County's proportionate share of the Pension Plan's net pension liability was 96.41% as of June 30, 2021 and is historically above 96%.

Actuarial Assumptions

Valuation Timing	June 30, 2020, rolled forward to June 30, 2021
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, 2020 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, 2022

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, 2021:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Rate of Return (After Expected 2.75% Inflation Rate) (Geometric)
Growth	47.00%	5.30 %
Global Equity	35.00 %	4.20 %
Private Equity	10.00 %	6.10 %
Opportunistic Real Estate	2.00 %	6.30 %
Credit	12.00%	1.70 %
High Yield Bonds	3.00 %	1.40 %
Bank Loans	4.00 %	1.20 %
Emerging Market Bonds (local)	2.00 %	1.00 %
Illiquid Credit	3.00 %	2.30 %
Real Assets and Inflation Hedges	17.00%	3.20 %
Core and Value Added Real Estate	7.00 %	2.90 %
Natural Resources and Commodities	4.00 %	3.20 %
Infrastructure	3.00 %	4.50 %
TIPS	3.00 %	(0.90)%
Risk Reduction and Mitigation	24.00%	(0.40)%
Investment Grade Bonds	19.00 %	(0.90)%
Diversified Hedge Fund Portfolio	4.00 %	1.70 %
Cash Equivalents	1.00 %	(1.60)%

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.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

7. PENSION PLAN-Continued

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/(Asset)	\$ 17,522,669	\$ 7,030,463	\$ (1,640,103)

Pension Plan Fiduciary Net Position

Detailed information about pension plan fiduciary net position as of June 30, 2021 is available in the separately issued LACERA financial report, which can be found at www.LACERA.com.

Deferred Compensation Plans

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

Plan Description and Funding Policy

The Deferred Compensation and Thrift Plan was established as a Section 457 defined contribution plan covering employees who have achieved full time and permanent employment status. The plan is designed to permit these employees to voluntarily defer a portion of their compensation and provide for retirement and death benefits. The plan is funded by employer and employee contributions. As of June 30, 2022, the County provided up to a 4% matching contribution per pay period of the employee's voluntary contribution. Employer and employee contributions are deposited into the participant accounts and invested based on participant selected options. Total employer contributions for the year ended June 30, 2022, were \$294.60 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, 2022, the County provided up to a 4% matching contribution per pay period of the employee's voluntary contribution. Employer and employee contributions are deposited into the participant accounts and invested based on participant selected options. Total employer contributions for the year ended June 30, 2022, were \$77.71 million.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

7. PENSION PLAN-Continued

Deferred Compensation Plans-Continued

Plan Description and Funding Policy-Continued

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, 2022, were \$9.29 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.

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 date for the RHC OPEB program is June 30, 2021.

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

8. OTHER POSTEMPLOYMENT BENEFITS

Retiree Healthcare-Continued

Plan Description-Continued

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.

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.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Benefits Provided-Continued

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%.

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

	2021	
	Medical	Dental/ Vision
Retired Participants		
Retired Members and Survivors	52,832	54,262
Spouses and Dependents	26,867	30,825
Total Retired	79,699	85,087
Inactive Members - Vested	8,714	8,714
Active Members - Vested	74,434	74,434
Total Membership Eligible for Benefits	162,847	168,235

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Employees Covered by Benefit Terms-Continued

Death Benefits

	2021
Retired with Eligibility for Death Benefits	60,097
Active Members - Vested	74,434
Inactive Members - Vested	8,714
Total Membership Eligible for Benefits	143,245

Contributions

The current funding policy requires the County to contribute on a pay-as-you-go basis. During FY 2021-2022, the County made payments to LACERA totaling \$692.62 million for retiree healthcare benefits. Included in this amount was \$88.20 million for Medicare Part B reimbursements and \$10.00 million in death benefits. Additionally, \$48.10 million was paid by member participants. During FY 2021-2022, the County also contributed \$372.24 million in excess of the pay-as-you-go amounts.

Net OPEB Liability

At June 30, 2022, the County reported a net RHC OPEB liability of \$25.524 billion. The net RHC OPEB liability was measured as of June 30, 2021, and the total RHC OPEB liability used to calculate the net RHC OPEB liability was determined by an actuarial valuation as July 1, 2020, 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, 2022

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Actuarial Methods and Assumptions

Valuation Timing	July 1, 2020, rolled forward to June 30, 2021
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 July 1, 2020 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, 2020.
Discount Rate	4.28%
Long-term expected rate of return, net of investment expenses	6.00%
20 Year Tax-Exempt Municipal Bond Yield	2.16%

Healthcare Cost Trend rates:

	<u>Initial Year</u>	<u>Ultimate</u>
LACERA Medical Under 65	4.60%	4.30%
LACERA Medical Over 65	(1.20)%	4.30%
Part B Premiums	9.30%	4.30%
Dental/Vision	(0.30)%	3.60%
Weighted Average Trend	1.88%	4.28%

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, 2021.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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, 2021, 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, 2020, 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 2.16% as of June 30, 2021. For 2020, the long-term expected rate of return of 2.21% was applied to projected benefit payments from 2020 to 2061. 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, 2021 was 4.28%, an increase of 0.50% from the rate as of June 30, 2020.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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, 2020	\$ 29,518,006	1,441,398	\$ 28,076,608
Service cost	1,166,558		1,166,558
Interest on Total OPEB Liability	1,147,426		1,147,426
Effect of economic/demographic gains or losses	323,030		323,030
Effect of assumption changes or inputs	(3,729,953)		(3,729,953)
Benefit payments	(664,932)	(664,932)	
Employer contributions		1,031,058	(1,031,058)
Net investment income		437,417	(437,417)
Administrative expenses		(9,127)	9,127
Balance as of June 30, 2021	<u>\$ 27,760,135</u>	<u>2,235,814</u>	<u>\$ 25,524,321</u>

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

The following represents the County's net RHC OPEB liability calculated using the discount rate of 4.28%, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.28%) or 1-percentage point higher (5.28%) than the current rate (in thousands):

	1% Decrease (3.28%)	Discount Rate (4.28%)	1% Increase (5.28%)
Net RHC OPEB Liability	\$ 30,754,025	\$ 25,524,321	\$ 21,390,309

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

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

	1% Decrease	Current Trend Rate	1% Increase
Net RHC OPEB Liability	\$ 20,594,207	\$ 25,524,321	\$ 32,064,477

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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, 2022, the County recognized OPEB expense of \$648.03 million which is reported as \$601.47 million for governmental activities and \$46.56 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, 2022, 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	\$ 233,029	\$
Change of assumptions	5,075,306	3,396,228
Change in experience	1,067,886	287,138
Change in proportion and differences between contributions and the proportionate share of contributions	1,069,128	1,069,128
Contributions made subsequent to measurement date		1,064,859
Total	\$ 7,445,349	\$ 5,817,353

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, 2021. The change in proportion and differences between the contributions and the proportionate share of contributions represents the changes in allocation percentages to the individual funds, including the proprietary funds, of the total OPEB RHC liability from the prior measurement date to the current measurement date.

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

	Deferred Outflows/(Inflows) of Resources
<u>Year ending June 30:</u>	
2023	\$ (497,688)
2024	(492,861)
2025	(493,095)
2026	(507,639)
2027	(253,137)
Thereafter	(448,435)

Deferred outflows of resources of \$1.065 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, 2022

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, 2022

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, 2022

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, 2021, the following employees were covered by the benefit terms:

LTD Income and Survivor Benefit Plans:

Inactive employees or beneficiaries currently receiving benefit payments	2,502
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	80,591

LTD Health Plans

Inactive employees or beneficiaries currently receiving benefit payments	623
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	77,551

Total LTD OPEB Liability

At June 30, 2022, the County reported a total LTD OPEB liability of \$1.473 billion. The total LTD OPEB liability was determined by an actuarial valuation as of July 1, 2021.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability-Continued

Actuarial Methods and Assumptions

Valuation Timing	June 30, 2021
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, 2020 RHC OPEB Program's actuarial valuation report which 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 2.21% as of June 30, 2020, and 2.16% as of June 30, 2021.

Healthcare Cost Trend rates:

<u>Year</u>	<u>Rate (pre Medicare/ post Medicare)</u>	<u>Year</u>	<u>Rate (pre Medicare/ post Medicare)</u>
2021-2022	5.70%/6.00%	2041-2042	4.70%/4.70%
2022-2023	-0.40%/0.30%	2051-2052	4.70%/4.70%
2023-2024	5.40%/5.20%	2061-2062	4.70%/4.70%
2024-2025	5.20%/5.10%	2071-2072	4.30%/4.30%
2025-2026	5.00%/5.00%	2081+	4.20%/4.20%
2026-2027	5.00%/5.00%		
2027-2028	4.90%/4.90%		
2028-2029	4.90%/4.90%		
2029-2030	4.90%/4.90%		
2030-2031	4.80%/4.80%		
2031-2032	4.80%/4.80%		

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability-Continued

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

Total LTD OPEB Liability at 6/30/2020	\$	1,291,521
Service cost		62,563
Interest		29,275
Differences between expected and actual experience		111,863
Changes of assumptions or other inputs		37,166
Benefit payments		(59,149)
Net Changes		181,718
Total LTD OPEB Liability at 6/30/2021	\$	1,473,239

Changes of assumptions or other inputs reflect a change in the discount rate from 2.21% as of June 30, 2020 to 2.16% as of June 30, 2021.

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 2.16%, 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 (1.16%) or 1-percentage point higher (3.16%) than the current rate (in thousands):

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Total LTD OPEB Liability	\$ 1,662,152	\$ 1,473,239	\$ 1,305,797

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	\$ 1,455,228	\$ 1,473,239	\$ 1,496,355

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

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, 2022, the County recognized LTD OPEB expense of \$51.08 million which is reported as \$46.70 million for governmental activities and \$4.38 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, 2022, 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	\$ 40,116	\$ 110,226
Change of assumptions	90,999	230,308
Change in proportionate share	91,565	91,565
Total	\$ 222,680	\$ 432,099

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 12 years. The change in proportionate share represents the changes in allocation percentages to the individual funds, including the proprietary funds, of the total OPEB LTD liability from the prior measurement date to the current measurement date.

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

<u>Year Ending June 30:</u>	Deferred Outflows/(Inflows) of Resources
2023	\$ 18,394
2024	18,394
2025	18,394
2026	18,394
2027	18,394
Thereafter	117,449

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

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	\$ 25,524,321	\$ 1,473,239	\$ 26,997,560
Deferred Outflows of Resources	5,817,353	432,099	6,249,452
Deferred Inflows of Resources	7,445,349	222,680	7,668,029
OPEB Expense	648,033	51,081	699,114

9. LEASES

Lease Liabilities

The County has entered into various leases as a lessee. These leases vary in the nature, substance, terms and conditions dependent upon the asset being leased. Examples of the types of assets leased range from office space, parking, warehouse space and office equipment to land for fire operations. Beginning with FY 2021-2022, leases are presented in the financial statements and accompanying footnotes in accordance with GASB 87. GASB 87 requires that leases be categorized as either short-term (12 months or less in length, including options) or long-term. In determining the future minimum lease payments and receipts, the County includes the right to extend option terms in the non-cancelable lease term. Short-term lease financial transactions are reflected in the government-wide Statement of Activities and in the fund financial statements.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

9. LEASES-Continued

Lease Liabilities-Continued

The following is a schedule of future minimum lease payments for the lease liabilities as of June 30, 2022 (in thousands):

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 104,639	\$ 34,240	\$ 220	\$ 33
2024	103,436	32,996	232	25
2025	98,857	30,346	239	18
2026	98,455	27,784	246	11
2027	91,585	25,316	211	3
2028-2032	369,399	94,993		
2033-2037	270,076	53,676		
2038-2042	117,430	29,269		
2043-2047	63,591	18,943		
2048-2052	47,063	11,564		
2053-2057	43,865	4,884		
2058-2062	10,855	481		
2063-2067	197	15		
2068	44	1		
Total	<u>\$ 1,419,492</u>	<u>\$ 364,508</u>	<u>\$ 1,148</u>	<u>\$ 90</u>

Rent expenses related to leases for governmental activities were \$103.45 million and \$0.04 million for business-type activities, for the year ended June 30, 2022. Variable payments not previously included in the measurement of the lease liability were \$47.56 million for the year ended June 30, 2022.

There were no payments for residual value guarantees or termination penalties during the reporting period.

The following is a schedule of right-to-use lease assets by major classes at June 30, 2022, (in thousands):

	Governmental Activities	Business-type Activities
Leased land	\$ 9,081	\$
Leased buildings and improvements	1,504,371	
Leased equipment	9,690	1,188
Leased asset accumulated amortization	(129,246)	(107)
Total	<u>\$ 1,393,896</u>	<u>\$ 1,081</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

9. LEASES-Continued

Lease Receivables

As the lessor, the County leases and subleases County-owned properties such as land and buildings. The County has entered into long-term leases relative to the Marina del Rey Project area, regional parks, asset development projects, Flood Control District property and County airports (Brackett Field, El Monte, and Whiteman Airports and Gen. Wm J Fox Airfield). Substantially all the Marina's land and harbor facilities are leased to others. The asset development projects, that include the Marina del Rey Project area, 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. Certain regional parks are leased under agreements, which provide for activities such as food and beverage concessions, and recreational vehicle camping. Flood Control District leases are for parking lots, ingress and egress in connection with various commercial centers. The Airport leases are for hanger space, vehicle parking, aircraft tiedowns and storage facilities, and are currently the only leases within the Business-type activities category. The lease terms for the regional parks cover remaining periods ranging from 6 to 17 years and are accounted for in the General Fund. The asset development leases cover remaining periods ranging generally from greater than 1 to 92 years and are also accounted for in the General Fund. The Flood Control District leases cover remaining periods ranging from 13 to 68 years and are accounted for in the Flood Control District Fund. The airport leases cover remaining periods of 9 to 37 years and are accounted for in the Aviation Enterprise Fund.

The land carrying value of the asset development project ground leases that include the Marina del Rey Project area and the Flood Control District totals \$730.52 million. The carrying value of the capital assets associated with the regional park and County airports leases is not determinable.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

9. LEASES-Continued

Lease Receivables-Continued

The following is a schedule of future minimum lease payment receipts on noncancelable leases as of June 30, 2022 (in thousands):

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 35,223	\$ 34,514	\$ 832	\$ 385
2024	34,009	33,882	847	369
2025	34,557	33,255	862	354
2026	34,697	32,620	878	338
2027	34,805	31,984	895	321
2028-2032	170,458	150,602	4,427	1,356
2033-2037	182,853	134,420	2,922	1,028
2038-2042	193,577	117,230	3,184	749
2043-2047	184,477	99,916	2,997	457
2048-2052	193,937	82,661	2,150	218
2053-2057	196,367	64,670	999	83
2058-2062	190,959	46,617	403	8
2063-2067	111,750	33,031		
2068-2072	79,469	24,382		
2073-2077	86,128	16,879		
2078-2082	92,487	8,742		
2083-2087	36,521	1,678		
2088-2092	4,360	434		
2093-2097	1,606	249		
2098-2102	593	143		
2103-2107	539	95		
2108-2112	591	43		
2113-2117	167	2		
Total	\$ 1,900,130	\$ 948,049	\$ 21,396	\$ 5,666

The following is a schedule of lease payment income for leases for the year ended June 30, 2022 (in thousands):

	Governmental Activities	Business-type Activities
Minimum lease payments	\$ 38,841	\$ 804
Variable lease payments	27,739	1,301
Total	\$ 66,580	\$ 2,105

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

9. LEASES-Continued

Lease Receivables-Continued

The minimum lease income is a fixed amount based on the lease agreements. The variable lease 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.

The interest revenue received for leases of County-owned property for the year ended June 30, 2022 is \$31.41 million.

Subleases

In 2005, the County subleased 4,000 square feet of retail space. The term of the sublease is for 30 years with an option to extend for a period of 9 years.

The FY 2021-2022 collected minimum rent for the sublease is \$32,308. Future rent revenue to be received from the noncancelable sublease, including the 9-year option term, is \$709,000.

10. LONG-TERM OBLIGATIONS

Long-term obligations of the County consist of bonds, notes and loans from direct borrowings and direct placements, financed purchase obligations from direct borrowing, pension (see Note 7), OPEB (see Note 8), lease liability (see Note 9) and other liabilities, which are payable from the General, Special Revenue, Debt Service, Enterprise and Internal Service Funds.

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, 2022
NPC Bonds, 5.00%	\$ 23,465	\$ 245
Public Buildings Bonds and Notes, 3.25% to 6.90%	2,140,451	2,132,348
Los Angeles County Securitization Corporation Tobacco Settlement Asset-Backed Bonds, 0.71% to 5.35%	349,584	355,462
Marina del Rey Loans, 4.50%	23,500	9,102
Lease Revenue Obligation Notes, 0.85% to 1.40%	99,244	99,244
Total	<u>\$ 2,636,244</u>	<u>\$ 2,596,401</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, 2022
Public Buildings Bonds and Notes, 3.25% to 6.90%	\$ 820,783	\$ 814,966
Lease Revenue Obligation Notes, 0.85% to 1.40%	151,099	151,099
Waterworks District Loans, 1.40 to 2.28%	9,916	6,774
Aviation Loan, 2.95%	2,000	1,294
Total	<u>\$ 983,798</u>	<u>\$ 974,133</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

10. LONG-TERM OBLIGATIONS-Continued

Certificates of Participation and Bonds

The County has issued lease revenue bonds through various financing entities that have been established and are component units of the County. The debt proceeds have been used to finance the acquisition of County facilities and equipment. The County makes annual payments to the financing entities for the use of the property and the debt is secured by the underlying capital assets that have been financed. The County has pledged a total of 17 County-owned properties as collateral for various bonds, including the new bonds below.

During FY 2021-2022, the County issued the Lease Revenue Bonds, 2021 Series F, totaling \$260.11 million, of which \$214.59 million was for governmental activities and \$45.52 million was for business-type activities. The proceeds from these bonds plus the associated premium of \$43.31 million, of which \$35.73 million was for governmental activities and \$7.58 million was for business-type activities, less issuance costs of \$0.92 million were used to redeem \$280.12 million of outstanding lease revenue obligation notes (LRON), and fund the Project Fund, totaling \$22.38 million.

The County also issued the Lease Revenue Refunding Bonds, 2022 Series G, totaling \$225.12 million, of which \$114.30 million was for governmental activities and \$110.82 million was for business-type activities. The proceeds from these bonds plus the associated premium of \$53.36 million, of which \$27.09 million was for governmental activities and \$26.27 million was for business-type activities, plus the released funds from the refunded bond of \$20.85 million less issuance costs of \$0.84 million and additional proceeds of \$0.004 million were used to refund the outstanding Lease Revenue Bonds (Multiple Capital Projects II), Series 2012, totaling \$298.49 million.

For the 2021 Series F and 2022 Series G bonds, the County pledged two additional County-owned properties as collateral for the debt. The debt was issued for both governmental and business-type activities.

The County also issued the Lease Revenue Refunding Bonds, Series 2022 (Vermont Manchester Social Services Refunding Project), totaling \$53.62 million. The proceeds from these bonds plus the associated premium of \$7.92 million plus the released funds from the refunded bond of \$9.51 million less issuance costs of \$0.75 million and additional proceeds of \$0.004 million were used to refund the Community Redevelopment Agency of the City of Los Angeles, California Lease Revenue Bonds, Series 2005 (Vermont Manchester Social Services Project), totaling \$70.30 million. The County pledged one County-owned property as collateral for the debt. The debt was issued only for governmental activities.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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
2023	\$ 69,646	\$ 91,556	\$ 19,895	\$ 44,809
2024	49,931	88,043	20,729	43,677
2025	52,336	85,403	21,689	42,373
2026	54,967	82,511	22,748	40,926
2027	57,747	79,444	23,874	39,401
2028-2032	321,915	346,160	138,455	171,179
2033-2037	351,413	254,644	176,807	119,302
2038-2042	382,568	155,754	192,582	53,944
2043-2047	303,620	70,932	65,750	17,628
2048-2052	224,595	19,435	46,530	3,454
Subtotal	1,868,738	<u>\$ 1,273,882</u>	729,059	<u>\$ 576,693</u>
Add: Unamortized bond premiums	263,855		85,907	
Total certificates of participation and bonds	<u>\$ 2,132,593</u>		<u>\$ 814,966</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 2022 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, 2022

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
2023	\$ 6,140	\$ 10,298
2024	6,280	10,052
2025	6,240	9,738
2026	6,445	9,426
2027	6,775	9,104
2028-2032	36,500	40,223
2033-2037	38,025	31,424
2038-2042	41,285	23,318
2043-2047	37,975	15,407
2048-2052	46,485	4,046
2053-2055	83,629	446,441
Subtotal	315,779	609,477
Add: Accretions	9,192	(9,192)
Add: Unamortized bond premiums	30,491	
Total tobacco settlement asset-backed bonds	\$ 355,462	\$ 600,285

Notes, Loans, and Lease Revenue Obligation Notes

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, 2022, the balance is \$9.10 million for governmental activities.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

10. LONG-TERM OBLIGATIONS-Continued

Notes, Loans, and Lease Revenue Obligation Notes-Continued

Loans from Direct Borrowings-Continued

In June 2010, the Board approved a resolution authorizing the Waterworks Districts to obtain Safe Drinking Water State Revolving loans in the amount of \$3.41 million and \$5.47 million from the California Department of Public Health to fund the Sepulveda Feeder Interconnection project (Malibu) and the Marina del Rey Waterline Replacement project (Marina), respectively. The loans will be repaid over 20 years and are secured by revenues from surcharges collected for capital improvements. Annual principal and interest payments of the loans are expected to require less than 46.73% of the annual surcharge revenues. The funding agreements contain a provision that in an event of default, obligations may be immediately due and payable, and further disbursements may be terminated. As of June 30, 2022, 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, 2022, the balance is \$5.73 million for business-type activities.

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 lease payment 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 2021-2022, the County did not obtain any additional airport development loans. As of June 30, 2022, the balance is \$1.29 million for business-type activities.

In September 2020, the Board approved a resolution authorizing the Waterworks Districts to obtain Safe Drinking Water State Revolving loans in the amount of \$4.20 million from the California State Water Resources Control Board to fund the Del Valle Road Water Main Replacement Project. The loan will be repaid over 20 years and is secured by revenues from surcharges collected for capital improvements. Annual principal and interest payments of the loans are expected to require approximately 36% of the annual surcharge revenues. The funding agreement contains a provision that in an event of default, obligations may be immediately due and payable, and further disbursements may be terminated. During FY 2021-2022, the County drew down \$1.05 million in loans. As of June 30, 2022, the balance is \$1.05 million for business-type activities.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

10. LONG-TERM OBLIGATIONS-Continued

Notes, Loans, and Lease Revenue Obligation Notes-Continued

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 and fund tenant improvements costs on certain leases, which may be refinanced with the issuance of long-term bonds upon completion. Repayment of LRON is 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.

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, 2022, \$250.34 million of LRON issued under the program were outstanding, including \$18.93 million of Series A, \$86.00 million of Series B, \$80.29 million of Series C, and \$65.12 million of Series D.

LRON are issued as variable rate instruments with a maximum term not to exceed 270 days. On the maturity date of LRON, the notes are reissued at the prevailing interest rates in the note market, which reflects the term of the note and the perceived credit quality of the supporting letter of credit bank. In the event the notes are not able to be reissued in the note market, the bank will make a Principal Advance to pay the principal of the maturing note. If the Principal Advance remains outstanding longer than 90 days, a term loan is created to repay the bank.

During FY 2021-2022, the County reissued \$57.64 million and redeemed \$239.50 million for governmental activities, totaling \$297.14 million, and reissued \$8.71 million and redeemed \$198.23 million for business-type activities, totaling \$206.94 million, representing the total amounts outstanding at the beginning of the year. These reissues, along with an additional \$183.99 million of new County LRON, which is reported as \$41.60 million for governmental activities and \$142.39 million for business-type activities, are reflected as notes payable. The total outstanding LRON as of June 30, 2022 is \$250.34 million, which is reported as \$99.24 million for governmental activities and \$151.10 million for business-type activities. The average interest rate on LRON issued in FY 2021-2022 was 0.20%.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

10. LONG-TERM OBLIGATIONS-Continued

Notes, Loans, and Lease Revenue Obligation Notes-Continued

Lease Revenue Obligation Notes from Direct Borrowings-Continued

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
2023	\$ 100,379	\$ 410	\$ 151,421	\$ 115
2024	1,186	359	570	173
2025	1,240	305	583	160
2026	1,295	249	597	146
2027	1,354	191	612	131
2028-2032	2,892	196	3,283	431
2033-2037			1,490	96
2038-2042			176	39
2043-2047			189	26
2048-2052			204	11
2053-2057			42	1
Total notes, loans, and LRON	<u>\$ 108,346</u>	<u>\$ 1,710</u>	<u>\$ 159,167</u>	<u>\$ 1,329</u>

Financed Purchase Obligations-Direct Borrowings

Principal and interest requirements on financed purchase obligations 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
2023	\$ 7,066	\$ 584	\$ 11	\$
2024	7,177	397		
2025	2,906	255		
2026	2,687	199		
2027	2,667	147		
2028-2032	7,313	163		
Total financed purchase obligations	<u>\$ 29,816</u>	<u>\$ 1,745</u>	<u>\$ 11</u>	<u>\$</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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	\$ 1,868,738	\$ 1,273,882	\$ 729,059	\$ 576,689
Tobacco settlement asset-backed bonds	315,779	609,476		
Notes, Loans, and LRON from direct borrowings and placements	108,346	1,710	159,167	1,329
Subtotal	2,292,863	<u>\$ 1,885,068</u>	888,226	<u>\$ 578,018</u>
Add: Accretions	9,192			
Unamortized premiums on bonds payable	294,346		85,907	
Total bonds and notes	<u>\$ 2,596,401</u>		<u>\$ 974,133</u>	

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

Current Refunding of Debt

On June 2, 2022, the County issued \$225.12 million of Lease Revenue Refunding Bonds, 2022 Series G, for a current refunding of the outstanding Lease Revenue Bonds (Multiple Capital Projects II), Series 2012. These bonds, maturing on various dates between 2022 and 2042, with an effective interest rate of 1.81%, were issued to refund the outstanding principal amount of \$148.02 million of bonds for governmental activities, and \$143.49 million of bonds for business-type activities, on August 1, 2022. The effective interest rate of the refunded bonds, issued in 2012, was 3.49%.

On April 13, 2022, the County issued \$53.62 million of Lease Revenue Refunding Bonds, Series 2022 (Vermont Manchester Social Services Refunding Project), for a current refunding of the outstanding Community Redevelopment Agency of the City of Los Angeles, California Lease Revenue Bonds, Series 2005 (Vermont Manchester Social Services Project). For the 2005 Vermont Manchester Bond transaction, the County was a lessee and recorded a capital lease obligation in prior years. The capital lease obligation was reclassified as a financed purchase obligation on July 1, 2021 under the GASB 87 implementation and \$69.52 million of the outstanding financed purchase obligation was refunded in April 2022 as part of the refunding transaction. The 2022 Vermont Manchester Bond matures on various dates between 2022 and 2037 and has an effective interest rate of 2.67%.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

10. LONG-TERM OBLIGATIONS-Continued

Current Refunding of Debt-Continued

Proceeds from the sale of the bonds were deposited in an irrevocable trust with an escrow agent to provide for the prepayment of debt service payments on the refunded bonds. Accordingly, the refunded bonds were considered to be defeased and the liabilities for those bonds were removed from the Government-Wide Statement of Net Position – Governmental and Business-type Activities. Specific disclosures related to the refunding issue are as follows (in thousands):

	2022 Series G	2022 Vermont Manchester
Proceeds of refunding bonds issued	\$ 225,120	\$ 53,625
Prior years' bond reserves and/or premiums	73,371	16,672
Deposit to escrow	298,491	70,297
Future years' aggregate debt service payment reduction	\$ 96,645	\$ 23,561
Net Present value savings (economic gain)	\$ 6,117	\$ 10,166

For the 2022 Series G Bond refunding transaction, the net carrying amount of the refunded debt of \$320.61 million was more than the reacquisition price of \$298.49 million. This difference was \$22.12 million, of which \$11.23 million was for governmental activities, and \$10.89 million was for business-type activities. Both amounts are reported as a deferred inflow of resources to be amortized over the life of the related debt.

For the 2022 Vermont Manchester refunding transaction, the net carrying amount of the financed purchase obligation of \$69.52 million was less than the reacquisition price of \$70.30 million. The difference of \$0.78 million was for governmental activities and was fully amortized. This amount has been reported as an interest expense in the basic financial statements.

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, 2022, there were no outstanding bonds and certificates of participation considered defeased, except for the previously disclosed Lease Revenue Bonds (Multiple Capital Projects II), Series 2012 that were refunded during the current year.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

10. LONG-TERM OBLIGATIONS-Continued

Changes in Long-term Liabilities

The following is a summary of the restatement of beginning balances as a result of the implementation of GASB 87 and an error correction, as described in Note 2 (in thousands):

	Balance at July 1, 2021, as previously reported	Adjustment	Balance at July 1, 2021, as restated
Governmental activities:			
Bonds payable	\$ 1,905,496	120,995	\$ 2,026,491
Unamortized premium on bonds payable	230,545	12,399	242,944
		133,394	
Lease liability (Note 9)		1,463,910	1,463,910
Financed purchase obligation	156,781	(48,958)	107,823
Business-type activities:			
Bonds payable	856,538	(120,995)	735,543
Add: Unamortized premium on bonds payable	79,709	(12,399)	67,310
		(133,394)	

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

10. LONG-TERM OBLIGATIONS-Continued

Changes in Long-term Liabilities-Continued

The following is a summary of long-term liabilities and corresponding activity for the year ended June 30, 2022 (in thousands):

	Balance July 1, 2021, as restated	Additions/ Accretions	Transfers/ Maturities	Balance June 30, 2022	Due Within One Year
<u>Governmental activities:</u>					
Bonds payable	\$ 2,026,491	382,516	224,735	\$ 2,184,272	\$ 75,541
Notes, loans, and LRON from direct borrowings and placements	307,323	99,243	298,220	108,346	100,379
	<u>2,333,814</u>	<u>481,759</u>	<u>522,955</u>	<u>2,292,618</u>	<u>175,920</u>
ISF bonds payable and notes from direct placements	14,210		13,965	245	245
Total bonds payable, notes, loans and LRON	2,348,024	481,759	536,920	2,292,863	176,165
Interest accretion on capital appreciation bonds payable	4,421	4,771		9,192	
Unamortized premium on bonds payable	242,944	70,739	19,337	294,346	5,261
<u>Other long-term liabilities:</u>					
Lease liability (Note 9)	1,463,910	59,032	103,450	1,419,492	104,639
Financed purchase obligations	107,823		78,007	29,816	7,066
Accrued compensated absences	2,033,735	164,099	156,972	2,040,862	140,898
Workers' compensation (Note 17)	2,925,892	660,987	572,773	3,014,106	580,148
Litigation and self-insurance (Note 17)	209,618	416,131	79,742	546,007	275,449
Pollution remediation obligation (Note 18)	38,187	3,246	3,401	38,032	3,529
Net pension liability (Note 7)	15,000,481		8,927,350	6,073,131	
Net OPEB liability (Note 8)	24,861,267		1,998,529	22,862,738	
Third party payor	256,313	299,191	147,407	408,097	289,952
Total governmental activities	<u>\$ 49,492,615</u>	<u>2,159,955</u>	<u>12,623,888</u>	<u>\$ 39,028,682</u>	<u>\$ 1,583,107</u>
<u>Business-type activities:</u>					
Bonds payable	\$ 735,543	156,336	162,820	\$ 729,059	\$ 19,895
Add: Unamortized premium on bonds payable	67,310	33,848	15,251	85,907	498
Notes, loans, and LRON from direct borrowings and placements	214,484	152,147	207,464	159,167	151,421
Total bonds payable, notes, loans and LRON	1,017,337	342,331	385,535	974,133	171,814
<u>Other long-term liabilities:</u>					
Lease liability (Note 9)		1,188	40	1,148	220
Financed purchase obligations	43		32	11	11
Accrued compensated absences	271,639		4,509	267,130	21,055
Workers' compensation (Note 17)	380,753	37,484	31,880	386,357	37,265
Litigation and self-insurance (Note 17)	40,241	28,366	696	67,911	56,956
Net pension liability (Note 7)	2,394,406		1,437,074	957,332	
Net OPEB liability (Note 8)	4,506,862		372,040	4,134,822	
Third party payor (Note 13)	618,559	4,845	126,503	496,901	163,392
Total business-type activities	<u>\$ 9,229,840</u>	<u>414,214</u>	<u>2,358,309</u>	<u>\$ 7,285,745</u>	<u>\$ 450,713</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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 increased during FY 2021-2022, thereby increasing liabilities for Bonds by \$4.77 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 and First 5 LA discretely presented component units for the year ended June 30, 2022, were as follows (in thousands):

	Balance July 1, 2021	Additions	Maturities	Balance June 30, 2022	Due Within One Year
<u>LACDA</u>					
<u>Governmental activities:</u>					
Bonds payable	\$	31,140		\$ 31,140	\$ 35
Unamortized premium on bonds payable		3,631		3,631	
Notes from direct borrowing	7,452		1,570	5,882	736
Compensated absences	1,734	1,576	1,462	1,848	1,663
Lease liability	414	331	559	186	106
Claims payable	3,526	3,005	3,006	3,525	352
Net pension liability	30,943		19,911	11,032	
Net OPEB liability	2,203		2,203		
Total governmental activities	<u>\$ 46,272</u>	<u>39,683</u>	<u>28,711</u>	<u>\$ 57,244</u>	<u>\$ 2,892</u>
<u>Business-type activities:</u>					
Bonds payable	\$ 31,930		31,930	\$	\$
Lease liability		1,267	208	1,059	195
Notes from direct borrowing	2,200			2,200	
Compensated absences	1,443	1,311	1,287	1,467	1,320
Net pension liability	18,981		16,384	2,597	
Net OPEB liability	515		515		
Total business-type activities	<u>\$ 55,069</u>	<u>2,578</u>	<u>50,324</u>	<u>\$ 7,323</u>	<u>\$ 1,515</u>
Total long-term obligations-LACDA	<u>\$ 101,341</u>	<u>42,261</u>	<u>79,035</u>	<u>\$ 64,567</u>	<u>\$ 4,407</u>
<u>First 5LA</u>					
Compensated absences	\$ 1,002	730	675	\$ 1,057	\$ 122
Total long-term obligations-First 5 LA	<u>\$ 1,002</u>	<u>730</u>	<u>675</u>	<u>\$ 1,057</u>	<u>\$ 122</u>
Total long-term obligations-Discretely presented component units	<u>\$ 102,343</u>	<u>42,991</u>	<u>79,710</u>	<u>\$ 65,624</u>	<u>\$ 4,529</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

11. SHORT-TERM DEBT

On July 1, 2021, the County issued \$1.00 billion of short-term Tax and Revenue Anticipation Notes at an effective interest rate of 0.08%. 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 2021. The notes matured and were redeemed on June 30, 2022.

12. CONDUIT DEBT OBLIGATIONS

Community Facilities and Improvement District Bonds

As of June 30, 2022, various community facilities and improvement districts established by the County had outstanding special tax bonds payable totaling \$14.20 million and limited obligation improvement bonds totaling \$621,115. 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, 2022, the amount of industrial development and other conduit bonds outstanding was \$66.19 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, 2022, the amount of redevelopment refunding bonds outstanding was \$462.64 million.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

13. HOSPITAL AND OTHER PROGRAM REVENUES

Net patient service revenues are 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.

California Advancing and Innovating Medi-Cal

On December 28, 2021, the federal Centers for Medicaid and Medicare Services (CMS) approved the California Advancing and Innovating Medi-Cal (CalAIM) Section 1115 demonstration and CalAIM Section 1915(b) waiver, effective through December 31, 2026. CalAIM is an innovative and long-term commitment to transform and strengthen Medi-Cal, making the program more equitable, coordinated, and person-centered to help people maximize their health and life trajectory. CalAIM shifts Medi-Cal to a population health approach on a statewide level that prioritizes prevention and addresses social drivers of health.

Revenues from CalAIM include those derived from Medical Managed Care (which the State moved from the Section 1115 waiver - where it resided in Medi-Cal 2020 - to the 1915(b) waiver portion of CalAIM). Those revenues are depicted below, consistent with historicals, to facilitate year-to-year comparisons.

Revenues under CalAIM are also comprised of:

1. Global Payment Program
2. Providing Access and Transforming Health
3. Enhanced Care Management
4. Community Support

Global Payment Program

The Global Payment Program (GPP) originated under the Medi-Cal 2020 Waiver and was approved to continue under the CalAIM Section 1115 demonstration. 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.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

California Advancing and Innovating Medi-Cal-Continued

Global Payment Program-Continued

The GPP funds are comprised of (a) Disproportionate Share Hospital (DSH) funds that otherwise would have been allotted to the PHS, and (b) Safety Net Uncompensated Care Pool (SNCP) funds. DSH is a federal program to support safety-net hospitals that care for a disproportionate share of low-income patients. SNCP was established under California's 2005 waiver to support services provided to uninsured patients.

Each GPP participant 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:

- 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) share of the program by using "intergovernmental transfers" (IGTs) to draw down federal matching funds.

The estimated GPP revenues and related IGTs recorded in FY 2021-2022 were as follows (in thousands):

	GPP Revenues	Intergovernmental Transfers Expense
Harbor-UCLA Medical Center	\$ 370,927	\$ 180,580
Olive View-UCLA Medical Center	199,481	96,990
LAC+USC Medical Center	502,236	317,633
Rancho Los Amigos National Rehab Center	149,063	123,146
Total	\$ 1,221,707	\$ 718,349

The General Fund received \$422.32 million for GPP and paid \$82.15 million of related IGTs, which were recorded as "Charges for Services" revenue and "Health and Sanitation" expenditures, respectively, on the governmental funds statement.

Providing Access and Transforming Health

Providing Access and Transforming Health (PATH) is a five-year, \$1.850 billion initiative to provide and build capacity and infrastructure for initiatives under CalAIM, namely Enhanced Care Management, Community Support, and Justice-Involved services. There are several subaccounts in PATH that the Department of Health Services (DHS) has either applied for or will apply for:

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

California Advancing and Innovating Medi-Cal-Continued

Providing Access and Transforming Health-Continued

- Whole Person Care Services and Transition to Managed Care Mitigation Initiative
PATH will fund services provided by former Whole Person Care Pilot Lead Entities until the services transition to managed care coverage under CalAIM. This funding will end by January 1, 2024. The County must provide local match funding in the form of an IGT, based on actual expenditures, to receive reimbursement from DHCS. DHS' FY 2022-2023 budget for PATH is \$20.23 million (net of IGT).
- Capacity and Infrastructure Transition, Expansion and Development (CITED) Initiative
PATH will provide direct funding to support the transition, expansion, and development of Enhanced Care Management and Community Support services. Funds will be made available from DHCS directly to recipients in several rounds, with the first round being up to \$100 million statewide. DHS is in the process of applying for this competitive pool of funds. The non-federal share will be provided with State general fund resources.
- Justice-Involved Capacity Building Program
Starting in 2023, PATH funding will be available from DHCS to support DHS pre-release capacity building activities to support the ability to claim for certain health services provided in jail 90 days before release. Neither this pool of PATH funds, nor the pre-release claiming process they are designed to support, have been authorized by CMS. If authorized, the non-federal share will be supported with State general fund resources.

In FY 2021-2022, the General Fund accrued \$12.00 million for PATH and \$6.00 million of related IGTs, which were recorded as "Charges for Services" revenue and "Health and Sanitation" expenditures, respectively, on the governmental funds statement.

Enhanced Care Management

Enhanced Care Management (ECM) is a new Medi-Cal managed care benefit that supports a whole person-focused, interdisciplinary approach to intensive care management intended to improve care coordination and address the physical, behavioral health, and social needs of the highest cost, highest need Medi-Cal beneficiaries. It is designed to replace similar services that were previously provided under Whole Person Care and Health Homes Program. DHS has contracted with LA Care and Health Net to provide ECM services to certain high-need members assigned to DHS for primary care.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

California Advancing and Innovating Medi-Cal-Continued

Community Support

Community Support (CS), also known under the enabling regulations as 'In Lieu of Services', are managed care services that address complex barriers to health and drivers of health care costs, such as homelessness and unstable or unsafe housing, and food insecurity. CS is focused on addressing specific medical and social needs in order to reduce utilization of higher-cost services; they are voluntary for the managed care plan to offer, and for the patient to opt in to receiving. Certain CS services launched in January 2022, with additional services and newly eligible populations scheduled to roll out through 2024. Examples of CS services include recuperative care, housing navigation and tenancy sustaining services, home care and respite services, and community-based supports to avoid nursing facility placement, among others. DHS has contracted with all six Medi-Cal managed care plans for various CS.

Medi-Cal Demonstration Project: Medi-Cal 2020

On December 30, 2015, the federal 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 provided California with 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 covered 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 were composed of:

1. Global Payment Program (See CalAIM section above)
2. Public Hospitals Redesign and Incentives in Medi-Cal
3. Whole Person Care

Public Hospital Redesign and Incentives in Medi-Cal

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

PRIME directed 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 was contingent on meeting these targets.

Efforts within PRIME included (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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

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

Public Hospital Redesign and Incentives in Medi-Cal-Continued

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 2021-2022.

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 \$101.47 million for WPC revenues, which were recorded as "Intergovernmental Revenues - Federal" on the governmental funds statement. In addition, the General Fund recorded \$86.65 million of WPC IGT expenditures, which were recorded as "Health and Sanitation" expenditures on the governmental funds statement.

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 2021-2022, Program Years 2010-2011 and 2014-2015 are still pending State's final reconciliation.

Safety Net Care Pool

In FY 2021-2022, the hospitals recorded an additional \$12.89 million of SNCP revenues for Program Years 2011-2012 and 2012-2013 as part of the net patient services revenues.

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.

In FY 2021-2022, the DHCS completed their final reconciliation of Program Year 2009-2010 SNCP Program. The reconciliation resulted in an additional \$3.71 million of SNCP revenues for the County which was recorded as net patient service revenue in FY 2021-2022. With the State's reconciliation of SNCP, all Program Years under Medi-Cal Redesign are now finalized.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Previous Medi-Cal Demonstration Projects-Continued

Disproportionate Share Hospital Program

In FY 2021-2022, the DHCS completed their final reconciliation of the Bridge to Reform's Disproportionate Share Hospital Program (DSH) for Years 2011-2012 and 2012-2013. Additional DSH revenues and related IGTs recorded in FY 2021-2022 were as follows (in thousands):

	DSH Revenues	Intergovernmental Transfers
Harbor-UCLA Medical Center	\$ (7,702)	\$ (2,015)
Olive View-UCLA Medical Center	(7,161)	(5,588)
LAC+USC Medical Center	21,105	21,002
Rancho Los Amigos National Rehab Center	(1,017)	180
Total	<u>\$ 5,225</u>	<u>\$ 13,579</u>

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 2021-2022, an estimated \$133.23 million of SPD revenues were recorded as part of net patient service revenues.

The General Fund received \$33.21 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Affordable Care Act-Continued

Medicaid Coverage Expansion-Continued

The County contracts with LA Care Health Plan (LA Care) and Health Net Community Solutions, Inc. (Health Net) to provide services for their Medi-Cal managed care members. During FY 2021-2022, LA Care continued to pay the County managed care capitation payments based on the FY 2019-2020 contract rates, while Health Net began paying newly contracted rates effective January 2022.

In FY 2021-2022, 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	\$ 353,705	\$
MCRS - MCE	142,528	16,804
Total	\$ 496,233	\$ 16,804

The General Fund received \$73.51 million for MCE which was recorded as "Charges for Services" revenue. The IGTs recorded under "Health and Sanitation" expenditures on the governmental funds statement are related to prior year IGT reconciliations.

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). For FY 2021-2022, an estimated \$503.53 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 \$156.13 million were recognized and recorded as part of net patient service revenue during FY 2021-2022.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Cost Based Reimbursement Clinics

Cost Based Reimbursement Clinics (CBRC) reimburse 100% of allowable costs for outpatient services provided to Medi-Cal FFS 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 2021-2022, CBRC revenues were \$134.93 million for the enterprise funds and were recorded as net patient services revenue.

As of June 30, 2022, the County estimated that approximately \$58.33 million of CBRC accounts receivable would not be collectible within 12 months and this amount is classified as a noncurrent asset in the enterprise fund statements of net position for each hospital.

The General Fund received \$16.50 million for CBRC, which was recorded as "Charges for Services" revenue on the governmental funds statement. As of June 30, 2022, the County estimated that approximately \$10.38 million of CBRC accounts receivable would not be collectible within 12 months.

Medi-Cal Cost Report Settlements

In FY 2021-2022, the County recognized final inpatient hospital FFS settlements of \$10.49 million related to the FY 2013-2014. In addition, the County received CBRC audit settlements of \$56.22 million related to FY 2018-2019 and FY 2019-2020. The County's appeal of certain CBRC audit adjustments at various levels to the Office of Administrative Appeals have been favorably resolved resulting in \$1.25 million of final settlement revenues.

The State is in the process of auditing the FY 2019-2020 non-hospital CBRC and FY 2020-2021 hospital cost reports. Settlements are expected by the 4th quarter of FY 2022-2023.

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 Medi-Cal managed care services effective January 1, 2017. The Medi-Cal 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 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.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Medi-Cal Managed Care Graduate Medical Education-Continued

In FY 2021-2022, 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	\$ 62,493	\$ 31,772
Olive View-UCLA Medical Center	25,099	12,873
LAC+USC Medical Center	107,052	54,685
Rancho Los Amigos National Rehab Center	2,098	1,048
Total	<u>\$ 196,742</u>	<u>\$ 100,378</u>

Medi-Cal Managed Care Rate Supplements

The State is obtaining CMS' approval to continue the Medi-Cal Managed Care Rate Supplements (MCRS) paid to LA Care and Health Net Health Plans for calendar year 2021. The supplements are funded by IGTs made by the County. The County does not receive the supplemental payments directly from the State; rather, the State contracts with LA Care and Health Net, which then subcontract for services with various provider networks.

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 2021-2022, including prior year over/under realization, were as follows (in thousands):

	MCRS Revenues	Intergovernmental Transfers Expense
Harbor-UCLA Medical Center	\$ 33,913	\$ 35,863
Olive View-UCLA Medical Center	(20,318)	(6,288)
Rancho Los Amigos National Rehab Center	161,611	82,290
Total	<u>\$ 175,206</u>	<u>\$ 111,865</u>

The MCRS IGTs related to the prior year reconciliations, in the amount of \$0.04 million, were recorded in the General Fund as "Health and Sanitation" expenditures on the governmental fund statements. There are no associated revenues related to these IGT reconciliations.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

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

Enhanced Payment Program

The Enhanced Payment Program (EPP) creates a funding pool to supplement the base rates public health care systems receive through Medi-Cal managed care contracts. It was intended to meet the managed care rule's criteria that allow payments that provide a uniform increase within a class of providers such as a predetermined increase over contracted rates.

The mechanism for delivering EPP payments to public health care systems depends largely on those 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 2021-2022 are as follows (in thousands):

	EPP Revenues	Intergovernmental Transfers Expense
Harbor-UCLA Medical Center	\$ 237,349	\$ 42,519
Olive View-UCLA Medical Center	117,634	19,420
LAC+USC Medical Center	271,662	49,073
Rancho Los Amigos National Rehab Center	11,176	3,037
Total	<u>\$ 637,821</u>	<u>\$ 114,049</u>

The General Fund received \$124.62 million for EPP and paid \$21.44 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, 2022

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Managed Care Rule-Continued

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 uses 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.

QIP is structured similar to PRIME. Nevertheless, its measures did not directly overlap with the quality measures being used in PRIME. The two programs were designed to be complementary.

CMS approved the transition of PRIME funding as an additional QIP sub-pool, effective July 1, 2020. For FY 2021-2022, amounts reported in QIP are inclusive of PRIME funds.

At FY 2021-2022 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):

	<u>QIP Revenues</u>	<u>Intergovernmental Transfers Expense</u>
Harbor-UCLA Medical Center	\$ 178,957	\$ 38,077
Olive View-UCLA Medical Center	92,968	19,657
LAC+USC Medical Center	204,781	43,409
Rancho Los Amigos National Rehab Center	33,293	6,981
Total	<u>\$ 509,999</u>	<u>\$ 108,124</u>

The General Fund received \$70.38 million for QIP and paid \$16.36 million of related IGTs, which were recorded as "Intergovernmental Revenues - Federal" 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, 2022

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Third Party Payor Liability

The County's Hospitals reported third party payor liabilities of \$496.90 million (see Note 10) as of June 30, 2022, as reported on the statement of net position for proprietary funds. The current liabilities for amounts due within one year are \$163.39 million.

The noncurrent liabilities for third party payors related to enterprise funds are \$333.51 million. The primary programs associated with third party payors liabilities include DSH (\$113.09 million), Medi-Cal (\$55.93 million), SNCP (\$26.64 million), Medicare (\$36.89 million), SPD (\$20.85 million), MCE (\$33.25 million), EPP (\$44.89 million), and other miscellaneous programs (\$1.97 million).

Accounts Receivable-Net

The following is a summary, by hospital, of accounts receivable and allowances for uncollectible amounts as of June 30, 2022 (in thousands):

	<u>H-UCLA</u>	<u>OV-UCLA</u>	<u>LAC+USC</u>	<u>Rancho</u>	<u>Total</u>
Accounts receivable	\$ 2,171,549	1,185,289	3,120,952	527,654	\$ 7,005,444
Less: Allowance for uncollectible amounts	<u>1,587,256</u>	<u>904,264</u>	<u>2,357,009</u>	<u>432,306</u>	<u>5,280,835</u>
Accounts receivable - net	<u>\$ 584,293</u>	<u>281,025</u>	<u>763,943</u>	<u>95,348</u>	<u>\$ 1,724,609</u>

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, 2022 was \$703.23 million. The total amount of such charity care provided by the hospitals for the year ended June 30, 2022 is as follows (in thousands):

Charity care at established rates	\$ 1,424,050
GPP reimbursements	232,133
Other reimbursements	<u>20,718</u>
Charges forgone	<u>\$ 1,171,199</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

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 2021-2022, 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 2021-2022 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 2020-2021, the State did not withhold any of the County's Health Realignment funds. Based on updated revenues realized for FY 2020-2021 services in FY 2021-2022, the projected redirection amount remains at \$0.00.

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 2021-2022, the projected redirection amount is \$217.42 million. As a result, the "Intergovernmental Revenues - State" has been reduced by \$217.42 million in the County's General Fund in FY 2021-2022.

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 \$39.29 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. Under the terms of the agreement, the lease is for a period of forty (40) years with three options to extend the term by an additional ten years. The County established a lease receivable to lease the MLK facility to MLK-LA for \$670.56 million as reflected in governmental activities.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Coronavirus Disease (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 County received \$143.50 million for the COVID-19 CAAP program to assist with cash flow during the 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.

As of June 30, 2021, CMS recouped \$28,305 for the COVID CAAP program and the County recorded a current liability of \$143.50 million to "Third party payor". During FY 2021-2022, the remaining outstanding liability was resolved in the following manner that resulted in a zero liability for the COVID CAAP program as of June 30, 2022: (1) the County issued warrants to the Medicare program in the amount of \$143.40 million, and (2) \$96,713 was recouped through the Medicare payment withhold process.

Provider Relief Funds

The Provider Relief Funds (PRF) are administered by the Health Resources and Services Administration 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.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2022

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Provider Relief Funds-Continued

As of June 30, 2022, the County PRF allocation is \$322.67 million. Under the fund statements, the General Fund recognized the PRF as “Intergovernmental revenues-Federal” and the Hospital enterprise funds recognized revenue as operating revenues “Net patient service revenues”. The government-wide financial statements recorded the PRF revenue as “Operating Grants and Contributions”. The remaining balance was reported under advances payable on the fund and government-wide financial statements as reflected below (in thousands):

	PRF Allocation	FY 2021-2022 Revenues	Advances Payable
Harbor-UCLA Medical Center	\$ 79,987	\$ 61,176	\$ 2,638
Olive View-UCLA Medical Center	58,963	21,937	1,117
LAC+USC Medical Center	150,915	49,884	2,136
Rancho Los Amigos National Rehab Center	25,505	9,971	446
General Fund	7,301	19,334	1,275
Total	<u>\$ 322,671</u>	<u>\$ 162,302</u>	<u>\$ 7,612</u>

Totals above do not include interest collected or accrued, which is subject to the same restrictions related to expenditures/expenses and lost revenue during the period of availability.

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, 2022.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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, 2022 are as follows (in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Fire Protection District	\$ 24,381
	Flood Control District	4,848
	LA County Library	6,222
	Regional Park and Open Space District	5,463
	Mental Health Services Act	275,964
	Nonmajor Governmental Funds	161,401
	Harbor-UCLA Medical Center	166,353
	Olive View-UCLA Medical Center	45,756
	LAC+USC Medical Center	93,154
	Rancho Los Amigos Nat'l Rehab Center	81,706
	Waterworks	538
	Nonmajor Aviation	294
	Internal Service Funds	9,792
	<u>875,872</u>	
Fire Protection District	General Fund	1,652
	Nonmajor Governmental Funds	230
	Nonmajor Aviation	1
	Internal Service Funds	1
	<u>1,884</u>	
Flood Control District	General Fund	536
	Fire Protection District	23
	Nonmajor Governmental Funds	1,881
	Waterworks	302
	Nonmajor Aviation	29
	Internal Service Funds	15,939
	<u>18,710</u>	
LA County Library	General Fund	30,790
	Nonmajor Governmental Funds	329
	<u>31,119</u>	

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

14. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental Funds	General Fund	\$ 6,592
	Fire Protection District	2,016
	Flood Control District	96
	LA County Library	17
	Nonmajor Governmental Funds	17,628
	Rancho Los Amigos Nat'l Rehab Center	453
	Internal Service Funds	16,073
		<u>42,875</u>
Harbor-UCLA Medical Center	General Fund	47,804
	Fire Protection District	13
	Nonmajor Governmental Funds	33,395
	Olive View-UCLA Medical Center	991
	LAC+USC Medical Center	220,230
	Rancho Los Amigos Nat'l Rehab Center	70,261
	<u>372,694</u>	
Olive View-UCLA Medical Center	General Fund	23,638
	Fire Protection District	61
	Nonmajor Governmental Funds	17,832
	Harbor-UCLA Medical Center	183
	LAC+USC Medical Center	47,369
	Rancho Los Amigos Nat'l Rehab Center	456
	<u>89,539</u>	
LAC+USC Medical Center	General Fund	179,346
	Fire Protection District	19
	Nonmajor Governmental Funds	53,056
	Harbor-UCLA Medical Center	278
	Olive View-UCLA Medical Center	48,241
	Rancho Los Amigos Nat'l Rehab Center	1,857
	<u>282,797</u>	

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

14. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

Rancho Los Amigos Nat'l Rehab Center	General Fund	\$ 5,483
	Nonmajor Governmental Funds	1
	Harbor-UCLA Medical Center	47
	Olive View-UCLA Medical Center	13
	LAC+USC Medical Center	63,201
		68,745
Waterworks	General Fund	41
	Internal Service Funds	1,072
		1,113
Nonmajor Aviation	General Fund	48
	Fire Protection District	28
	Internal Service Funds	10
		86
Internal Service Funds	General Fund	50,283
	Fire Protection District	299
	Flood Control District	40,351
	Nonmajor Governmental Funds	47,162
	Harbor-UCLA Medical Center	621
	Olive View-UCLA Medical Center	2,096
	LAC+USC Medical Center	647
	Rancho Los Amigos Nat'l Rehab Center	1,404
	Waterworks	5,806
	Nonmajor Aviation	877
		149,546
Total Interfund Receivables/Payables		\$ 1,934,980

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, 2022

14. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

Interfund transfers to/from other funds for the year ended June 30, 2022 are as follows (in thousands):

Transfer From	Transfer To	Amount
General Fund	Fire Protection District	\$ 42,744
	LA County Library	46,121
	Nonmajor Governmental Funds	394,070
	Harbor-UCLA Medical Center	165,021
	Olive View-UCLA Medical Center	79,769
	LAC+USC Medical Center	335,093
	Rancho Los Amigos Nat'l Rehab Center	142,426
	Internal Service Funds	79
		<u>1,205,323</u>
Fire Protection District	Nonmajor Governmental Funds	<u>14,895</u>
LA County Library	Nonmajor Governmental Funds	<u>806</u>
Mental Health Services Act	General Fund	<u>641,162</u>
Nonmajor Governmental Funds	General Fund	414,426
	Fire Protection District	3,339
	Flood Control District	7,770
	LA County Library	902
	Nonmajor Governmental Funds	39,528
	Harbor-UCLA Medical Center	55,324
	Olive View-UCLA Medical Center	36,364
	LAC+USC Medical Center	116,892
	Rancho Los Amigos Nat'l Rehab Center	3,170
	Internal Service Funds	2,571
		<u>680,286</u>
Harbor-UCLA Medical Center	Nonmajor Governmental Funds	311
	Rancho Los Amigos Nat'l Rehab Center	401
		<u>712</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

14. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

Transfer From	Transfer To	Amount
Olive View-UCLA Medical Center	LAC+USC Medical Center	\$ 48,192
	Rancho Los Amigos Nat'l Rehab Center	66
		<u>48,258</u>
LAC+USC Medical Center	Harbor-UCLA Medical Center	340,781
	Olive View-UCLA Medical Center	41,813
	Rancho Los Amigos Nat'l Rehab Center	63,172
		<u>445,766</u>
Rancho Los Amigos Nat'l Rehab Center	Nonmajor Governmental Funds	1,956
	Harbor-UCLA Medical Center	82,816
	Olive View-UCLA Medical Center	902
		<u>85,674</u>
Internal Service Funds	Flood Control District	456
	Nonmajor Governmental Funds	3,243
	Waterworks	11
		<u>3,710</u>
Total Interfund Transfers		<u>\$ 3,126,592</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, 2022

14. INTERFUND TRANSACTIONS-Continued

Interfund Advances-Continued

Advances from/to other funds at June 30, 2022 are as follows (in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Harbor-UCLA Medical Center	\$ 4,736
	Olive View-UCLA Medical Center	2,555
	LAC+USC Medical Center	6,401
	Rancho Los Amigos Nat'l Rehab Center	1,265
	Internal Service Funds	3,264
		<u>18,221</u>
Flood Control District	Internal Service Funds	<u>6,395</u>
Nonmajor Governmental Funds	Internal Service Funds	<u>10,836</u>
Waterworks	Internal Service Funds	<u>1,381</u>
Nonmajor Aviation	Internal Service Funds	<u>124</u>
Total Interfund Advances		<u><u>\$ 36,957</u></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, 2022

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, 2022.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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	\$ 3,177,971	\$ 62,242	\$115,299	\$ 76,331	\$ 405,075	\$ 751,883
Budgetary fund balances	<u>2,629,623</u>	<u>141,804</u>	<u>318,267</u>	<u>60,064</u>	<u>193,389</u>	<u>593,453</u>
Subtotal	<u>5,807,594</u>	<u>204,046</u>	<u>433,566</u>	<u>136,395</u>	<u>598,464</u>	<u>1,345,336</u>
Adjustments:						
Accrual of estimated liability for litigation and self-insurance claims	268,814	1,999		512		
Accrual of compensated absences	123,856					
Unamortized balance of sale of tobacco settlement revenue	(192,311)					
Change in revenue accruals	(595,961)	(28,657)	(27,542)	(7,177)	(24,087)	(66,616)
Change in OPEB Custodial Fund	205,662	12,200		1,810		
Subtotal	<u>(189,940)</u>	<u>(14,458)</u>	<u>(27,542)</u>	<u>(4,855)</u>	<u>(24,087)</u>	<u>(66,616)</u>
Fund balance - GAAP basis	<u>\$ 5,617,654</u>	<u>\$ 189,588</u>	<u>\$406,024</u>	<u>\$131,540</u>	<u>\$ 574,377</u>	<u>\$1,278,720</u>

16. OTHER COMMITMENTS

Construction and Other Significant Commitments

At June 30, 2022, there were contractual commitments of approximately \$20.69 million for various governmental construction projects and approximately \$1.215 billion for various hospital construction projects that were financed by bonds and lease revenue obligation notes.

LACERA Capital Commitments

At June 30, 2022, LACERA had outstanding capital commitments to various investment managers, approximating \$8.000 billion.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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, 2022, the encumbrance balances for the governmental funds (in thousands) are reported as follows:

	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Total</u>
General Fund	\$		772,895	\$ 772,895
Fire Protection District	82,447			82,447
Flood Control District	141,544			141,544
LA County Library			12,229	12,229
Regional Park and Open Space District	46,299			46,299
Nonmajor Governmental Funds	208,832	13,151		221,983
Total Encumbrances	<u>\$ 479,122</u>	<u>13,151</u>	<u>785,124</u>	<u>\$ 1,277,397</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 2019-2020, FY 2020-2021 or FY 2021-2022.

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, 2022 was approximately \$3.400 billion. This amount is undiscounted and is based on an actuarial study of the County’s self-insured program as of June 30, 2022. Approximately \$139.84 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, 2022

17. RISK MANAGEMENT-Continued

As of June 30, 2022, the County's estimate of these liabilities is \$4.014 billion. Changes in the reported liability since July 1, 2020 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>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>
<u>2021-2022</u>				
Workers' Compensation	\$ 3,306,645	698,471	(604,653)	\$ 3,400,463
Other	249,859	444,497	(80,438)	613,918
Total	<u>\$ 3,556,504</u>	<u>1,142,968</u>	<u>(685,091)</u>	<u>\$ 4,014,381</u>

In addition to the above estimated liabilities, the County has determined that claims seeking damages of approximately \$243.37 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, 2022

18. POLLUTION REMEDIATION-Continued

As of June 30, 2022, the County's estimated pollution remediation obligation totaled \$38.03 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, 2022 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 lease receivable as discussed in Note 9, 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	\$ 9,706		\$ 9,706
Pension	6,081,936	935,791	7,017,727
OPEB	5,401,433	848,019	6,249,452
Total government-wide deferred outflows of resources	<u>\$ 11,493,075</u>	<u>1,783,810</u>	<u>\$ 13,276,885</u>
Deferred inflows of resources:			
Unamortized gain on refunding of debt	\$ 11,232	10,888	\$ 22,120
Service concession arrangements	72,583		72,583
Leases	1,900,130	21,396	1,921,526
Pension	6,471,984	1,071,680	7,543,664
OPEB	6,259,643	1,408,386	7,668,029
Total government-wide deferred inflows of resources	<u>\$ 14,715,572</u>	<u>2,512,350</u>	<u>\$ 17,227,922</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

19. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES-Continued

Proprietary Funds

Statement of Net Position (in thousands):

	H-UCLA	OV-UCLA	LAC+USC	Rancho	Aviation	Total	ISF Funds
Deferred outflows of resources:							
Pension	\$ 290,368	164,087	397,040	84,296		\$ 935,791	\$ 234,079
OPEB	249,724	140,409	382,869	75,017		848,019	233,046
Total proprietary funds deferred outflows of resources	<u>\$ 540,092</u>	<u>304,496</u>	<u>779,909</u>	<u>159,313</u>		<u>\$ 1,783,810</u>	<u>\$ 467,125</u>
Deferred inflows of resources:							
Unamortized gain on refunding of debt	\$ 10,888					\$ 10,888	\$
Leases					21,396	21,396	
Pension	328,285	202,089	446,055	95,251		1,071,680	245,483
OPEB	391,244	305,940	586,688	124,514		1,408,386	256,843
Total proprietary funds deferred inflows of resources	<u>\$ 730,417</u>	<u>508,029</u>	<u>1,032,743</u>	<u>219,765</u>	<u>21,396</u>	<u>\$ 2,512,350</u>	<u>\$ 502,326</u>

Deferred outflows and inflows of resources balances in the governmental funds balance sheet as of June 30, 2022 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 three such items, which are property tax revenues to be collected beyond the 60 day accrual period, lease receivables measured at the present value or expected to be received during the lease term in a future period, plus other long-term receivables, related mostly to SB90 claims, expected to be collected beyond the 12 month accrual period.

Governmental Funds

Balance Sheet (in thousands):

	General Fund	Fire Protection District	Flood Control District	LA County Library	Regional Park and Open Space District	Nonmajor Funds	Total
Deferred outflows of resources - Tobacco settlement revenues	<u>\$</u>					<u>192,311</u>	<u>\$ 192,311</u>
Deferred inflows of resources:							
Tobacco settlement revenues	\$ 192,311						\$ 192,311
Leases	1,864,647		35,483				1,900,130
Property tax revenues	182,223	37,623	11,941	5,821	2,474	14,702	254,784
Other long-term receivables	341,923	10,196				9,734	361,853
Total governmental funds deferred inflows of resources	<u>\$2,581,104</u>	<u>47,819</u>	<u>47,424</u>	<u>5,821</u>	<u>2,474</u>	<u>24,436</u>	<u>\$2,709,078</u>

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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, 2022 (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	\$ 163,736	\$ 11,739	\$ 1	\$ 316	\$	\$	\$ 1
Long-term receivables	121,105						
Permanent fund principal							2,095
Total Nonspendable	<u>284,841</u>	<u>11,739</u>	<u>1</u>	<u>316</u>			<u>2,096</u>
Restricted for:							
Purpose of fund		177,849	405,924	47,503	574,377	1,278,720	2,008,130
Purpose of utility users tax	57,708						
Sheriff Pitchess landfill	4,808						
La Alameda project	2,000						
Capital projects							148,783
Debt service							293,504
Total Restricted	<u>64,516</u>	<u>177,849</u>	<u>405,924</u>	<u>47,503</u>	<u>574,377</u>	<u>1,278,720</u>	<u>2,450,417</u>
Committed to:							
Purpose of fund							63,454
Capital projects and extraordinary maintenance	109,764						70,938
Board budget policies and priorities	2,138						
Budget uncertainties	92,266						
Department of Children and Family Services	8,840						
Department of Public Social Services	20,444						
Financial system (eCAPS)	20,144						
Health services future financial requirements	513						
Health services-tobacco settlement	160,615						
Alternatives to incarceration	90,794						
Information technology enhancements	13,600						
Library services	6,032						
Live scan	2,000						

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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	112,632						
Public works-permit tracking system	3,151						
Services to unincorporated areas	4,320						
Sheriff unincorporated patrol	90						
TTC client asset and management system	500						
TTC remittance processing and mailroom equipment	500						
TTC unsecured property tax system	52,063						
Youth justice reimagined development	27,430						
Woolsey fire recovery efforts	32,108						
Total Committed	759,944						134,392
Assigned to:							
Purpose of fund			99	83,721			146,069
Future purchases	772,895						
Capital projects							44,549
Imprest cash	1,372						
Total Assigned	774,267		99	83,721			190,618
Unassigned	3,734,086						
Total Fund Balances	\$5,617,654	\$ 189,588	\$406,024	\$131,540	\$574,377	\$1,278,720	\$ 2,777,523

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. On May 3, 2022, the Board adopted an updated "Rainy Day" Fund amount of 17.00% of on-going locally generated revenue from the previous 10% amount. 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 each year until the 17.00% 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.

Seventeen percent (17.00%) of the new ongoing discretionary revenues should be set aside annually, during the budget process as a hedge against any unforeseen fiscal issues during the year. At year end, these funds will be transferred to the Rainy Day fund.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

20. FUND BALANCES-Continued

Reserve for "Rainy Day" Fund-Continued

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 \$758.43 million is reported as unassigned fund balance in the General Fund.

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 2021-2022, the County recorded \$113.70 million in federal CARES Act as revenue and \$172,539 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 2021-2022, the County recorded \$1.25 million in State CARES Act revenues in the fund and government-wide financial statements.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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 2021-2022, the County recorded \$3.77 million as revenue on the fund and government-wide financial statements and \$30.71 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 \$2.12 million of revenue (including the interest) and the corresponding expenditures on the fund and government-wide financial statements. For ERA2, \$2.54 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, 2022

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 and on June 9, 2022, the County received the second tranche of \$974.99 million. 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. For FY 2021-2022, the County recorded \$261.38 million as revenue on the fund and government-wide financial statements and \$1.689 billion (including the interest) 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	\$ 113,699	\$ 173
State CARES Act	1,254	
FEMA	3,774	30,714
ERA	2,121	2,542
ARP	261,379	1,688,600
Total	\$ 382,227	\$ 1,722,029

22. SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes (TRANS)

On July 1, 2022, the County issued \$900.00 million in FY 2022-2023 TRANS, which will mature on June 30, 2023. The TRANS are collateralized by taxes and other revenues attributable to FY 2022-2023 and were issued in the form of Fixed Rate Notes at an effective interest rate of 1.65%.

LACCAL Lease Revenue Bond Anticipation Notes

On August 24, 2022, LACCAL issued \$5.00 million in Bond Anticipation Notes with an initial interest rate of 3.702%. The rates are adjustable on January 2 and July 1 of each year. The notes were purchased by the Los Angeles County Treasury Pool and are due on June 30, 2025. Proceeds of the notes are being used to purchase equipment. The notes are to be paid from the proceeds of lease revenue bonds.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

22. SUBSEQUENT EVENTS-Continued

Lease Revenue Obligation Notes (LRON)

On October 27, 2022, LACCAL issued an additional \$10.00 million in tax exempt LRON with an interest rate of 2.8%. On November 17, 2022, LACCAL issued an additional \$40.00 million in tax exempt LRON with an interest rate of 2.4%. The proceeds are being used to fund capital requirements of various capital projects. LRON issuances are supported and secured by four separate series of letters of credit and pledged County properties.



COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Los Angeles County Employees Retirement Association
Schedule of the County's Proportionate Share of the Net Pension Liability and Related Ratios
Last 10 Fiscal Years^{1,2}
(Dollar amounts in thousands)

	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	06/30/2014
Pension Plan's fiduciary net position as percentage of total pension liability	90.920 %	76.400 %	82.910 %	83.960 %	82.370 %	81.749 %	86.296 %	86.804 %
County's proportionate share of the collective net pension liability	\$ 7,030,463	\$ 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	96.415 %	96.268 %	96.223 %	96.169 %	96.119 %	96.170 %	96.081 %	95.897 %
Covered payroll	\$ 8,714,969	\$ 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	80.671 %	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)

	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution (ADC)	\$ 2,122,282	\$ 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	2,122,282	1,940,715	1,732,960	1,605,150	1,466,411	1,300,711	1,389,628	1,437,555
Contribution Deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered payroll	\$ 8,756,990	\$ 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	24.235 %	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

There were no changes in investment return assumption since FY 2021.

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)

	06/30/2021	06/30/2020	06/30/2019
Total OPEB Liability			
Effect of Change from Cost Sharing to Agent Plan	\$	\$	\$ (2,204,743)
Service cost	1,166,558	967,482	779,965
Interest on Total OPEB Liability	1,147,426	1,250,934	1,197,607
Effect of economic/demographic gains or losses	323,030	(432,634)	
Effect of assumption changes or inputs	(3,729,953)	2,346,920	2,356,270
Benefit payments	(664,932)	(631,917)	(601,985)
Net change in Total OPEB Liability	(1,757,871)	3,500,785	1,527,114
Total OPEB Liability, beginning	29,518,006	26,017,221	24,490,107
Total OPEB liability, ending (a)	27,760,135	29,518,006	26,017,221
Fiduciary Net Position			
Employer contributions	1,031,058	886,821	840,965
Net Investment income	437,417	5,918	59,606
Benefit payments	(664,932)	(631,917)	(601,985)
Administrative expenses	(9,127)	(8,830)	(8,601)
Net change in plan Fiduciary Net Position	794,416	251,992	289,985
Fiduciary Net Position, beginning	1,441,398	1,189,406	899,421
Fiduciary Net Position, ending (b)	2,235,814	1,441,398	1,189,406
Net OPEB Liability, ending = (a) - (b)	\$ 25,524,321	\$ 28,076,608	\$ 24,827,815
Fiduciary Net Position as a % of Total OPEB Liability	8.05 %	4.88 %	4.57 %
Covered employee payroll	\$ 9,653,678	\$ 9,404,208	\$ 9,071,329
Net OPEB Liability as a % of covered employee payroll	264.40 %	298.55 %	273.70 %

Notes to Schedule:

Changes of benefit terms: No changes to benefit terms

Changes of Assumptions:

The discount rate increased from 3.78% as of June 30, 2020 to 4.28% as of June 30, 2021.

- (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 three 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)

	2022	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ 1,437,900	\$ 1,508,400	\$ 1,482,200	\$ 1,549,500	\$ 1,901,000
Less: Contributions in relation to the ADC	1,064,859	1,025,851	880,949	787,366	679,872
Contribution Deficiency (excess)	<u>\$ 373,041</u>	<u>\$ 482,549</u>	<u>\$ 601,251</u>	<u>\$ 762,134</u>	<u>\$ 1,221,128</u>
Covered-employee payroll	\$ 9,864,653	\$ 9,653,678	\$ 9,404,208	\$ 9,071,329	\$ 8,571,345
Contributions as a percentage of total covered-employee payroll	10.795%	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, 2020, rolled forward to June 30, 2021
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, 2020 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, 2020.
Discount Rate	4.28%
Long-term expected rate of return, net of investment expenses	6.00%
20 Year Tax-Exempt Municipal Bond Yield	2.16%

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)

	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Total OPEB Liability					
Service cost	\$ 62,563	\$ 47,316	\$ 41,832	\$ 43,162	\$ 49,068
Interest	29,275	38,779	41,028	38,818	33,546
Differences between expected and actual experience	111,863	8,067	(55,159)	1,111	589
Changes of assumptions or other inputs	37,166	170,346	78,190	(43,574)	(106,200)
Benefit payments	(59,149)	(66,671)	(60,451)	(64,313)	(63,430)
Net Change in Total OPEB Liability	181,718	197,837	45,440	(24,796)	(86,427)
Total LTD OPEB Liability - beginning	1,291,521	1,093,684	1,048,244	1,073,040	1,159,467
Total LTD OPEB Liability - ending	<u>\$ 1,473,239</u>	<u>\$ 1,291,521</u>	<u>\$ 1,093,684</u>	<u>\$ 1,048,244</u>	<u>\$ 1,073,040</u>
Covered-employee payroll	\$ 9,653,678	\$ 9,404,208	\$ 9,071,329	\$ 8,571,345	\$ 8,176,831
Total LTD OPEB Liability as a percentage of covered-employee payroll	15.261 %	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 %
As of June 30, 2021	2.16 %

(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 2.21% as of June 30, 2021 to 2.16% as of June 30, 2022.

No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4 to pay related benefits.



COUNTY OF LOS ANGELES
MAJOR GOVERNMENTAL FUND
GENERAL FUND

GENERAL FUND

The General Fund is the general operating fund of the County. It is used to account for and report all financial resources not accounted for and reported in another fund. Revenues are derived from Taxes; Licenses, permits and franchises; Fines, forfeitures and penalties; Revenue from use of money and property; Intergovernmental revenues; Charges for services and Miscellaneous. Expenditures are expended for functions of General government; Public protection; Public ways and facilities; Health and sanitation; Public assistance; Education; Recreation and cultural services; Debt service and Capital outlay.

COUNTY OF LOS ANGELES
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL ON BUDGETARY BASIS
FOR THE YEAR ENDED JUNE 30, 2022 (in thousands)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET POSITIVE (NEGATIVE)
GENERAL GOVERNMENT:				
Salaries and employee benefits	\$ 1,490,747	1,428,602	1,153,451	275,151
Services and supplies	2,077,437	1,862,646	912,887	949,759
Other charges	200,657	206,836	104,743	102,093
Capital assets	24,761	27,809	8,887	18,922
Intrafund transfers	(938,959)	(938,671)	(746,616)	(192,055)
TOTAL GENERAL GOVERNMENT	2,854,643	2,587,222	1,433,352	1,153,870
PUBLIC PROTECTION:				
Salaries and employee benefits	5,153,112	5,319,759	5,169,227	150,532
Services and supplies	940,515	1,226,438	1,015,495	210,943
Other charges	352,371	390,954	372,607	18,347
Capital assets	25,677	27,164	20,111	7,053
Intrafund transfers	(124,166)	(145,328)	(146,922)	1,594
TOTAL PUBLIC PROTECTION	6,347,509	6,818,987	6,430,518	388,469
HEALTH AND SANITATION:				
Salaries and employee benefits	2,623,177	2,562,755	2,425,802	136,953
Services and supplies	4,509,542	4,728,836	4,336,471	392,365
Other charges	409,768	405,478	392,149	13,329
Capital assets	23,161	32,667	26,680	5,987
Intrafund transfers	(739,435)	(858,189)	(640,882)	(217,307)
TOTAL HEALTH AND SANITATION	6,826,213	6,871,547	6,540,220	331,327
PUBLIC ASSISTANCE:				
Salaries and employee benefits	2,934,470	2,975,760	2,949,896	25,864
Services and supplies	1,543,466	1,711,144	1,287,087	424,057
Other charges	3,806,642	4,395,168	3,513,320	881,848
Capital assets	4,655	4,601	3,529	1,072
Intrafund transfers	(89,866)	(92,081)	(82,929)	(9,152)
TOTAL PUBLIC ASSISTANCE	8,199,367	8,994,592	7,670,903	1,323,689
RECREATION AND CULTURAL SERVICES:				
Salaries and employee benefits	213,576	216,931	200,369	16,562
Services and supplies	190,425	222,880	195,528	27,352
Other charges	33,666	33,366	31,711	1,655
Capital assets	3,485	3,472	2,911	561
Intrafund transfers	(1,926)	(2,511)	(3,824)	1,313
TOTAL RECREATION AND CULTURAL SERVICES	439,226	474,138	426,695	47,443
DEBT SERVICE-				
Interest	1,673	1,673	1,673	
CAPITAL OUTLAY	1,234,974	1,375,326	201,783	1,173,543
TOTAL GENERAL FUND	\$ 25,903,605	27,123,485	22,705,144	4,418,341



NONMAJOR GOVERNMENTAL FUNDS

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR SPECIAL REVENUE FUNDS

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

ROAD FUND

The Road Fund is used to account for the maintenance and construction of streets, roads, highways, and bridges. Revenue consists primarily of the County's share of State highway users' taxes as supplemented by federal funds, vehicle code fines and charges for services provided to cities.

OTHER STREETS, HIGHWAYS, ROADS AND BRIDGES FUNDS

The Other Streets, Highways, Roads and Bridges Funds: Article 3-Bikeway, Off-Street Parking, Proposition C Local Return, Proposition C Local Return Capital Reserve, Special Road Districts, Construction Fee Districts, Transit Operations, Paratransit Operations, Measure M and Measure R Local Returns are used to account for transportation and road related services or functions. Revenues are derived from local sales tax revenue, parking meter receipts, Districts' share of the countywide tax levy, State and other intergovernmental revenues and service charges to parking lots.

STREET LIGHTING DISTRICTS FUNDS

The Street Lighting Districts Funds are used to account for the installation and maintenance of street lighting systems. Revenues are derived primarily from the countywide tax levy and benefit assessments.

GARBAGE DISPOSAL DISTRICTS FUNDS

The Garbage Disposal Districts Funds are used to account for the provisions of the Health and Safety Code to provide garbage and refuse collection and disposal services within the boundaries of each District. Revenues are mostly from charges for services and property taxes.

SEWER MAINTENANCE DISTRICTS FUNDS

The Sewer Maintenance Districts Funds are used to account for the Health and Safety Code for the administration, maintenance, operation and repair of sanitary sewers, appurtenances, pumping plants, sewer treatment plants and related services. These Districts are financed through sewer service charges.

HEALTH SERVICES MEASURE B FUND

The Health Services Measure B Fund is used to account for a countywide system of Trauma Centers and Emergency Medical Services, for bioterrorism preparedness and response, and for related administrative costs. Revenues are derived primarily from a voter-approved special tax.

Continued...

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR SPECIAL REVENUE FUNDS

HEALTH AND SANITATION FUNDS

The Health and Sanitation Funds: Hospital Services, Physician Services, Statham Alcohol, Alcohol and Drug Problem, Proposition 36, Driving Under the Influence, AIDS Education, Air Quality Improvement, Bicycle Safety Helmet, Hazardous Waste Enforcement, Mission Canyon Closure, Solid Waste Management Funds, Cancer Patient Welfare, SoCal Gas Settlement, and EMS Vehicle Replacement are used to account for the cost of emergency services for the indigent, County alcoholism programs and services, AIDS education, air quality improvements, bicycle safety, hazardous waste enforcement, solid waste management, cancer patient services, lead paint abatement, a health study on the long-term effects of exposure to natural gas, and replacement of vehicles. Revenues are from patient collections, court fines, State-assessed vehicle fees, penalties assessed for hazardous waste violations, sanitation services, and legal settlement funds. The Lead Paint Settlement fund provides for residential lead paint hazard remediation and mitigation services throughout the County to prevent lead poisoning of children. Revenues are from legal settlement funds.

SAFE CLEAN WATER PROGRAM MEASURE W FUNDS

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

OTHER PUBLIC PROTECTION FUNDS

The Other Public Protection Funds: Jail Store, Inmate Welfare, Narcotic Enforcement, Vehicle Theft Prevention, Countywide Warrant System, Sheriff's Processing Fees, Training and Automation, Automated Fingerprint Identification System, DNA Identification Fund, District Attorney Asset Forfeiture, Fire Department Developer Fees, Forest Mitigation, Information Systems Advisory Body, Drug Abuse Gang Diversion, Jury Operations Improvement, Dependency Court Facilities, Small Claims Advisor Program, and Fire Department Helicopter and Vehicle Accumulative Capital Outlay are used to account for certain services and supplies to inmates, to supplement the cost of various law enforcement, prosecutorial investigation, fire protection activities, and to finance vehicle and helicopter replacement, facilities improvement, equipment maintenance and automated systems. Child Seat Restraint Loaner is used to account for the operation of a child restraint low-cost purchase and loan program. Fish and Game is used to account for the preservation and propagation of fish and wildlife. Revenues are derived from sale of minor supplies, fines related to controlled substance convictions, benefit assessments, forfeiture of assets used in connection with transportation or possession of a controlled substance, court fines and revenues and local fish and game fines. Probation Community Corrections Performance Incentives fund is used to account for the improvement of public safety outcomes at the community level utilizing evidence-based services geared towards maintaining offenders within the community. Revenues are derived principally from State revenues. Probation Juvenile Justice Crime Prevention Act Fund is used to account for programs and services for community-level prevention, intervention, supervision, and treatment strategies that target high-risk neighborhoods serving probationers and at-risk youth through the collaborative efforts of

Continued...

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR SPECIAL REVENUE FUNDS

governmental agencies and community-based organizations. Revenues are derived principally from State revenues. Probation Juvenile Justice Realignment Block Grant Fund is used to account for programs and services for the custody, treatment and supervision of youth. The Consumer Protection Settlement Fund is used to account for the County's consumer protection, enforcement, and education programs. Revenues are derived from settlements from businesses that engage in unfair businesses practices. The Sativa Water System Fund is used to account for the operation and maintenance of the former Sativa Water District's accounting and budgetary activities. Revenues are derived from charges for services and contributions from the County.

PUBLIC ASSISTANCE FUNDS

The Public Assistance Funds: Child Abuse/Neglect Prevention Program, Alternate Dispute Resolution Program, Alcohol and Drug Abuse Education Program, Domestic Violence Program, and Linkages Support Program are used to account for a variety of public assistance services. The programs are financed from special fees collected for birth certificates, marriage licenses, confidential marriage certificates, and court fines for driving under the influence of alcohol or drugs, and disabled parking violation assessments.

HOMELESS AND HOUSING MEASURE H FUND

The Homeless and Housing Measure H Fund is used to account for providing homeless prevention programming for families and individuals; expanding rapid re-housing; developing interim/bridge housing for those exiting institutions; increasing employment opportunities for homeless adults via social and/or subsidized employment; expanding the Jail In Reach Program; providing services and rental subsidies for permanent supportive housing; implementing a coordinated countywide outreach and engagement system; establishing a decriminalization policy and first responders training to effectively address homeless encampments and unsheltered homeless individuals; enhancing the emergency shelter system; preserving and promoting the development of affordable housing for homeless families and individuals; and implementing other strategies and efforts that seek to coordinate a seamless homeless services system to better combat homelessness among single adults, families, and youth. Revenues are derived primarily from a voter-approved local sales tax.

RECREATION FUNDS

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

Continued...

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR SPECIAL REVENUE FUNDS

COURTHOUSE TEMPORARY CONSTRUCTION FUND

The Courthouse Temporary Construction Fund is used to temporarily account for monies ultimately to be used for various courthouse construction projects. Revenues are derived principally from surcharges included in fines for criminal convictions.

CRIMINAL JUSTICE TEMPORARY CONSTRUCTION FUND

The Criminal Justice Temporary Construction Fund is used to temporarily account for monies ultimately to be used for the improvement of criminal justice facilities and automated information systems. Revenues are derived principally from surcharges on criminal fines.

REGISTRAR-RECORDER IMPROVEMENT FUNDS

The Registrar-Recorder Improvement Funds: Modernization and Improvement, Micrographics, Social Security Truncation, Vitals and Health Statistics, Restrictive Covenant Modification Program, and Multi-County e-Recording Project funds are used to account for the improvement of Registrar-Recorder automated information systems. Revenues are derived principally from recording and filing fees.

OTHER SPECIAL REVENUE FUNDS

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

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR DEBT SERVICE FUNDS

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

Public Buildings Funds

The Public Works Financing Authority, Los Angeles County Regional Financing Authority and Public Buildings (Public Buildings) receive their funds primarily from long-term debt proceeds and the General Fund in the form of operating transfers.

Disney Parking Project
2010 Multiple Capital Projects I - Series A
2010 Multiple Capital Projects I - Series B
2012 Disney Concert Hall Parking Garage Project Refunding
2015 Multiple Capital Projects - Series A
Lease Revenue Refunding Bonds, 2015 Series B
Lease Revenue Refunding Bonds, 2015 Series C
Lease Revenue Bonds, 2016 Series D
Lease Revenue Bonds, Series 2018A (LACF)
Lease Revenue Bonds, Series 2018B (LACF)
Lease Revenue Bonds, 2019 Series E-1
Lease Revenue Bonds, 2019 Series E-2
Lease Revenue Bonds, 2020 Series A
Lease Revenue Bonds, 2021 Series F
Lease Revenue Bonds, 2022 Series G
Lease Revenue Refunding Bonds, Series 2022
Lease Revenue Obligation Notes

Los Angeles County Securitization Corporation Fund

The Los Angeles County Securitization Corporation receives funding primarily from the collection of the County's future tobacco settlement payments and from long-term debt proceeds secured by the County's Tobacco Assets.

Continued...

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR CAPITAL PROJECTS FUNDS

The nonmajor Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Accumulative Capital Outlay Funds

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

Improvement District Fund

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

Public Buildings Funds

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

Gap Loan Fund

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

Continued...

COUNTY OF LOS ANGELES
NONMAJOR GOVERNMENTAL FUNDS
NONMAJOR PERMANENT FUNDS

Nonmajor Permanent Funds are used to account for and report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support various County programs.

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SUMMARY
 JUNE 30, 2022 (in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS					
Pooled cash and investments:					
Operating	\$ 2,331,675	48,448	283,760	2,122	\$ 2,666,005
Other	63,390		154	1	63,545
Total pooled cash and investments	<u>2,395,065</u>	<u>48,448</u>	<u>283,914</u>	<u>2,123</u>	<u>2,729,550</u>
Other investments		52,680	13,074		65,754
Taxes receivable	21,603				21,603
Interest receivable	2,828	65	339	3	3,235
Other receivables	232,006		49		232,055
Due from other funds	34,826		8,049		42,875
Advances to other funds	10,836				10,836
Inventories	<u>1</u>				<u>1</u>
TOTAL ASSETS	<u>2,697,165</u>	<u>101,193</u>	<u>305,425</u>	<u>2,126</u>	<u>3,105,909</u>
DEFERRED OUTFLOWS OF RESOURCES		<u>192,311</u>			<u>192,311</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 2,697,165</u>	<u>293,504</u>	<u>305,425</u>	<u>2,126</u>	<u>\$ 3,298,220</u>
LIABILITIES					
Accounts payable	\$ 78,174		27,686		\$ 105,860
Accrued payroll	42				42
Other payables	746				746
Due to other funds	319,454		13,430	31	332,915
Advances payable	56,412		40		56,452
Third party payor	<u>246</u>				<u>246</u>
TOTAL LIABILITIES	<u>455,074</u>		<u>41,156</u>	<u>31</u>	<u>496,261</u>
DEFERRED INFLOWS OF RESOURCES	<u>24,436</u>				<u>24,436</u>
FUND BALANCES					
Nonspendable	1			2,095	2,096
Restricted	2,008,130	293,504	148,783		2,450,417
Committed	63,455		70,937		134,392
Assigned	<u>146,069</u>		<u>44,549</u>		<u>190,618</u>
TOTAL FUND BALANCES	<u>2,217,655</u>	<u>293,504</u>	<u>264,269</u>	<u>2,095</u>	<u>2,777,523</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 2,697,165</u>	<u>293,504</u>	<u>305,425</u>	<u>2,126</u>	<u>\$ 3,298,220</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - SUMMARY
 FOR THE YEAR ENDED JUNE 30, 2022 (in thousands)

	SPECIAL REVENUE FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	PERMANENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES					
Taxes	\$ 904,075				\$ 904,075
Licenses, permits and franchises	24,167				24,167
Fines, forfeitures and penalties	32,968				32,968
Revenue from use of money and property:					
Investment income (loss)	(67,964)	436	(4,448)	(63)	(72,039)
Rents and concessions	49,469				49,469
Royalties	4				4
Intergovernmental revenues:					
Federal	20,270				20,270
State	401,576		78		401,654
Other	12,325				12,325
Charges for services	428,192		7,208		435,400
Miscellaneous	42,977	39,342	384		82,703
TOTAL REVENUES	1,848,059	39,778	3,222	(63)	1,890,996
EXPENDITURES					
Current:					
General government	10,039			53	10,092
Public protection	326,039				326,039
Public ways and facilities	432,429				432,429
Health and sanitation	183,079				183,079
Public assistance	167,656				167,656
Education	53				53
Recreation and cultural services	8,585				8,585
Debt service:					
Principal		373,844			373,844
Interest and other charges		336,950			336,950
Refunding escrow		53,754			53,754
Capital outlay			182,590		182,590
TOTAL EXPENDITURES	1,127,880	764,548	182,590	53	2,075,071
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	720,179	(724,770)	(179,368)	(116)	(184,075)
OTHER FINANCING SOURCES (USES)					
Transfers in	51,164	401,145	2,500		454,809
Transfers out	(657,080)	(13,205)	(10,001)		(680,286)
Issuance of debt		272,227	41,607		313,834
Refunding bonds issued		167,925			167,925
Payment to refunded bonds escrow agent		(167,925)			(167,925)
Debt premium		70,739			70,739
Sales of capital assets	28,577				28,577
TOTAL OTHER FINANCING SOURCES (USES)	(577,339)	730,906	34,106		187,673
NET CHANGE IN FUND BALANCES	142,840	6,136	(145,262)	(116)	3,598
FUND BALANCES, JULY 1, 2021, AS RESTATED	2,074,815	287,368	409,531	2,211	2,773,925
FUND BALANCES, JUNE 30, 2022	\$ 2,217,655	293,504	264,269	2,095	\$ 2,777,523



COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 JUNE 30, 2022 (in thousands)

	Streets, Highways, Roads and Bridges		Street Lighting Districts	Garbage Disposal Districts	Sewer Maintenance Districts	Health Services Measure B
	Road	Other				
ASSETS						
Pooled cash and investments:						
Operating	\$ 138,754	240,434	102,790	65,038	45,304	177,570
Other	23,030	7,953	1,257	1,064	1,474	10,676
Total pooled cash and investments	<u>161,784</u>	<u>248,387</u>	<u>104,047</u>	<u>66,102</u>	<u>46,778</u>	<u>188,246</u>
Taxes receivable		470	1,898	1,375	777	8,634
Interest receivable	215	294	134	84	59	227
Other receivables	36,759	10,388	103	928	1,435	
Due from other funds	19,650	2,604	3,211		2,321	
Advances to other funds	7,541	1,070	147		1,129	
Inventories	1					
TOTAL ASSETS	<u>\$ 225,950</u>	<u>263,213</u>	<u>109,540</u>	<u>68,489</u>	<u>52,499</u>	<u>197,107</u>
LIABILITIES						
Accounts payable	\$ 6,688	2,559	3,273	9,791	139	6,737
Accrued payroll						
Other payables						
Due to other funds	35,494	10,205	4,272	1,279	12,133	116,196
Advances payable	45,537	7,502	844			
Third party payor	246					
TOTAL LIABILITIES	<u>87,965</u>	<u>20,266</u>	<u>8,389</u>	<u>11,070</u>	<u>12,272</u>	<u>122,933</u>
DEFERRED INFLOWS OF RESOURCES		<u>311</u>	<u>1,168</u>	<u>1,388</u>	<u>1,122</u>	<u>5,380</u>
FUND BALANCES						
Nonspendable	1					
Restricted	137,984	242,636	99,983	56,031	39,105	68,794
Committed						
Assigned						
TOTAL FUND BALANCES	<u>137,985</u>	<u>242,636</u>	<u>99,983</u>	<u>56,031</u>	<u>39,105</u>	<u>68,794</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 225,950</u>	<u>263,213</u>	<u>109,540</u>	<u>68,489</u>	<u>52,499</u>	<u>197,107</u>

Health and Sanitation	Safe, Clean Water Program Measure W	Other Public Protection	Public Assistance	Homeless and Housing Measure H	Recreation	
						ASSETS
						Pooled cash and investments:
\$ 114,830	382,360	546,670	12,568	241,651	68,319	Operating
1,487	10,312	1,653	451	162	1,712	Other
<u>116,317</u>	<u>392,672</u>	<u>548,323</u>	<u>13,019</u>	<u>241,813</u>	<u>70,031</u>	Total pooled cash and investments
28	8,421					Taxes receivable
155	512	586	3	348	51	Interest receivable
18,264		3,037	382	159,265	1,250	Other receivables
2,020	11	2,005			982	Due from other funds
793	156					Advances to other funds
						Inventories
<u>\$ 137,577</u>	<u>401,772</u>	<u>553,951</u>	<u>13,404</u>	<u>401,426</u>	<u>72,314</u>	TOTAL ASSETS
						LIABILITIES
\$ 10,384	1,582	2,429	326	33,879	387	Accounts payable
		746				Accrued payroll
4,373	880	46,243	505	65,335	9,593	Other payables
2,529						Due to other funds
						Advances payable
						Third party payor
<u>17,286</u>	<u>2,462</u>	<u>49,418</u>	<u>831</u>	<u>99,214</u>	<u>9,980</u>	TOTAL LIABILITIES
<u>9,775</u>	<u>5,292</u>					DEFERRED INFLOWS OF RESOURCES
						FUND BALANCES
109,924	394,018	439,580	12,573	302,212	31,935	Nonspendable
		54,667				Restricted
592		10,286			30,399	Committed
<u>110,516</u>	<u>394,018</u>	<u>504,533</u>	<u>12,573</u>	<u>302,212</u>	<u>62,334</u>	Assigned
						TOTAL FUND BALANCES
<u>\$ 137,577</u>	<u>401,772</u>	<u>553,951</u>	<u>13,404</u>	<u>401,426</u>	<u>72,314</u>	TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

Continued...

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET - Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 JUNE 30, 2022 (in thousands)

	Courthouse Temporary Construction	Criminal Justice Temporary Construction	Registrar- Recorder Improvement	Other Special Revenue	Total
ASSETS					
Pooled cash and investments:					
Operating	\$ 684	48,353	28,634	117,716	\$ 2,331,675
Other	699	521	851	88	63,390
Total pooled cash and investments	1,383	48,874	29,485	117,804	2,395,065
Taxes receivable					21,603
Interest receivable	10	75		75	2,828
Other receivables			159	36	232,006
Due from other funds	1,922			100	34,826
Advances to other funds					10,836
Inventories					1
TOTAL ASSETS	\$ 3,315	48,949	29,644	118,015	\$ 2,697,165
LIABILITIES					
Accounts payable	\$				\$ 78,174
Accrued payroll				42	42
Other payables					746
Due to other funds	3,304	2,901	2,811	3,930	319,454
Advances payable					56,412
Third party payor					246
TOTAL LIABILITIES	3,304	2,901	2,811	3,972	455,074
DEFERRED INFLOWS OF RESOURCES					
					24,436
FUND BALANCES					
Nonspendable					1
Restricted	11	46,048	26,833	463	2,008,130
Committed				8,788	63,455
Assigned				104,792	146,069
TOTAL FUND BALANCES	11	46,048	26,833	114,043	2,217,655
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 3,315	48,949	29,644	118,015	\$ 2,697,165



COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE YEAR ENDED JUNE 30, 2022 (in thousands)

	Streets, Highways, Roads and Bridges		Street Lighting Districts	Garbage Disposal Districts	Sewer Maintenance Districts	Health Services Measure B
	Road	Other				
REVENUES						
Taxes	\$ 5,867	91,996	29,344	8,824		281,658
Licenses, permits and franchises	6,511					
Fines, forfeitures and penalties		28	113	224	235	1,044
Revenue from use of money and property:						
Investment loss	(5,275)	(7,574)	(3,123)	(2,046)	(1,382)	(5,680)
Rents and concessions	152	96	3			
Royalties						
Intergovernmental revenues:						
Federal	14,948	5,298			7	
State	291,920	1,347	120	34	12	
Other	846	9,728	319	53	42	
Charges for services	17,598	5,231	3,577	20,724	38,850	
Miscellaneous	4	129		3		18
TOTAL REVENUES	332,571	106,279	30,353	27,816	37,764	277,040
EXPENDITURES						
Current:						
General government						
Public protection						
Public ways and facilities	312,608	78,169	41,652			
Health and sanitation				32,750	41,971	49,315
Public assistance						
Education						
Recreation and cultural services						
TOTAL EXPENDITURES	312,608	78,169	41,652	32,750	41,971	49,315
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	19,963	28,110	(11,299)	(4,934)	(4,207)	227,725
OTHER FINANCING SOURCES (USES)						
Transfers in	3,243					
Transfers out	(13)	(26)	(604)		(1,812)	(232,503)
Sales of capital assets	114	2				
TOTAL OTHER FINANCING SOURCES (USES)	3,344	(24)	(604)		(1,812)	(232,503)
NET CHANGE IN FUND BALANCES	23,307	28,086	(11,903)	(4,934)	(6,019)	(4,778)
FUND BALANCES, JULY 1, 2021	114,678	214,550	111,886	60,965	45,124	73,572
FUND BALANCES, JUNE 30, 2022	\$ 137,985	242,636	99,983	56,031	39,105	68,794

Health and Sanitation	Safe, Clean Water Program Measure W	Other Public Protection	Public Assistance	Homeless and Housing Measure H	Recreation	
				486,386		REVENUES
\$						Taxes
13,358			949		67	Licenses, permits and franchises
9,502	598	3,275	1,736			Fines, forfeitures and penalties
						Revenue from use of money and property:
(3,359)	(11,848)	(13,545)	(67)	(8,422)	(2,255)	Investment loss
		23,787			19,323	Rents and concessions
						Royalties
		17				Intergovernmental revenues:
635		107,388			120	Federal
1,337						State
23,898	279,648	11,056	4,519		4,944	Other
18,754		21,976	74		1,988	Charges for services
64,125	268,398	153,954	7,211	477,964	24,187	Miscellaneous
						TOTAL REVENUES
						EXPENDITURES
						Current:
	230,468	77,253				General government
						Public protection
						Public ways and facilities
59,043						Health and sanitation
			5,890	161,766		Public assistance
						Education
					8,585	Recreation and cultural services
59,043	230,468	77,253	5,890	161,766	8,585	TOTAL EXPENDITURES
						EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
5,082	37,930	76,701	1,321	316,198	15,602	
						OTHER FINANCING SOURCES (USES)
		24,776			1,369	Transfers in
(2,346)	(35,568)	(133,442)	(488)	(193,023)	(15,054)	Transfers out
		37			28,320	Sales of capital assets
(2,346)	(35,568)	(108,629)	(488)	(193,023)	14,635	TOTAL OTHER FINANCING SOURCES (USES)
2,736	2,362	(31,928)	833	123,175	30,237	NET CHANGE IN FUND BALANCES
107,780	391,656	536,461	11,740	179,037	32,097	FUND BALANCES, JULY 1, 2021
\$ 110,516	394,018	504,533	12,573	302,212	62,334	FUND BALANCES, JUNE 30, 2022

Continued...

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-Continued
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 FOR THE YEAR ENDED JUNE 30, 2022 (in thousands)

	Courthouse Temporary Construction	Criminal Justice Temporary Construction	Registrar- Recorder Improvement	Other Special Revenue	Total
REVENUES					
Taxes	\$				\$ 904,075
Licenses, permits and franchises				3,282	24,167
Fines, forfeitures and penalties	7,705	8,508			32,968
Revenue from use of money and property:					
Investment income/(loss)	22	(1,341)		(2,069)	(67,964)
Rents and concessions				6,108	49,469
Royalties				4	4
Intergovernmental revenues:					
Federal					20,270
State					401,576
Other					12,325
Charges for services			16,802	1,345	428,192
Miscellaneous				31	42,977
TOTAL REVENUES	7,727	7,167	16,802	8,701	1,848,059
EXPENDITURES					
Current:					
General government				10,039	10,039
Public protection	572	17,746			326,039
Public ways and facilities					432,429
Health and sanitation					183,079
Public assistance					167,656
Education				53	53
Recreation and cultural services					8,585
TOTAL EXPENDITURES	572	17,746		10,092	1,127,880
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,155	(10,579)	16,802	(1,391)	720,179
OTHER FINANCING SOURCES (USES)					
Transfers in	7,817			13,959	51,164
Transfers out	(14,961)	(7,852)	(13,680)	(5,708)	(657,080)
Sales of capital assets				104	28,577
TOTAL OTHER FINANCING SOURCES (USES)	(7,144)	(7,852)	(13,680)	8,355	(577,339)
NET CHANGE IN FUND BALANCES	11	(18,431)	3,122	6,964	142,840
FUND BALANCES, JULY 1, 2021		64,479	23,711	107,079	2,074,815
FUND BALANCES, JUNE 30, 2022	\$ 11	46,048	26,833	114,043	\$ 2,217,655

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL ON BUDGETARY BASIS
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2022 (in thousands)

	TOTALS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 825,244	826,637	903,259	76,622
Licenses, permits and franchises	19,849	20,232	24,167	3,935
Fines, forfeitures and penalties	30,553	30,824	32,969	2,145
Revenue from use of money and property:				
Investment income	11,029	11,029	13,097	2,068
Rents and concessions	40,656	43,681	49,469	5,788
Royalties	3	3	4	1
Intergovernmental revenues:				
Federal	43,398	43,398	20,270	(23,128)
State	402,767	402,767	401,576	(1,191)
Other	36,561	36,561	12,325	(24,236)
Charges for services	428,761	428,761	427,686	(1,075)
Miscellaneous	30,812	31,126	42,977	11,851
TOTAL REVENUES	1,869,633	1,875,019	1,927,799	52,780
EXPENDITURES				
Current:				
General government	51,850	46,635	10,219	36,416
Public protection	437,447	435,228	130,558	304,670
Public ways and facilities	1,410,863	1,409,056	705,483	703,573
Health and sanitation	323,061	330,501	190,672	139,829
Public assistance	249,012	249,145	170,947	78,198
Education	8,158	8,158	54	8,104
Recreation and cultural services	37,924	38,974	9,155	29,819
TOTAL EXPENDITURES	2,518,315	2,517,697	1,217,088	1,300,609
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(648,682)	(642,678)	710,711	1,353,389
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	270	270	28,577	28,307
Transfers in	330,232	331,036	323,576	(7,460)
Transfers out	(1,085,796)	(1,102,138)	(914,530)	187,608
Appropriations for contingencies	(158,326)	(148,792)		148,792
Changes in fund balances	(87,766)	(87,766)	(63,588)	24,178
TOTAL OTHER FINANCING SOURCES (USES)	(1,001,386)	(1,007,390)	(625,965)	381,425
NET CHANGE IN FUND BALANCES	(1,650,068)	(1,650,068)	84,746	1,734,814
FUND BALANCES, JULY 1, 2021	1,650,068	1,650,068	1,650,068	
FUND BALANCES, JUNE 30, 2022	\$		1,734,814	1,734,814

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2022 (in thousands)

	ROAD			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 4,477	5,870	5,868	(2)
Licenses, permits and franchises	5,355	5,355	6,511	1,156
Revenue from use of money and property:				
Investment income	1,398	1,398	1,114	(284)
Rents and concessions	80	80	152	72
Intergovernmental revenues:				
Federal	28,194	28,194	14,948	(13,246)
State	282,939	282,939	291,920	8,981
Other	600	600	846	246
Charges for services	17,146	17,146	17,598	452
Miscellaneous	174	174	4	(170)
TOTAL REVENUES	340,363	341,756	338,961	(2,795)
EXPENDITURES				
Current-Public ways and facilities:				
Services and supplies	338,191	338,041	309,755	28,286
Other charges	16,625	16,625	554	16,071
Capital assets	1,758	1,758	219	1,539
Capital outlay	31,834	31,834	22,510	9,324
TOTAL EXPENDITURES	388,408	388,258	333,038	55,220
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(48,045)	(46,502)	5,923	52,425
OTHER FINANCING SOURCES (USES)				
Sales of capital assets			114	114
Transfers in	500	500	3,243	2,743
Transfers out	(2,019)	(2,169)	(13)	2,156
Appropriations for contingencies		(1,393)		1,393
Changes in fund balance			8,977	8,977
TOTAL OTHER FINANCING SOURCES (USES)	(1,519)	(3,062)	12,321	15,383
NET CHANGE IN FUND BALANCE	(49,564)	(49,564)	18,244	67,808
FUND BALANCE, JULY 1, 2021	49,564	49,564	49,564	
FUND BALANCE, JUNE 30, 2022	\$		67,808	67,808

Continued....

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2022 (in thousands)

	OTHER STREETS, HIGHWAYS, ROADS, AND BRIDGES			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 68,849	68,849	92,008	23,159
Fines, forfeitures and penalties	21	21	28	7
Revenue from use of money and property:				
Investment income	1,345	1,345	1,507	162
Rents and concessions	163	163	96	(67)
Intergovernmental revenues:				
Federal	15,204	15,204	5,298	(9,906)
State	4,451	4,451	1,347	(3,104)
Other	33,603	33,603	9,728	(23,875)
Charges for services	12,221	12,221	5,231	(6,990)
Miscellaneous	55	55	129	74
TOTAL REVENUES	135,912	135,912	115,372	(20,540)
EXPENDITURES				
Current-Public ways and facilities:				
Services and supplies	260,390	260,358	69,653	190,705
Other charges	12,574	12,574	2,276	10,298
Capital assets	7,265	7,265	921	6,344
Capital outlay	49,050	49,050	17,808	31,242
TOTAL EXPENDITURES	329,279	329,247	90,658	238,589
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(193,367)	(193,335)	24,714	218,049
OTHER FINANCING SOURCES (USES)				
Sales of capital assets			2	2
Transfers out	(202)	(234)	(26)	208
Changes in fund balance	11,227	11,227	18,686	7,459
TOTAL OTHER FINANCING SOURCES (USES)	11,025	10,993	18,662	7,669
NET CHANGE IN FUND BALANCE	(182,342)	(182,342)	43,376	225,718
FUND BALANCE, JULY 1, 2021	182,342	182,342	182,342	
FUND BALANCE, JUNE 30, 2022	\$		225,718	225,718

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2022 (in thousands)

	STREET LIGHTING DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 27,736	27,736	29,373	1,637
Fines, forfeitures and penalties	90	90	113	23
Revenue from use of money and property:				
Investment income	752	752	655	(97)
Rents and Concessions			3	3
Intergovernmental revenues:				
State	123	123	120	(3)
Other	292	292	319	27
Charges for services	4,031	4,031	3,577	(454)
TOTAL REVENUES	33,024	33,024	34,160	1,136
EXPENDITURES				
Current-Public ways and facilities:				
Services and supplies	45,380	45,290	24,477	20,813
Other charges	234	324	213	111
Capital assets	10	10		10
Capital outlay	24,505	24,505	23,000	1,505
TOTAL EXPENDITURES	70,129	70,129	47,690	22,439
DEFICIENCY OF REVENUES OVER EXPENDITURES	(37,105)	(37,105)	(13,530)	23,575
OTHER FINANCING SOURCES (USES)				
Transfers in	3,161	3,159	3,026	(133)
Transfers out	(4,059)	(4,057)	(3,630)	427
Changes in fund balance	(5,643)	(5,643)	(5,281)	362
TOTAL OTHER FINANCING SOURCES (USES)	(6,541)	(6,541)	(5,885)	656
NET CHANGE IN FUND BALANCE	(43,646)	(43,646)	(19,415)	24,231
FUND BALANCE, JULY 1, 2021	43,646	43,646	43,646	
FUND BALANCE, JUNE 30, 2022	\$		24,231	24,231

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2022 (in thousands)

	GARBAGE DISPOSAL DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 7,881	7,881	8,828	947
Fines, forfeitures and penalties	253	253	224	(29)
Revenue from use of money and property-				
Investment income	424	424	391	(33)
Intergovernmental revenues:				
State	35	35	34	(1)
Other			53	53
Charges for services	20,668	20,668	20,704	36
Miscellaneous			3	3
TOTAL REVENUES	29,261	29,261	30,237	976
EXPENDITURES				
Current-Health and sanitation-				
Services and supplies	41,830	41,830	32,844	8,986
TOTAL EXPENDITURES	41,830	41,830	32,844	8,986
DEFICIENCY OF REVENUES OVER EXPENDITURES	(12,569)	(12,569)	(2,607)	9,962
OTHER FINANCING SOURCES				
Changes in fund balance	3,830	3,830	4,343	513
TOTAL OTHER FINANCING SOURCES	3,830	3,830	4,343	513
NET CHANGE IN FUND BALANCE	(8,739)	(8,739)	1,736	10,475
FUND BALANCE, JULY 1, 2021	8,739	8,739	8,739	
FUND BALANCE, JUNE 30, 2022	\$		10,475	10,475

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2022 (in thousands)

	SEWER MAINTENANCE DISTRICTS			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Fines, forfeitures and penalties	\$ 166	166	235	69
Revenue from use of money and property- Investment income	342	342	280	(62)
Intergovernmental revenues:				
Federal			7	7
State			11	11
Other	40	40	42	2
Charges for services	37,298	37,298	38,860	1,562
TOTAL REVENUES	37,846	37,846	39,435	1,589
EXPENDITURES				
Current-Health and sanitation:				
Services and supplies	75,351	75,351	41,132	34,219
Other charges	2,000	2,000	1,150	850
Capital assets	100	100	7	93
Capital outlay	1,500	1,500	648	852
TOTAL EXPENDITURES	78,951	78,951	42,937	36,014
DEFICIENCY OF REVENUES OVER EXPENDITURES	(41,105)	(41,105)	(3,502)	37,603
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,264)	(3,264)	(1,812)	1,452
Changes in fund balance			148	148
TOTAL OTHER FINANCING SOURCES (USES)	(3,264)	(3,264)	(1,664)	1,600
NET CHANGE IN FUND BALANCE	(44,369)	(44,369)	(5,166)	39,203
FUND BALANCE, JULY 1, 2021	44,369	44,369	44,369	
FUND BALANCE, JUNE 30, 2022	\$		39,203	39,203

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2022 (in thousands)

	HEALTH SERVICES MEASURE B			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 281,674	281,674	280,796	(878)
Fines, forfeitures and penalties			1,044	1,044
Revenue from use of money and property-				
Investment income	400	400	843	443
Miscellaneous			18	18
TOTAL REVENUES	282,074	282,074	282,701	627
EXPENDITURES				
Current-Health and sanitation:				
Services and supplies	25,963	28,583	22,157	6,426
Other charges	43,828	48,463	31,733	16,730
TOTAL EXPENDITURES	69,791	77,046	53,890	23,156
EXCESS OF REVENUES OVER EXPENDITURES	212,283	205,028	228,811	23,783
OTHER FINANCING SOURCES (USES)				
Transfers out	(240,028)	(240,257)	(232,503)	7,754
Appropriations for contingencies	(13,660)	(6,176)		6,176
Changes in fund balance			323	323
TOTAL OTHER FINANCING SOURCES (USES)	(253,688)	(246,433)	(232,180)	14,253
NET CHANGE IN FUND BALANCE	(41,405)	(41,405)	(3,369)	38,036
FUND BALANCE, JULY 1, 2021	41,405	41,405	41,405	
FUND BALANCE, JUNE 30, 2022	\$		38,036	38,036

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2022 (in thousands)

	HEALTH AND SANITATION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Licenses, permits and franchises	\$ 10,615	10,615	13,358	2,743
Fines, forfeitures and penalties	10,083	10,123	9,502	(621)
Revenue from use of money and property:				
Investment income	539	539	744	205
Rents and concessions	5	5		(5)
Intergovernmental revenues:				
State	686	686	635	(51)
Other	2,026	2,026	1,337	(689)
Charges for services	23,859	23,859	23,897	38
Miscellaneous	19,000	19,000	18,754	(246)
TOTAL REVENUES	66,813	66,853	68,227	1,374
EXPENDITURES				
Current-Health and sanitation:				
Services and supplies	110,903	110,903	48,579	62,324
Other charges	21,086	21,086	11,993	9,093
Capital assets	500	685	429	256
TOTAL EXPENDITURES	132,489	132,674	61,001	71,673
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(65,676)	(65,821)	7,226	73,047
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,302)	(4,302)	(2,346)	1,956
Appropriations for contingencies	(5,520)	(5,375)		5,375
Changes in fund balance	8,557	8,557	9,830	1,273
TOTAL OTHER FINANCING SOURCES (USES)	(1,265)	(1,120)	7,484	8,604
NET CHANGE IN FUND BALANCE	(66,941)	(66,941)	14,710	81,651
FUND BALANCE, JULY 1, 2021	66,941	66,941	66,941	
FUND BALANCE, JUNE 30, 2022	\$		81,651	81,651

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2022 (in thousands)

	SAFE, CLEAN WATER PROGRAM MEASURE W			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Fines, forfeitures and penalties	\$		599	599
Revenue from use of money and property-				
Investment income	1,732	1,732	2,406	674
Charges for services	281,300	281,300	279,152	(2,148)
TOTAL REVENUES	283,032	283,032	282,157	(875)
EXPENDITURES				
Current-Public Protection:				
Services and supplies	48,579	48,554	17,452	31,102
Other charges	551,833	550,233	216,645	333,588
Capital outlay	22,635	22,635		22,635
TOTAL EXPENDITURES	623,047	621,422	234,097	387,325
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(340,015)	(338,390)	48,060	386,450
OTHER FINANCING SOURCES (USES)				
Transfers in	276,765	276,765	269,386	(7,379)
Transfers out	(325,230)	(326,855)	(304,955)	21,900
Changes in fund balance			378	378
TOTAL OTHER FINANCING SOURCES (USES)	(48,465)	(50,090)	(35,191)	14,899
NET CHANGE IN FUND BALANCE	(388,480)	(388,480)	12,869	401,349
FUND BALANCE, JULY 1, 2021	388,480	388,480	388,480	
FUND BALANCE, JUNE 30, 2022	\$		401,349	401,349

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2022 (in thousands)

	OTHER PUBLIC PROTECTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Fines, forfeitures and penalties	\$ 4,993	4,993	3,275	(1,718)
Revenue from use of money and property:				
Investment income	2,668	2,668	2,864	196
Rents and concessions	18,704	18,704	23,787	5,083
Intergovernmental revenues:				
Federal			17	17
State	114,463	114,463	107,389	(7,074)
Charges for services	11,558	11,558	11,056	(502)
Miscellaneous	10,760	10,760	21,976	11,216
TOTAL REVENUES	163,146	163,146	170,364	7,218
EXPENDITURES				
Current-Public protection:				
Services and supplies	300,655	285,007	71,503	213,504
Other charges	200	14,748	14,713	35
Capital assets	51,625	51,625	9,389	42,236
Capital outlay	6,370	6,370		6,370
TOTAL EXPENDITURES	358,850	357,750	95,605	262,145
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(195,704)	(194,604)	74,759	269,363
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	45	45	37	(8)
Transfers in	25,218	25,218	24,776	(442)
Transfers out	(213,106)	(214,223)	(133,442)	80,781
Appropriations for contingencies	(44,203)	(44,186)		44,186
Changes in fund balance	1,218	1,218	3,729	2,511
TOTAL OTHER FINANCING SOURCES (USES)	(230,828)	(231,928)	(104,900)	127,028
NET CHANGE IN FUND BALANCE	(426,532)	(426,532)	(30,141)	396,391
FUND BALANCE, JULY 1, 2021	426,532	426,532	426,532	
FUND BALANCE, JUNE 30, 2022	\$		396,391	396,391

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2022 (in thousands)

	PUBLIC ASSISTANCE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Licenses, permits and franchises	\$ 671	804	949	145
Fines, forfeitures and penalties	1,647	1,647	1,736	89
Revenue from use of money and property-				
Investment income	5	5	14	9
Charges for services	4,200	4,200	4,519	319
Miscellaneous	53	53	74	21
TOTAL REVENUES	6,576	6,709	7,292	583
EXPENDITURES				
Current-Public assistance-				
Services and supplies	11,707	11,840	6,935	4,905
TOTAL EXPENDITURES	11,707	11,840	6,935	4,905
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,131)	(5,131)	357	5,488
OTHER FINANCING SOURCES (USES)				
Transfers out	(788)	(788)	(487)	301
Appropriations for contingencies	(2,410)	(2,410)		2,410
Changes in fund balance	(1)	(1)	440	441
TOTAL OTHER FINANCING SOURCES (USES)	(3,199)	(3,199)	(47)	3,152
NET CHANGE IN FUND BALANCE	(8,330)	(8,330)	310	8,640
FUND BALANCE, JULY 1, 2021	8,330	8,330	8,330	
FUND BALANCE, JUNE 30, 2022	\$		8,640	8,640

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2022 (in thousands)

	HOMELESS AND HOUSING MEASURE H			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 434,627	434,627	486,386	51,759
Revenue from use of money and property-				
Investment income			1,321	1,321
TOTAL REVENUES	434,627	434,627	487,707	53,080
EXPENDITURES				
Current-Public assistance:				
Services and supplies		3,079	2,299	780
Other charges	237,305	234,226	161,713	72,513
TOTAL EXPENDITURES	237,305	237,305	164,012	73,293
EXCESS OF REVENUES OVER EXPENDITURES	197,322	197,322	323,695	126,373
OTHER FINANCING USES				
Transfers out	(256,962)	(256,962)	(193,023)	63,939
Changes in fund balance	(106,954)	(106,954)	(105,358)	1,596
TOTAL OTHER FINANCING USES	(363,916)	(363,916)	(298,381)	65,535
NET CHANGE IN FUND BALANCE	(166,594)	(166,594)	25,314	191,908
FUND BALANCE, JULY 1, 2021	166,594	166,594	166,594	
FUND BALANCE, JUNE 30, 2022	\$		191,908	191,908

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2022 (in thousands)

	RECREATION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Licenses, permits and franchises	\$ 8	258	67	(191)
Revenue from use of money and property:				
Investment income	299	299	223	(76)
Rents and concessions	15,985	19,010	19,323	313
Intergovernmental revenues-				
State	70	70	120	50
Charges for services	2,161	2,161	4,944	2,783
Miscellaneous	745	1,059	1,988	929
TOTAL REVENUES	19,268	22,857	26,665	3,808
EXPENDITURES				
Current-Recreation and cultural services:				
Services and supplies	37,815	37,265	7,555	29,710
Other charges	9	1,609	1,600	9
Capital assets	100	100		100
TOTAL EXPENDITURES	37,924	38,974	9,155	29,819
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(18,656)	(16,117)	17,510	33,627
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	5	5	28,320	28,315
Transfers in	550	1,356	1,369	13
Transfers out	(11,590)	(15,231)	(15,053)	178
Appropriations for contingencies	(296)			
Changes in fund balance			101	101
TOTAL OTHER FINANCING SOURCES (USES)	(11,331)	(13,870)	14,737	28,607
NET CHANGE IN FUND BALANCE	(29,987)	(29,987)	32,247	62,234
FUND BALANCE, JULY 1, 2021	29,987	29,987	29,987	
FUND BALANCE, JUNE 30, 2022	\$		62,234	62,234

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2022 (in thousands)

	COURTHOUSE TEMPORARY CONSTRUCTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Fines, forfeitures and penalties	\$ 6,000	6,231	7,705	1,474
Revenue from use of money and property-				
Investment income	40	40	22	(18)
TOTAL REVENUES	6,040	6,271	7,727	1,456
EXPENDITURES				
Current-Public protection:				
Services and supplies	341	572	572	
Other charges	14,992	14,992	14,961	31
TOTAL EXPENDITURES	15,333	15,564	15,533	31
DEFICIENCY OF REVENUES OVER EXPENDITURES	(9,293)	(9,293)	(7,806)	1,487
OTHER FINANCING SOURCES				
Transfers in	9,293	9,293	7,817	(1,476)
TOTAL OTHER FINANCING SOURCES	9,293	9,293	7,817	(1,476)
NET CHANGE IN FUND BALANCE			11	11
FUND BALANCE, JULY 1, 2021				
FUND BALANCE, JUNE 30, 2022	\$		11	11

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2022 (in thousands)

	CRIMINAL JUSTICE TEMPORARY CONSTRUCTION			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Fines, forfeitures and penalties	\$ 7,300	7,300	8,508	1,208
Revenue from use of money and property-				
Investment income	400	400	359	(41)
TOTAL REVENUES	7,700	7,700	8,867	1,167
EXPENDITURES				
Current-Public protection:				
Services and supplies	60,299	58,949	18,682	40,267
Other charges	2,965	2,965	738	2,227
TOTAL EXPENDITURES	63,264	61,914	19,420	42,494
DEFICIENCY OF REVENUES OVER EXPENDITURES	(55,564)	(54,214)	(10,553)	43,661
OTHER FINANCING SOURCES (USES)				
Transfers out	(9,290)	(10,640)	(7,852)	2,788
Changes in fund balance			1	1
TOTAL OTHER FINANCING SOURCES (USES)	(9,290)	(10,640)	(7,851)	2,789
NET CHANGE IN FUND BALANCE	(64,854)	(64,854)	(18,404)	46,450
FUND BALANCE, JULY 1, 2021	64,854	64,854	64,854	
FUND BALANCE, JUNE 30, 2022	\$		46,450	46,450

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2022 (in thousands)

	REGISTRAR-RECORDER IMPROVEMENT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Charges for services	\$ 13,564	13,564	16,803	3,239
OTHER FINANCING USES				
Transfers out	(10,773)	(13,758)	(13,680)	78
Appropriations for contingencies	(26,499)	(23,514)		23,514
Changes in fund balance			(2)	(2)
TOTAL OTHER FINANCING USES	(37,272)	(37,272)	(13,682)	23,590
NET CHANGE IN FUND BALANCE	(23,708)	(23,708)	3,121	26,829
FUND BALANCE, JULY 1, 2021	23,708	23,708	23,708	
FUND BALANCE, JUNE 30, 2022	\$		26,829	26,829

Continued...

COUNTY OF LOS ANGELES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS-Continued
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
FOR THE YEAR ENDED JUNE 30, 2022 (in thousands)

	OTHER SPECIAL REVENUE			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Licenses, permits and franchises	\$ 3,200	3,200	3,282	82
Revenue from use of money and property:				
Investment income	685	685	354	(331)
Rents and concessions	5,719	5,719	6,108	389
Royalties	3	3	4	1
Charges for services	755	755	1,345	590
Miscellaneous	25	25	31	6
TOTAL REVENUES	10,387	10,387	11,124	737
EXPENDITURES				
Current:				
General government:				
Salaries and employee benefits	6,736	6,736	6,283	453
Services and supplies	44,077	38,862	3,913	34,949
Capital assets	1,037	1,037	23	1,014
Total general government	<u>51,850</u>	<u>46,635</u>	<u>10,219</u>	<u>36,416</u>
Education-				
Services and supplies	8,158	8,158	54	8,104
TOTAL EXPENDITURES	60,008	54,793	10,273	44,520
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(49,621)	(44,406)	851	45,257
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	220	220	104	(116)
Transfers in	14,745	14,745	13,959	(786)
Transfers out	(4,183)	(9,398)	(5,708)	3,690
Appropriations for contingencies	(65,739)	(65,739)		65,739
Changes in fund balance			96	96
TOTAL OTHER FINANCING SOURCES (USES)	(54,957)	(60,172)	8,451	68,623
NET CHANGE IN FUND BALANCE	(104,578)	(104,578)	9,302	113,880
FUND BALANCE, JULY 1, 2021	104,578	104,578	104,578	
FUND BALANCE, JUNE 30, 2022	\$		113,880	113,880

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
 JUNE 30, 2022 (in thousands)

	Public Buildings	LA County Securitization Corporation	Total
ASSETS			
Pooled cash and investments-			
Operating	\$ 48,448		\$ 48,448
Total pooled cash and investments	48,448		48,448
Other investments	29,214	23,466	52,680
Interest receivable	65		65
TOTAL ASSETS	<u>77,727</u>	<u>23,466</u>	<u>101,193</u>
DEFERRED OUTFLOWS OF RESOURCES		192,311	192,311
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 77,727</u>	<u>215,777</u>	<u>\$ 293,504</u>
FUND BALANCES - RESTRICTED	<u>\$ 77,727</u>	<u>215,777</u>	<u>\$ 293,504</u>
TOTAL FUND BALANCES	<u><u>\$ 77,727</u></u>	<u><u>215,777</u></u>	<u><u>\$ 293,504</u></u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
 FOR THE YEAR ENDED JUNE 30, 2022 (in thousands)

	Public Buildings	LA County Securitization Corporation	Total
REVENUES			
Revenue from use of money and property-			
Investment income	\$ 410	26	\$ 436
Miscellaneous	11,453	27,889	39,342
TOTAL REVENUES	<u>11,863</u>	<u>27,915</u>	<u>39,778</u>
EXPENDITURES - Debt service			
Principal	356,874	16,970	373,844
Interest and other charges	325,893	11,057	336,950
Refunding escrow	53,754		53,754
TOTAL EXPENDITURES	<u>736,521</u>	<u>28,027</u>	<u>764,548</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(724,658)</u>	<u>(112)</u>	<u>(724,770)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	401,145		401,145
Transfers out	(3,170)	(10,035)	(13,205)
Issuance of debt	272,227		272,227
Refunding bonds issued	167,925		167,925
Payment to refunded bonds escrow agent	(167,925)		(167,925)
Debt premium	70,739		70,739
TOTAL OTHER FINANCING SOURCES (USES)	<u>740,941</u>	<u>(10,035)</u>	<u>730,906</u>
NET CHANGE IN FUND BALANCES	16,283	(10,147)	6,136
FUND BALANCES, JULY 1, 2021, AS RESTATED	<u>61,444</u>	<u>225,924</u>	<u>287,368</u>
FUND BALANCES, JUNE 30, 2022	<u>\$ 77,727</u>	<u>215,777</u>	<u>\$ 293,504</u>

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
 JUNE 30, 2022 (in thousands)

	Accumulative Capital Outlay	Improvement Districts	Public Buildings	Gap Loan	Total
ASSETS					
Pooled cash and investments:					
Operating	\$ 113,154	13	129,039	41,554	\$ 283,760
Other	120		6	28	154
Total pooled cash and investments	<u>113,274</u>	<u>13</u>	<u>129,045</u>	<u>41,582</u>	<u>283,914</u>
Other investments			13,074		13,074
Interest receivable	146		140	53	339
Other receivables	49				49
Due from other funds	3,603		4,446		8,049
TOTAL ASSETS	<u>\$ 117,072</u>	<u>13</u>	<u>146,705</u>	<u>41,635</u>	<u>\$ 305,425</u>
LIABILITIES					
Accounts payable	\$ 248		27,438		\$ 27,686
Due to other funds	1,311		7,876	4,243	13,430
Advances payable	40				40
TOTAL LIABILITIES	<u>1,599</u>		<u>35,314</u>	<u>4,243</u>	<u>41,156</u>
FUND BALANCES					
Restricted			111,391	37,392	148,783
Committed	70,937				70,937
Assigned	44,536	13			44,549
TOTAL FUND BALANCES	<u>115,473</u>	<u>13</u>	<u>111,391</u>	<u>37,392</u>	<u>264,269</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 117,072</u>	<u>13</u>	<u>146,705</u>	<u>41,635</u>	<u>\$ 305,425</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
 FOR THE YEAR ENDED JUNE 30, 2022 (in thousands)

	Accumulative Capital Outlay	Improvement Districts	Public Buildings	Gap Loan	Total
REVENUES					
Revenue from use of money and property-					
Investment income (loss)	\$ (3,417)		245	(1,276)	\$ (4,448)
Intergovernmental revenues-					
State	78				78
Charges for services	7,208				7,208
Miscellaneous	384				384
TOTAL REVENUES	4,253		245	(1,276)	3,222
EXPENDITURES - Capital outlay	12,140		170,450		182,590
DEFICIENCY OF REVENUES OVER EXPENDITURES	(7,887)		(170,205)	(1,276)	(179,368)
OTHER FINANCING SOURCES (USES)					
Transfers in	2,500				2,500
Transfers out			(5,758)	(4,243)	(10,001)
Issuance of debt			41,607		41,607
TOTAL OTHER FINANCING SOURCES (USES)	2,500		35,849	(4,243)	34,106
NET CHANGE IN FUND BALANCES	(5,387)		(134,356)	(5,519)	(145,262)
FUND BALANCES, JULY 1, 2021	120,860	13	245,747	42,911	409,531
FUND BALANCES, JUNE 30, 2022	\$ 115,473	13	111,391	37,392	\$ 264,269

COUNTY OF LOS ANGELES
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUNDS
 JUNE 30, 2022 (in thousands)

	Annuities	Endowments	Total
ASSETS			
Pooled cash and investments:			
Operating	\$ 394	1,728	\$ 2,122
Other		1	1
Total pooled cash and investments	<u>394</u>	<u>1,729</u>	<u>2,123</u>
Interest receivable	1	2	3
TOTAL ASSETS	<u><u>\$ 395</u></u>	<u><u>1,731</u></u>	<u><u>\$ 2,126</u></u>
LIABILITIES			
Due to other funds	\$	31	\$ 31
FUND BALANCES			
Nonspendable	<u>395</u>	<u>1,700</u>	<u>2,095</u>
TOTAL FUND BALANCES	<u><u>395</u></u>	<u><u>1,700</u></u>	<u><u>2,095</u></u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 395</u></u>	<u><u>1,731</u></u>	<u><u>\$ 2,126</u></u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - PERMANENT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022 (in thousands)

	<u>Annuities</u>	<u>Endowments</u>	<u>Total</u>
REVENUES			
Revenue from use of money and property-			
Investment loss	\$ (13)	(50)	\$ (63)
EXPENDITURES - General government	<u>20</u>	<u>33</u>	<u>53</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(33)</u>	<u>(83)</u>	<u>(116)</u>
NET CHANGE IN FUND BALANCES	(33)	(83)	(116)
FUND BALANCES, JULY 1, 2021	<u>428</u>	<u>1,783</u>	<u>2,211</u>
FUND BALANCES, JUNE 30, 2022	<u>\$ 395</u>	<u>1,700</u>	<u>\$ 2,095</u>



INTERNAL SERVICE FUNDS

COUNTY OF LOS ANGELES
INTERNAL SERVICE FUNDS

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

PUBLIC WORKS FUND

The Public Works Fund is used to account for the cost of services provided by the Department of Public Works to the Road Fund, Flood Control District, County Engineer, and various other special districts and agencies. Costs are recovered through billings for services.

EQUIPMENT ACQUISITION FUND

The Equipment Acquisition Fund is used to account for the operations of the Los Angeles County Capital Asset Leasing Corporation. County departments are charged for equipment items acquired on their behalf. The charges represent recovery of equipment depreciation expense and bond interest expense.

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 JUNE 30, 2022 (in thousands)

	Public Works	Equipment Acquisition	Total
ASSETS			
Current assets:			
Pooled cash and investments:			
Operating	\$ 10,910	19	\$ 10,929
Other	10,849	6	10,855
Total pooled cash and investments	<u>21,759</u>	<u>25</u>	<u>21,784</u>
Interest receivable	42	18	60
Other receivables	11,414		11,414
Due from other funds	149,531	15	149,546
Inventories	9,059		9,059
Total current assets	<u>191,805</u>	<u>58</u>	<u>191,863</u>
Noncurrent assets:			
Restricted assets		3,911	3,911
Capital assets:			
Equipment	255,838	9,658	265,496
Leased assets	1,224		1,224
Less accumulated depreciation/amortization	<u>(138,283)</u>	<u>(6,702)</u>	<u>(144,985)</u>
Total capital assets - net	<u>118,779</u>	<u>2,956</u>	<u>121,735</u>
Total noncurrent assets	<u>118,779</u>	<u>6,867</u>	<u>125,646</u>
TOTAL ASSETS	<u>310,584</u>	<u>6,925</u>	<u>317,509</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>467,125</u>		<u>467,125</u>
LIABILITIES			
Current liabilities:			
Accounts payable	7,078	119	7,197
Accrued payroll	23,369		23,369
Other payables	3,074		3,074
Accrued interest payable		1	1
Due to other funds	42,887		42,887
Advances from other funds	22,000		22,000
Advances payable	32		32
Current portion of long-term liabilities	14,544	245	14,789
Total current liabilities	<u>112,984</u>	<u>365</u>	<u>113,349</u>
Noncurrent liabilities:			
Accrued compensated absences	71,382		71,382
Lease liability	780		780
Workers' compensation	55,530		55,530
Net pension liability	234,287		234,287
Net OPEB liability	<u>1,007,574</u>		<u>1,007,574</u>
Total noncurrent liabilities	<u>1,369,553</u>		<u>1,369,553</u>
TOTAL LIABILITIES	<u>1,482,537</u>	<u>365</u>	<u>1,482,902</u>
DEFERRED INFLOWS OF RESOURCES	<u>502,326</u>		<u>502,326</u>
NET POSITION			
Net investment in capital assets	117,752	6,316	124,068
Restricted-			
Debt service		2,541	2,541
Unrestricted (deficit)	<u>(1,324,906)</u>	<u>(2,297)</u>	<u>(1,327,203)</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ (1,207,154)</u>	<u>6,560</u>	<u>\$ (1,200,594)</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022 (in thousands)

	Public Works	Equipment Acquisition	Total
OPERATING REVENUES:			
Charges for services	\$ 699,223		\$ 699,223
TOTAL OPERATING REVENUES	<u>699,223</u>		<u>699,223</u>
OPERATING EXPENSES:			
Salaries and employee benefits	539,995		539,995
Services and supplies	53,777	13	53,790
Other professional services	67,312		67,312
Depreciation and amortization	17,614	9,009	26,623
TOTAL OPERATING EXPENSES	<u>678,698</u>	<u>9,022</u>	<u>687,720</u>
OPERATING INCOME (LOSS)	<u>20,525</u>	<u>(9,022)</u>	<u>11,503</u>
NONOPERATING REVENUES (EXPENSES):			
Investment loss	(133)	(51)	(184)
Gain on disposal of capital assets	1,237		1,237
Interest revenue		10,238	10,238
Interest expense	(21)	(425)	(446)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>1,083</u>	<u>9,762</u>	<u>10,845</u>
INCOME BEFORE TRANSFERS	21,608	740	22,348
Transfers in	2,650		2,650
Transfers out	(3,710)		(3,710)
CHANGE IN NET POSITION	20,548	740	21,288
TOTAL NET POSITION (DEFICIT), JULY 1, 2021	<u>(1,227,702)</u>	<u>5,820</u>	<u>(1,221,882)</u>
TOTAL NET POSITION (DEFICIT), JUNE 30, 2022	<u>\$ (1,207,154)</u>	<u>6,560</u>	<u>\$ (1,200,594)</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022 (in thousands)

	Public Works	Equipment Acquisition	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from charges for services	\$ 42,529		\$ 42,529
Cash received for services provided to other funds	620,643		620,643
Cash paid for salaries and employee benefits	(555,098)		(555,098)
Cash paid for services and supplies	(68,604)	(13)	(68,617)
Other operating expenses	(67,312)		(67,312)
Net cash required for operating activities	<u>(27,842)</u>	<u>(13)</u>	<u>(27,855)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash advances (paid) / returned to other funds	1	(497)	(496)
Transfers in	2,650		2,650
Transfers out	(3,710)		(3,710)
Net cash required for noncapital financing activities	<u>(1,059)</u>	<u>(497)</u>	<u>(1,556)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest paid on capital borrowing	(21)	(477)	(498)
Interest revenue		10,238	10,238
Principal payments on bonds and notes		(13,965)	(13,965)
Acquisition and construction of capital assets	(18,202)	(1,330)	(19,532)
Leases paid	(197)		(197)
Net cash required for capital and related financing activities	<u>(18,420)</u>	<u>(5,534)</u>	<u>(23,954)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment loss	(125)	(77)	(202)
Net decrease in cash and cash equivalents	(47,446)	(6,121)	(53,567)
Cash and cash equivalents, July 1, 2021	69,205	10,057	79,262
Cash and cash equivalents, June 30, 2022	<u>\$ 21,759</u>	<u>3,936</u>	<u>\$ 25,695</u>

Continued..

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF CASH FLOWS - Continued
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022 (in thousands)

	Public Works	Equipment Acquisition	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH REQUIRED FOR OPERATING ACTIVITIES:			
Operating income (loss)	\$ 20,525	(9,022)	\$ 11,503
Adjustments to reconcile operating income (loss) to net cash required for operating activities:			
Depreciation and amortization	17,614	9,009	26,623
(Increase) decrease in:			
Other receivables	(2,761)		(2,761)
Due from other funds	(34,667)		(34,667)
Inventories	(196)		(196)
Increase (decrease) in:			
Accounts payable	1,163		1,163
Accrued payroll	199		199
Other payables	576		576
Accrued compensated absences	(907)		(907)
Due to other funds	(15,794)		(15,794)
Workers' compensation	1,045		1,045
Net pension liability and related changes in deferred outflows and inflows of resources	(44,890)		(44,890)
Net OPEB liability and related changes in deferred outflows and inflows of resources	30,251		30,251
TOTAL ADJUSTMENTS	(48,367)	9,009	(39,358)
NET CASH REQUIRED FOR OPERATING ACTIVITIES	\$ (27,842)	(13)	\$ (27,855)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:			
Pooled cash and investments	\$ 21,759	25	\$ 21,784
Restricted assets		3,911	3,911
TOTAL	\$ 21,759	3,936	\$ 25,695

FIDUCIARY FUNDS

COUNTY OF LOS ANGELES
FIDUCIARY FUNDS

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

PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS

PENSION TRUST FUND

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

OPEB TRUST FUND

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

CUSTODIAL FUNDS

EXTERNAL INVESTMENT POOLS FUNDS

EXTERNAL INVESTMENT POOL FUND

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

EXTERNAL SPECIFIC INVESTMENT POOL FUND

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

OTHER CUSTODIAL FUNDS

PROPERTY TAX FUNDS

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

OTHER CUSTODIAL FUNDS

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

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS
 JUNE 30, 2022 (in thousands)

	Pension Trust	OPEB Trust	Total
ASSETS			
Pooled cash and investments	\$ 122,073		\$ 122,073
Other investments:			
Short-term investments	3,056,078	49,413	3,105,491
Equity	24,464,720	1,199,773	25,664,493
Fixed income	18,641,786	903,853	19,545,639
Private equity	12,753,842		12,753,842
Real estate	5,802,979	241,168	6,044,147
Real assets	1,363,252		1,363,252
Hedge funds	4,440,434		4,440,434
Cash collateral on loaned securities	1,401,077		1,401,077
Interest receivable	226,861	78	226,939
Other receivables	365,645		365,645
TOTAL ASSETS	72,638,747	2,394,285	75,033,032
LIABILITIES			
Accounts payable	835,073	46	835,119
Other payables	1,514,062	137	1,514,199
TOTAL LIABILITIES	2,349,135	183	2,349,318
NET POSITION			
Net position restricted for pension and other postemployment benefits	<u>\$ 70,289,612</u>	<u>2,394,102</u>	<u>\$ 72,683,714</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2022 (in thousands)

	Pension Trust	OPEB Trust	Total
ADDITIONS			
Contributions:			
Pension and OPEB trust contributions:			
Employer	\$ 2,199,889	1,097,284	\$ 3,297,173
Member	758,632	48,100	806,732
Total contributions	<u>2,958,521</u>	<u>1,145,384</u>	<u>4,103,905</u>
Investment earnings (loss):			
Investment income	5,476,668	25,063	5,501,731
Net decrease in the fair value of investments	(6,717,556)	(312,330)	(7,029,886)
Securities lending income	12,294		12,294
Total investment loss	<u>(1,228,594)</u>	<u>(287,267)</u>	<u>(1,515,861)</u>
Less - Investment expenses:			
Expense from investing activities	310,360	1,233	311,593
Expense from securities lending activities	1,191		1,191
Total net investment expense	<u>311,551</u>	<u>1,233</u>	<u>312,784</u>
Net investment loss	<u>(1,540,145)</u>	<u>(288,500)</u>	<u>(1,828,645)</u>
Miscellaneous	<u>4,117</u>		<u>4,117</u>
TOTAL ADDITIONS	<u>1,422,493</u>	<u>856,884</u>	<u>2,279,377</u>
DEDUCTIONS			
Administrative expenses:			
Salaries and employee benefits	71,723		71,723
Services and supplies	28,398	599	28,997
Total administrative expenses	<u>100,121</u>	<u>599</u>	<u>100,720</u>
Benefit payments	4,006,478	769,010	4,775,488
Miscellaneous	<u>38,308</u>		<u>38,308</u>
TOTAL DEDUCTIONS	<u>4,144,907</u>	<u>769,609</u>	<u>4,914,516</u>
CHANGE IN NET POSITION	<u>(2,722,414)</u>	<u>87,275</u>	<u>(2,635,139)</u>
NET POSITION, JULY 1, 2021	<u>73,012,026</u>	<u>2,306,827</u>	<u>75,318,853</u>
NET POSITION, JUNE 30, 2022	<u>\$ 70,289,612</u>	<u>2,394,102</u>	<u>\$ 72,683,714</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - CUSTODIAL - EXTERNAL INVESTMENT POOLS
 JUNE 30, 2022 (in thousands)

	External Investment Pool	External Specific Investment Pool	Total
ASSETS			
Pooled cash and investments	\$ 26,422,790		\$ 26,422,790
Other investments		137,656	137,656
Interest receivable	28,517	807	29,324
TOTAL ASSETS	26,451,307	138,463	26,589,770
LIABILITIES			
Other payables	26		26
NET POSITION			
Net position restricted for pool participants	<u>\$ 26,451,281</u>	<u>138,463</u>	<u>\$ 26,589,744</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - CUSTODIAL - EXTERNAL INVESTMENT POOLS
 FOR THE YEAR ENDED JUNE 30, 2022 (in thousands)

	External Investment Pool	External Specific Investment Pool	Total
ADDITIONS			
Contributions to investment pools	\$ 62,658,023	102,636	\$ 62,760,659
Investment loss	(847,708)	(14,948)	(862,656)
TOTAL ADDITIONS	<u>61,810,315</u>	<u>87,688</u>	<u>61,898,003</u>
DEDUCTIONS			
Distributions from investment pools	<u>57,849,578</u>	<u>64,182</u>	<u>57,913,760</u>
CHANGE IN NET POSITION	3,960,737	23,506	3,984,243
NET POSITION, JULY 1, 2021	<u>22,490,544</u>	<u>114,957</u>	<u>22,605,501</u>
NET POSITION, JUNE 30, 2022	<u><u>\$ 26,451,281</u></u>	<u><u>138,463</u></u>	<u><u>\$ 26,589,744</u></u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - CUSTODIAL - OTHER CUSTODIAL
 JUNE 30, 2022 (in thousands)

	Property Tax	Other Custodial	Total
ASSETS			
Pooled cash and investments	\$ 552,007	479,784	\$ 1,031,791
Other investments		301	301
Taxes receivable	2,853	883,495	886,348
Other receivables	24,148	640,001	664,149
TOTAL ASSETS	<u>579,008</u>	<u>2,003,581</u>	<u>2,582,589</u>
LIABILITIES			
Accounts payable		6,251	6,251
Other payables	464,744	294,202	758,946
Due to other governments		83,401	83,401
TOTAL LIABILITIES	<u>464,744</u>	<u>383,854</u>	<u>848,598</u>
NET POSITION			
Net position restricted for individuals, organizations, and other governments	<u>\$ 114,264</u>	<u>1,619,727</u>	<u>\$ 1,733,991</u>

COUNTY OF LOS ANGELES
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS - CUSTODIAL - OTHER CUSTODIAL
 FOR THE YEAR ENDED JUNE 30, 2022 (in thousands)

	Property Tax	Other Custodial	Total
ADDITIONS			
Contributions to custodial funds	\$ 22,939,520	724,053	\$ 23,663,573
Other additions	52,862	2,735,878	2,788,740
TOTAL ADDITIONS	22,992,382	3,459,931	26,452,313
DEDUCTIONS			
Distributions from custodial funds	22,928,942	736,308	23,665,250
Other deductions	51,491	2,712,101	2,763,592
TOTAL DEDUCTIONS	22,980,433	3,448,409	26,428,842
CHANGE IN NET POSITION	11,949	11,522	23,471
NET POSITION, JULY 1, 2021	102,315	1,608,205	1,710,520
NET POSITION, JUNE 30, 2022	\$ 114,264	1,619,727	\$ 1,733,991

STATISTICAL SECTION

The information in this section is not covered by the Independent Auditor's Report, but is presented as supplemental data for the benefit of the readers of the annual comprehensive financial report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to better understand and assess the County's overall financial health.

CONTENTS	PAGE
FINANCIAL TRENDS	235
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	
REVENUE CAPACITY	242
These schedules contain trend information to help the reader assess the County's most significant local revenue source, the property tax.	
DEBT CAPACITY	246
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	
DEMOGRAPHIC AND ECONOMIC INFORMATION.....	252
The schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	
OPERATING INFORMATION.....	254
These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.



COUNTY OF LOS ANGELES
NET POSITION BY CATEGORY (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands)
(accrual basis of accounting)

	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022
			(1)			(2)			(3)	(4)
Governmental activities										
Net investment in capital assets	\$ 14,654,785	14,789,236	14,846,719	14,982,488	15,165,318	14,984,847	15,166,340	15,304,410	15,649,484	15,588,360
Restricted	2,655,717	2,727,379	3,098,677	3,320,163	3,391,358	3,524,215	3,811,405	3,926,849	4,297,717	4,646,341
Unrestricted (deficit)	(6,919,526)	(8,199,840)	(16,822,355)	(17,719,601)	(18,728,499)	(29,158,786)	(29,366,455)	(28,834,009)	(30,171,770)	(29,350,156)
Subtotal governmental activities net position	10,390,976	9,316,775	1,123,041	583,050	(171,823)	(10,649,724)	(10,388,710)	(9,602,750)	(10,224,569)	(9,115,455)
Business-type activities										
Net investment in capital assets	2,218,647	2,271,730	2,298,915	2,269,835	2,305,050	2,320,256	2,109,416	2,095,825	2,071,584	2,309,804
Restricted	68,169	76,908	84,672	92,699	112,775	134,647	138,686	67,499	66,423	65,363
Unrestricted (deficit)	(1,721,419)	(1,930,232)	(3,220,744)	(3,446,986)	(3,383,795)	(5,323,163)	(5,351,572)	(4,997,187)	(4,831,786)	(3,849,887)
Subtotal business-type activities net position	565,397	418,406	(837,157)	(1,084,452)	(965,970)	(2,868,260)	(3,103,470)	(2,833,863)	(2,693,779)	(1,474,720)
Primary government										
Net investment in capital assets	16,873,432	17,060,966	17,145,634	17,252,323	17,470,368	17,305,103	17,275,756	17,400,235	17,721,068	17,898,164
Restricted	2,723,886	2,804,287	3,183,349	3,412,862	3,504,133	3,658,862	3,950,091	3,994,348	4,364,140	4,711,704
Unrestricted (deficit)	(8,640,945)	(10,130,072)	(20,043,099)	(21,166,587)	(22,112,294)	(34,481,949)	(34,718,027)	(33,831,196)	(35,003,556)	(33,200,043)
Total primary government net position	\$ 10,956,373	9,735,181	285,884	(501,402)	(1,137,793)	(13,517,984)	(13,492,180)	(12,436,613)	(12,918,348)	(10,590,175)

Notes:

- (1) The County adopted GASB 68 and 71 in FY 2014-2015 and prior year amounts were not restated.
- (2) The County adopted GASB 75 in FY 2017-2018 and prior year amounts were not restated.
- (3) The County adopted GASB 84 in FY 2020-2021 and prior year amounts were not restated.
- (4) The County adopted GASB 87 in FY 2021-2022 and prior year amounts were not restated.

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

	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022
Expenses			(1)			(2)			(3)	(4)
Governmental activities:										
General government	\$ 1,274,689	1,307,001	1,429,897	1,235,949	1,354,561	1,579,367	1,660,335	1,571,995	1,767,441	1,243,850
Public protection	6,309,193	6,682,960	6,638,192	7,098,459	7,532,191	7,841,468	7,772,364	7,648,073	8,963,490	8,354,532
Public ways and facilities	381,211	366,582	415,586	375,295	397,231	415,805	453,758	417,325	471,131	468,413
Health and sanitation	3,066,172	3,557,523	3,136,924	3,417,720	3,868,785	4,307,099	5,433,924	5,742,957	6,729,312	6,690,851
Public assistance	5,538,106	5,830,165	6,007,973	6,191,975	6,441,552	6,693,008	6,922,346	7,235,705	8,304,610	7,741,363
Education	119,680	119,037	107,336	141,195	127,901	160,097	161,012	146,480	174,937	152,330
Recreation and cultural services	316,372	278,459	365,755	388,284	276,625	487,173	320,838	476,798	514,751	568,447
Interest on long-term debt	105,491	97,777	99,400	93,022	104,899	106,425	124,549	199,528	107,106	147,433
Subtotal governmental activities expenses	17,110,914	18,239,504	18,201,063	18,941,899	20,103,745	21,590,442	22,849,126	23,438,861	27,032,778	25,367,219
Business-type activities:										
Hospitals	3,889,206	3,838,574	4,017,633	4,309,615	4,990,891	5,370,965	4,827,429	4,844,797	5,030,015	5,491,898
Waterworks	84,824	84,499	85,479	86,463	90,517	95,301	104,906	109,259	110,955	111,190
Aviation	5,332	6,402	6,675	5,661	2,776	11,148	5,954	5,598	6,195	17,582
Subtotal business-type activities expenses	3,979,362	3,929,475	4,109,787	4,401,739	5,084,184	5,477,414	4,938,289	4,959,654	5,147,165	5,620,670
Total primary government expenses	21,090,276	22,168,979	22,310,850	23,343,638	25,187,929	27,067,856	27,787,415	28,398,515	32,179,943	30,987,889
Program Revenues										
Governmental activities:										
Charges for services										
General government	473,047	488,685	469,598	514,167	556,361	530,893	570,425	584,296	666,991	632,043
Public protection	1,248,402	1,222,157	1,246,654	1,276,055	1,311,858	1,263,462	1,281,280	1,548,253	1,638,907	1,657,494
Health and sanitation	615,531	784,997	535,836	620,468	715,414	762,326	1,606,315	1,921,273	1,532,582	1,550,591
Recreation and cultural services	200,827	200,639	206,794	149,032	154,686	251,160	160,111	117,960	114,517	141,906
Other charges for services	51,735	55,027	46,125	48,362	41,164	53,449	62,014	57,646	47,033	58,625
Subtotal governmental activities charges for services	2,589,542	2,751,505	2,505,007	2,608,084	2,779,483	2,861,290	3,680,145	4,229,428	4,000,030	4,040,659
Operating grants and contributions	8,186,681	8,579,502	8,976,986	9,296,996	9,795,607	10,263,315	10,719,454	11,927,097	13,861,166	13,466,206
Capital grants and contributions	104,486	12,850	35,685	24,860	64,055	26,310	72,955	52,174	56,073	42,426
Total governmental activities program revenues	10,880,709	11,343,857	11,517,678	11,929,940	12,639,145	13,150,915	14,472,554	16,208,699	17,917,269	17,549,291
Business-type activities:										
Charges for services										
Hospitals	2,371,130	2,455,940	2,960,080	3,161,974	3,877,494	4,064,523	3,437,056	3,744,598	3,327,525	4,765,753
Other charges for services	75,762	78,625	77,746	83,286	81,694	90,526	89,468	91,121	101,841	112,920
Subtotal business-type activities charges for services	2,446,892	2,534,565	3,037,826	3,245,260	3,959,188	4,155,049	3,526,524	3,835,719	3,429,366	4,878,673
Operating grants and contributions	522,112	485,888	500,840	315,070	457,686	651,303	488,087	247,784	364,408	931,722
Capital grants and contributions	47	3,156	2,353	5,582	1,195	8,291	3,850	8,484	15,467	81
Total business-type activities program revenues	2,969,051	3,023,609	3,541,019	3,565,912	4,418,069	4,814,643	4,018,461	4,091,987	3,809,241	5,810,476
Total primary government program revenues	\$ 13,849,760	14,367,466	15,058,697	15,495,852	17,057,214	17,965,558	18,491,015	20,300,686	21,726,510	23,359,767

Notes:

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- (2) The County adopted GASB 75 in FY 2017-2018 and prior year amounts were not restated.
- (3) The County adopted GASB 84 in FY 2020-2021 and prior year amounts were not restated.
- (4) The County adopted GASB 87 in FY 2021-2022 and prior year amounts were not restated.

Continued..

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

	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022
Net (expenses) / revenues:										
Governmental activities	\$ (6,230,205)	(6,895,647)	(6,683,385)	(7,011,959)	(7,464,600)	(8,439,527)	(8,376,572)	(7,230,162)	(9,115,509)	(7,817,928)
Business-type activities	(1,010,311)	(905,866)	(568,768)	(835,827)	(666,115)	(662,771)	(919,828)	(867,667)	(1,337,924)	189,806
Total primary government net expenses	(7,240,516)	(7,801,513)	(7,252,153)	(7,847,786)	(8,130,715)	(9,102,298)	(9,296,400)	(8,097,829)	(10,453,433)	(7,628,122)
General Revenues and Transfers										
Governmental activities:										
Taxes	5,570,043	5,840,175	6,161,188	6,415,494	6,826,908	7,475,813	8,184,940	8,559,288	9,218,814	9,648,848
Unrestricted grants and contributions	745,406	513,458	512,079	374,264	428,435	433,799	473,800	85,688	571,163	631,429
Investment income (loss)	(920)	64,354	74,220	122,763	53,363	101,730	380,361	238,439	(32,284)	(456,803)
Miscellaneous	150,957	134,611	181,119	141,146	178,922	149,384	269,931	255,931	205,748	175,385
Transfers (Net)	(913,686)	(731,152)	(603,762)	(581,699)	(777,901)	(747,863)	(671,446)	(1,123,224)	(1,469,751)	(936,810)
Subtotal governmental activities	5,551,800	5,821,446	6,324,844	6,471,968	6,709,727	7,412,863	8,637,586	8,016,122	8,493,690	9,062,049
Business-type activities:										
Taxes	4,347	4,681	4,919	5,309	5,676	6,013	6,504	6,832	8,302	7,730
Unrestricted grants and contributions	37	33					32	459	746	3
Investment income (loss)	(171)	3,908	1,289	1,463	898	675	6,600	5,950	(1,090)	(39,782)
Miscellaneous	13,171	19,101	26,012	61	122	110	36	809	299	
Transfers (Net)	913,686	731,152	603,762	581,699	777,901	747,863	671,446	1,123,224	1,469,751	936,810
Subtotal business-type activities	931,070	758,875	635,982	588,532	784,597	754,661	684,618	1,137,274	1,478,008	904,761
Total primary government	6,482,870	6,580,321	6,960,826	7,060,500	7,494,324	8,167,524	9,322,204	9,153,396	9,971,698	9,966,810
Changes in Net Position										
Governmental activities	(678,405)	(1,074,201)	(358,541)	(539,991)	(754,873)	(1,026,664)	261,014	785,960	(621,819)	1,244,121
Business-type activities	(79,241)	(146,991)	67,214	(247,295)	118,482	91,890	(235,210)	269,607	140,084	1,094,567
Total primary government	\$ (757,646)	(1,221,192)	(291,327)	(787,286)	(636,391)	(934,774)	25,804	1,055,567	(481,735)	2,338,688

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

	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022
General Fund										
Nonspendable	\$ 253,836	272,007	272,384	324,555	212,281	136,890	311,958	126,630	225,233	284,841
Restricted	59,786	40,577	55,694	67,880	70,157	77,406	79,210	83,372	55,061	64,516
Committed	528,865	482,740	334,346	364,679	429,440	704,954	780,517	594,193	597,337	759,944
Assigned	376,181	538,078	491,954	446,579	494,783	480,065	620,773	696,775	790,573	774,267
Unassigned	1,660,982	1,769,406	2,035,445	2,180,549	2,444,312	2,495,876	2,641,551	3,017,834	3,265,520	3,734,086
Total General Fund	2,879,650	3,102,808	3,189,823	3,384,242	3,650,973	3,895,191	4,434,009	4,518,804	4,933,724	5,617,654
All Other Governmental Funds (1)										
Nonspendable	11,191	11,953	14,047	12,817	13,859	15,979	16,040	14,324	13,667	14,152
Restricted	2,920,249	2,856,062	3,240,873	3,362,644	3,462,658	3,609,170	3,974,497	4,188,113	4,795,389	4,934,790
Committed	123,956	115,116	112,034	109,538	119,251	122,379	127,829	134,851	135,537	134,392
Assigned	171,992	190,659	202,283	197,022	213,021	220,586	226,468	246,725	257,280	274,438
Total All Other Governmental Funds	3,227,388	3,173,790	3,569,237	3,682,021	3,808,789	3,968,114	4,344,834	4,584,013	5,201,873	5,357,772
Total Governmental Fund Balance	\$ 6,107,038	6,276,598	6,759,060	7,066,263	7,459,762	7,863,305	8,778,843	9,102,817	10,135,597	10,975,426

Notes:
 (1) "All Other Governmental Funds" consists of the following funds: Fire Protection District, Flood Control District, LA County Library, Regional Park and Open Space District, Mental Health Services Act, and Nonmajor Governmental Funds.



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

Revenues (by source)	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022
Taxes	\$ 5,486,739	5,772,589	6,078,449	6,350,290	6,736,037	7,380,450	8,073,428	8,387,725	9,115,844	9,509,962
Licenses, permits and franchises	91,833	91,160	92,079	93,069	98,554	98,800	102,365	110,805	105,333	117,419
Fines, forfeitures and penalties	302,310	284,318	279,246	251,321	242,837	222,072	236,611	227,304	197,506	212,369
Revenue from use of money and property:										
Investment income (loss)	(551)	64,097	73,966	122,423	57,043	102,130	379,249	237,915	(31,728)	(456,643)
Rents and concessions	118,224	124,664	133,208	134,627	157,590	149,423	161,772	151,890	149,437	103,812
Lease revenue (1)										69,889
Royalties	3,029	2,435	1,503	900	801	804	824	482	441	642
Intergovernmental revenues:										
Federal	3,205,637	3,259,773	3,412,218	3,540,477	3,712,553	3,926,753	3,969,350	4,713,682	5,819,654	5,216,498
State	5,456,853	5,700,379	6,012,662	6,002,364	6,390,825	6,651,035	7,127,912	7,204,006	8,318,833	8,774,471
Other	215,145	83,587	69,212	69,237	86,281	53,958	69,878	64,886	61,731	49,682
Charges for services	2,088,029	2,274,997	2,023,074	2,142,415	2,326,217	2,375,460	3,037,629	3,759,680	3,747,909	3,595,340
Miscellaneous	283,518	210,090	259,466	215,413	256,217	230,346	351,554	339,798	290,752	327,615
Total Revenues	17,250,766	17,868,089	18,435,083	18,922,536	20,064,955	21,191,231	23,510,572	25,198,173	27,775,712	27,521,056
Expenditures (by function)										
Current:										
General government	997,690	1,026,961	1,172,098	1,057,069	1,175,868	1,274,231	1,299,405	1,515,440	1,818,653	1,203,562
Public protection	5,842,286	6,030,388	6,353,892	6,737,132	6,934,740	7,103,012	7,514,418	7,768,257	7,984,554	8,521,925
Public ways and facilities	326,159	338,953	378,345	322,182	361,137	347,713	406,019	396,357	412,637	432,429
Health and sanitation	2,929,151	3,359,430	3,074,411	3,282,130	3,635,865	4,176,280	5,302,669	5,898,687	6,124,141	6,563,421
Public assistance	5,255,655	5,437,728	5,688,513	5,900,845	6,042,952	6,369,468	6,708,517	7,128,267	8,086,460	7,723,428
Education	115,750	121,237	123,723	132,397	130,056	150,032	152,112	153,282	153,787	156,824
Recreation and cultural services	319,863	346,690	357,458	376,270	401,564	447,846	441,641	483,498	441,409	470,768
Debt services:										
Principal	123,581	350,393	463,680	393,501	114,661	91,083	134,225	301,678	296,350	486,669
Interest and other charges	101,089	99,038	97,877	133,261	113,274	111,179	129,598	205,838	241,738	379,283
Refunding escrow										53,754
Capital outlay	397,807	218,498	139,228	61,518	19,997	69,646	237,052	201,510	459,490	241,622
Total Expenditures	16,409,031	17,329,316	17,849,225	18,396,305	18,930,114	20,140,490	22,325,656	24,052,814	26,019,219	26,233,685
Excess of Revenues over Expenditures	841,735	538,773	585,858	526,231	1,134,841	1,050,741	1,184,916	1,145,359	1,756,493	1,287,371
Other Financing Sources (Uses)										
Transfers in	782,464	664,819	757,897	572,677	662,781	927,210	1,558,376	1,338,201	1,652,029	1,611,729
Transfers out	(1,696,268)	(1,404,311)	(1,353,746)	(1,151,110)	(1,441,818)	(1,670,819)	(2,418,192)	(2,450,189)	(3,124,518)	(2,542,472)
Issuance of debt	293,284	366,957	461,811	305,527	34,642	75,489	541,555	632,392	660,364	313,834
Refunding bonds issued				199,885						167,925
Payment to refunded bonds escrow agent				(199,885)				(394,116)		(167,925)
Debt premium	3,848		27,354	50,300			44,179	48,516	63,605	70,739
Sales of capital assets	1,365	1,586	2,422	3,031	2,649	3,261	3,118	1,795	3,211	30,694
Capital leases (1)	2,780	1,736	866	547	404	17,661	1,586	2,016	21,596	
Leases (1)										59,032
Total other financing sources (uses)	(612,527)	(369,213)	(103,396)	(219,028)	(741,342)	(647,198)	(269,378)	(821,385)	(723,713)	(456,444)
Net change in fund balances	\$ 229,208	169,560	482,462	307,203	393,499	403,543	915,538	323,974	1,032,780	830,927
Debt service as a percentage of noncapital expenditures (2)	1.41 %	2.69 %	3.23 %	2.93 %	1.25 %	1.02 %	1.21 %	2.17 %	2.16 %	3.41 %

Note:
 (1) The County adopted GASB 87 in FY 2021-2022 and prior year amounts were not restated.
 (2) The debt service percentage calculations make use of the capital outlay expenditure balances as presented on the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

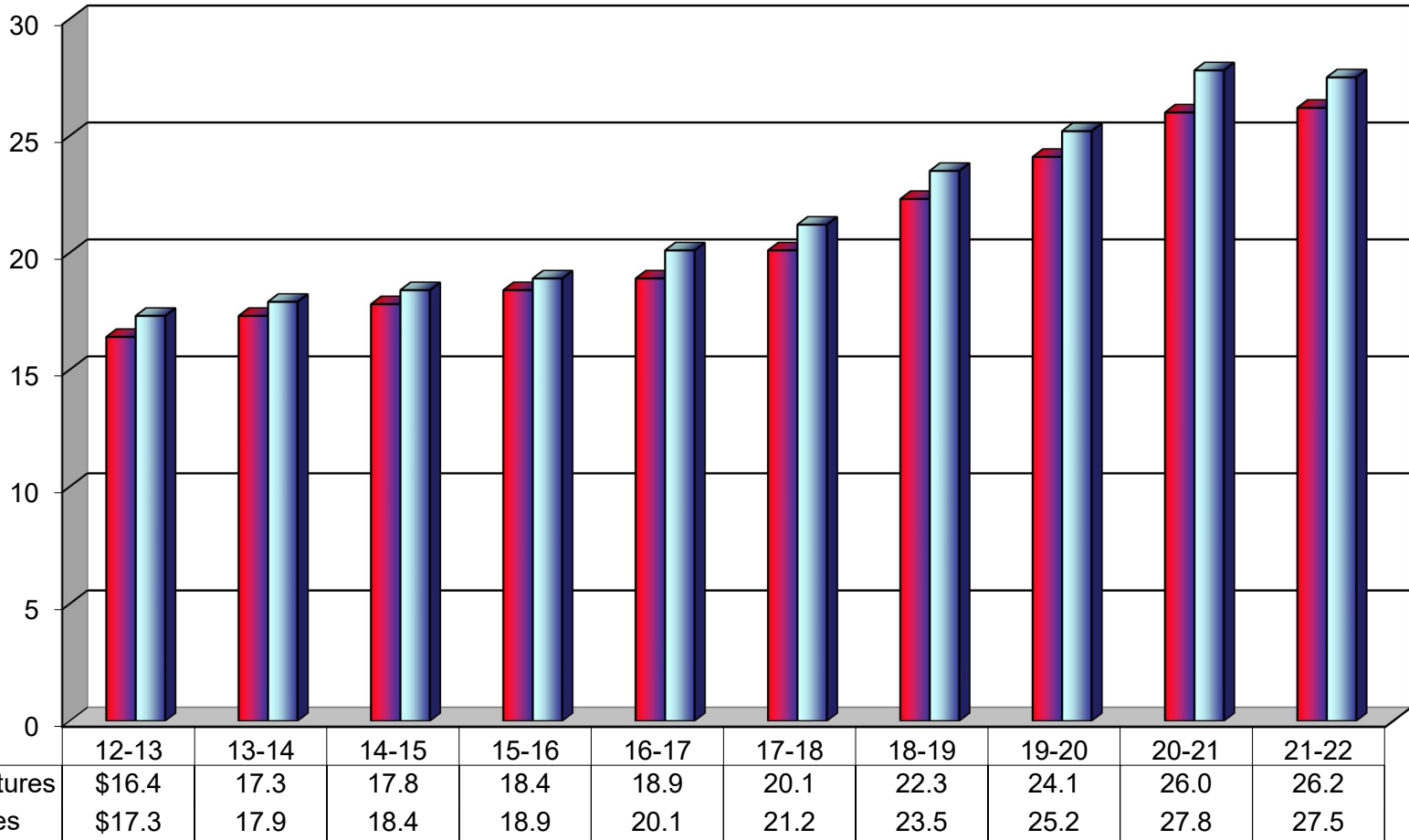
Amount from GW to FB reconciliation for Capital Outlay \$ 432,727 631,200 454,502 416,575 693,502 233,447 569,861 708,720 1,136,003 826,703

COUNTY OF LOS ANGELES

Governmental Funds Expenditures and Revenues (UNAUDITED)

Last Ten Fiscal Years

241



In Billions of Dollars

■ Expenditures ■ Revenues

COUNTY OF LOS ANGELES
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY (UNAUDITED) (1)
 LAST TEN FISCAL YEARS (in thousands)

Fiscal Year	(2) Secured	(3) Unsecured	(4) Unitary	(5) Exempt	Total Taxable Assessed Value	Total Direct Tax Rate
2012 - 2013	\$ 1,082,301,717	49,215,524	13,244,954	(50,875,260)	1,093,886,935	1.00000%
2013 - 2014	1,134,707,829	49,662,548	13,989,870	(53,103,768)	1,145,256,479	1.00000%
2014 - 2015	1,197,665,178	50,777,030	14,325,069	(54,911,046)	1,207,856,231	1.00000%
2015 - 2016	1,270,136,487	52,284,478	15,846,612	(55,760,332)	1,282,507,245	1.00000%
2016 - 2017	1,337,673,405	54,868,734	17,308,742	(55,392,206)	1,354,458,675	1.00000%
2017 - 2018	1,417,559,668	57,596,412	17,864,439	(57,634,568)	1,435,385,951	1.00000%
2018 - 2019	1,509,708,740	61,244,751	18,739,669	(59,810,665)	1,529,882,495	1.00000%
2019 - 2020	1,603,606,366	64,264,989	19,711,509	(62,042,993)	1,625,539,871	1.00000%
2020 - 2021	1,700,279,275	67,016,870	22,196,582	(65,354,344)	1,724,138,383	1.00000%
2021 - 2022	1,768,808,097	64,760,577	20,939,324	(68,705,270)	1,785,802,728	1.00000%

Notes:

- (1) Due to the 1978 passage of the property tax initiative Proposition 13 (Prop 13), the County does not track the estimated actual value of all County properties. Under Prop 13, property is assessed at the 1978 market value with an annual increase limited to the lesser of 2% or the CPI on property not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value of a parcel. As a result, similar properties can have substantially different assessed values based on the date of purchase. Additionally, Prop 13 limits the property tax rate to 1% of assessed value plus the rate necessary to fund local voter-approved bonds and special assessments.
- (2) Secured property is generally real property, as defined as land, mines, minerals, timber, and improvements such as buildings, structures, crops, trees, and vines.
- (3) Unsecured property is generally personal property including machinery, equipment, office tools, and supplies.
- (4) Unitary properties are railroads, utilities, and pipelines crossing the County and are assessed by the State Board of Equalization and the County Assessor.
- (5) Exempt properties include numerous full and partial exclusions/exemptions provided by the State Constitution and the legislature that relieve certain taxpayers from the burden of paying property taxes.

Source:

Auditor-Controller, County of Los Angeles Taxpayers' Guide

COUNTY OF LOS ANGELES
PROPERTY TAX RATES
DIRECT AND OVERLAPPING RATES FOR TAX AREA #4 (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year	County of Los Angeles Countywide Ad Valorem Tax (3)	Overlapping Rates (1) (2) (4)			Total Direct and Overlapping Rates
		Los Angeles City Tax District No. 1	School Districts	Metropolitan Water District	
2012 - 2013	1.000000	.037694	.224356	.003500	1.265550
2013 - 2014	1.000000	.029754	.190980	.003500	1.224234
2014 - 2015	1.000000	.028096	.187055	.003500	1.218651
2015 - 2016	1.000000	.023030	.165464	.003500	1.191994
2016 - 2017	1.000000	.021297	.167052	.003500	1.191849
2017 - 2018	1.000000	.021345	.168182	.003500	1.193027
2018 - 2019	1.000000	.023107	.169439	.003500	1.196046
2019 - 2020	1.000000	.018084	.152695	.003500	1.174279
2020 - 2021	1.000000	.016538	.180091	.003500	1.200129
2021 - 2022	1.000000	.014721	.156987	.003500	1.175208

Notes:

- (1) The tax rate for Tax Rate Area #4, which applies to most property within the City of Los Angeles, is used to illustrate the breakdown of a tax rate within the County.
- (2) The County is divided into 12,870 tax rate areas which are unique combinations of various jurisdictions servicing a specific geographic area.
- (3) Article XIII A (Proposition 13) limits the maximum ad valorem tax rate to 1% of "full cash value" except for indebtedness approved by the voters prior to July 1, 1978. All other rates are calculated per \$100 of assessed value.
- (4) An exception to the 1% limit was provided by Proposition 46 which was approved in June 1986 re-establishing authority of local governments to issue general obligation bonds for certain purposes.

Source:

Secured Tax Rate and Ratios Report from Auditor-Controller - Property Tax Apportionment Division.

COUNTY OF LOS ANGELES
 PRINCIPAL PROPERTY TAXPAYERS (UNAUDITED)
 CURRENT YEAR AND NINE YEARS AGO
 JUNE 30, 2022 AND JUNE 30, 2013 (in thousands)

Taxpayer	2022			2013		
	Net Assessed Secured Property Value	Rank	(1) Percentage of Total Net Assessed Value	Net Assessed Secured Property Value	Rank	(1) Percentage of Total Net Assessed Value
Southern California Edison Co.	\$ 10,602,564	1	0.61%	\$ 5,363,049	1	0.51%
Southern California Gas Company	3,818,193	2	0.22%	1,585,206	8	0.15%
Douglas Emmett Residential	3,415,752	3	0.20%	3,236,769	2	0.31%
Maguire Properties	3,362,566	4	0.19%	1,527,721	10	0.15%
Pincay RE LLC Lessor	2,973,833	5	0.17%			
Tishman Speyer / Archstone Smith / ASN	2,908,629	6	0.17%	2,057,302	4	0.20%
EQR / ERP Limited	2,754,305	7	0.16%			
Universal Studios LLC	2,532,894	8	0.15%			
Tesoro Refining and Marketing Co.	2,203,593	9	0.13%			
Chevron USA Inc. / Texaco / Unocal	2,075,971	10	0.12%	1,906,340	5	0.18%
BP West CoBP West Coast / ARCO / Shell Oil Co.				2,315,382	3	0.22%
MCI Worldcom				1,641,344	6	0.16%
AT&T / Pacific Bell / SBC				1,625,901	7	0.15%
Exxon / Mobil Corporation				1,551,702	9	0.15%
Total	\$ 36,648,300		2.12%	\$ 22,810,716		2.18%

Note:
 (1) See schedule "Assessed Value and Actual Value of Taxable Property." Total assessed value, \$1,729,088,581 as of June 30, 2022 is based on Secured \$1,768,808,097 plus Unitary \$20,939,324 less exemptions of \$60,658,840. Total assessed value, \$1,048,763,301 as of June 30, 2013 is based on Secured \$1,082,301,717 plus Unitary \$13,244,954 less exemptions of \$46,783,370. (in thousands)

Source:
 Los Angeles County Treasurer and Tax Collector

COUNTY OF LOS ANGELES
PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands)

Fiscal Year	Taxes Levied	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years (1)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012 - 2013	\$ 13,286,464	\$ 13,044,463	98.2%	\$ 225,980	\$ 13,270,443	99.9 %
2013 - 2014	13,673,951	13,452,687	98.4%	210,579	13,663,266	99.9 %
2014 - 2015	14,394,534	14,167,462	98.4%	190,893	14,358,355	99.7 %
2015 - 2016	14,906,832	14,704,346	98.6%	186,698	14,891,044	99.9 %
2016 - 2017	15,750,769	15,563,458	98.8%	187,311	15,750,769	100.0 %
2017 - 2018	16,910,307	16,685,415	98.7%	197,468	16,882,883	99.8 %
2018 - 2019	17,927,929	17,682,677	98.6%	217,427	17,900,104	99.8 %
2019 - 2020	19,059,924	18,611,655	97.6%	323,606	18,935,261	99.3 %
2020 - 2021	20,140,282	19,772,767	98.2%	224,376	19,997,143	99.3 %
2021 - 2022	20,660,286	20,320,487	98.4%	(2)	20,320,487	98.4 %

Note:

- (1) Reflects property taxes levied in prior years but collected in the current year.
- (2) No amounts are shown in FY 2021-2022 because the property taxes levied will be collected in the following fiscal year.

Source:

Auditor-Controller-Accounting Division-Property Tax Section

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

Governmental Activities									
Fiscal Year		Assessment Bonds	Certificates of Participation and Bonds	Notes, Loans, and Other Debt	Accreted Interest	Unamortized Bond Premiums	Unamortized Loss on Advance Debt Refund	Leases (3)	Financed Purchase (3)
2012 - 2013	(1)	\$ 142,870	\$ 810,740	\$ 597,536	\$ 172,142	\$ 32,107	\$ (23,165)	\$ 183,056	\$
2013 - 2014	(2)	113,615	770,872	681,090	170,583	27,908		174,121	
2014 - 2015		82,880	852,579	647,817	167,904	51,085		166,320	
2015 - 2016		50,610	1,031,590	389,706	164,005	85,091		158,410	
2016 - 2017		38,895	1,008,101	341,541	158,759	83,846		151,941	
2017 - 2018		26,575	964,557	393,882	152,040	82,158		162,606	
2018 - 2019		13,620	1,226,880	575,119	143,725	124,277		156,887	
2019 - 2020			1,249,978	625,629	7,820	170,221		148,826	
2020 - 2021			1,581,957	645,072	4,421	230,545		156,781	
2021 - 2022			1,868,738	424,125	9,192	294,346		1,419,492	29,816

Business-Type Activities									
Fiscal Year		Certificates of Participation and Bonds	Notes, Loans, and Other Debt	Unamortized Bond Premiums	Leases (3)	Financed Purchase (3)	Total Primary Government (4)	Per Personal Income (5)	Per Capita (5)
2012 - 2013	(1)	\$ 819,374	\$ 59,824	\$ 36,027	\$	\$	\$ 2,830,511	0.63%	\$ 283
2013 - 2014		812,802	63,976	35,084			2,850,051	0.58%	283
2014 - 2015		787,537	62,719	34,186			2,853,027	0.55%	280
2015 - 2016		759,028	158,561	32,905			2,829,906	0.51%	276
2016 - 2017		746,678	170,673	32,004			2,732,438	0.47%	266
2017 - 2018		724,816	259,574	31,275	235		2,797,718	0.44%	277
2018 - 2019		703,836	331,690	30,118	165		3,306,317	0.50%	325
2019 - 2020		878,306	108,021	81,153	92		3,270,046	0.46%	323
2020 - 2021		856,538	214,484	79,709	43		3,769,550	0.52%	380
2021 - 2022		729,059	159,167	85,907	1,148	11	5,021,001	0.67%	509

Notes:

- (1) The outstanding debt was restated as a result of Los Angeles County Development Authority becoming a discretely presented component unit rather than a blended component unit due to the implementation of GASB 61 in FY 2012-2013.
- (2) The unamortized loss on advance debt refund, which was previously reported under bonds payable, is now reported as deferred outflows of resources due to the implementation of GASB 65 in FY 2013-2014.
- (3) The County adopted GASB 87 in FY 2021-2022 and prior year amounts were not restated.
- (4) Details regarding the County's outstanding debt can be found in the notes to the financial statements.
- (5) See the "Demographic and Economic Statistics" table for personal income and population.

Source:

Auditor-Controller, County of Los Angeles

COUNTY OF LOS ANGELES
 RATIO OF NET GENERAL BONDED DEBT (UNAUDITED)
 LAST TEN FISCAL YEARS (in thousands except ratio and per capita)

Fiscal Year	Population (1)	Assessed Value (1)	General Bonded Debt (2)	Ratio of General Bonded Debt to Assessed Value	General Bonded Debt per Capita
2012 - 2013	10,019	\$ 1,093,886,935	\$	0.000000	0.0000
2013 - 2014	10,069	1,145,256,479		0.000000	0.0000
2014 - 2015	10,192	1,207,856,231		0.000000	0.0000
2015 - 2016	10,240	1,282,507,245		0.000000	0.0000
2016 - 2017	10,278	1,354,458,675		0.000000	0.0000
2017 - 2018	10,106	1,435,385,951		0.000000	0.0000
2018 - 2019	10,184	1,529,882,495		0.000000	0.0000
2019 - 2020	10,136	1,625,539,871		0.000000	0.0000
2020 - 2021	9,931 (3)	1,724,138,383		0.000000	0.0000
2021 - 2022	9,861 (4)	1,785,802,728		0.000000	0.0000

Notes:

- (1) See "Demographic and Economic Statistics" table for population and "Assessed Value and Actual Value of Taxable Property" table for assessed value.
- (2) There has been no long-term general bonded debt outstanding for the ten fiscal years presented here.
- (3) Amount revised from prior year.
- (4) Amount is an estimate as of January 2022.

Source:

Los Angeles Almanac's website: www.laalmanac.com/population

COUNTY OF LOS ANGELES
 ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED)
 June 30, 2022

2021-22 Net Assessed Valuation	\$ 1,785,802,727,838	
Redevelopment Incremental Valuation	250,388,052,495	
Full Cash Value (2021-22)	<u>1,535,414,675,343</u>	(1)
Population - (2022)	9,861,000	(2)

	Percent Applicable	Debt June 30, 2022
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>		
Metropolitan Water District	48.725	\$ 9,830,269
Los Angeles Community College District	100	4,146,515,000
Other Community College Districts	Various (3)	4,637,184,147
Arcadia Unified School District	100	248,025,000
Beverly Hills Unified School District	100	664,390,283
Glendale Unified School District	100	348,865,563
Long Beach Unified School District	100	1,354,374,702
Los Angeles Unified School District	100	10,770,060,000
Pasadena Unified School District	100	329,590,000
Pomona Unified School District	100	420,249,505
Redondo Beach Unified School District	100	214,493,943
Santa Monica-Malibu Unified School District	100	912,984,648
Torrance Unified School District	100	440,760,236
Other Unified School Districts	Various (3)	4,565,135,839
High School and School Districts	Various (3)	2,508,785,816
City of Los Angeles	100	739,015,000
City of Industry	100	37,310,000
Other Cities	100	42,904,426
Community Facilities Districts	100	717,893,706
1915 Act and Benefit Assessment Bonds - Estimate	100	98,765,530
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT		<u>\$ 33,207,133,613</u>

Less: Los Angeles Unified School District economically defeased general obligation bonds	(225,259,796)
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT	<u>\$ 32,981,873,817</u>

<u>DIRECT GENERAL FUND DEBT:</u>		
Los Angeles County General Fund Obligations	100	\$ 4,045,709,000 (4)
Subtotal Direct General Fund Obligation Debt		<u>\$ 4,045,709,000</u>

<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Los Angeles County Office of Education Certificates of Participation	100	\$ 3,972,227
Community College District Certificates of Participation	Various (5)	35,330,037
Baldwin Park Unified School District Certificates of Participation	100	28,230,000
Compton Unified School District Certificates of Participation	100	26,870,000
Los Angeles Unified School District Certificates of Participation	100	120,710,000
Paramount Unified School District Certificates of Participation	100	25,050,000
Other Unified School District Certificates of Participation	Various (5)	226,123,934
High School and Elementary School District General Fund Obligations	Various (5)	154,514,550
City of Beverly Hills General Fund Obligations	100	83,295,000

COUNTY OF LOS ANGELES
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED) - Continued
June 30, 2022

City of Los Angeles General Fund	100	1,429,256,004	
City of Long Beach General Fund Obligations	100	74,995,000	
City of Pasadena General Fund Obligations	100	388,226,250	
City of Pasadena Pension Obligation Bonds	100	132,880,000	
Other Cities' General Fund Obligations	100	4,014,193,959	
Los Angeles County Sanitation Districts Financing Authority	100	14,940,000	
Subtotal Overlapping General Fund Debt		<u>\$ 6,758,586,961</u>	
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		<u>\$ 10,804,295,961</u>	
Less: Cities supported bonds		(452,609,483)	
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		<u>\$ 10,351,686,478</u>	
OVERLAPPING TAX INCREMENT DEBT (SUCCESSOR AGENCIES)		<u>\$ 2,126,889,271</u>	
GROSS COMBINED TOTAL DEBT		<u>\$ 46,138,318,845</u>	(6)
NET COMBINED TOTAL DEBT		<u>\$ 45,460,449,566</u>	
TOTAL GROSS DIRECT DEBT		\$ 4,045,709,000	
TOTAL NET DIRECT DEBT		\$ 4,045,709,000	
TOTAL GROSS OVERLAPPING DEBT		\$ 42,092,609,845	
TOTAL NET OVERLAPPING DEBT		\$ 41,414,740,566	
<u>RATIOS TO 2021-22 NET ASSESSED VALUATION</u>			
Total Overlapping Tax and Assessment Debt			1.86 %
<u>RATIOS TO FULL CASH VALUE</u>			
Gross Combined Direct Debt (\$4,045,709,000)			0.26 %
Net Combined Direct Debt (\$4,045,709,000)			0.26 %
Gross Combined Total Debt			3.00 %
Net Combined Total Debt			2.96 %
<u>RATIOS TO REDEVELOPMENT INCREMENTAL VALUATION</u>			
Total Overlapping Tax Increment Debt			0.85 %

- Notes:**
- (1) This balance is reduced by homeowners exemptions of \$6,877,978,457.
 - (2) Yearly estimates from the Los Angeles Almanac.
 - (3) All 100%, or almost 100%, except for Antelope Valley Joint Union High School and Community College District, Fullerton Union High School District, Las Virgenes Joint Unified School District, North Orange County Joint Community College District, and the schools and special districts included in them.
 - (4) Includes Certificates of Participation and Bonds, Notes, Loans and Other Debt, Leases, and Financed Purchase.
 - (5) All 100%, or almost 100%, except for Fullerton Union High School District, Las Virgenes Joint Unified School District, Snowline Joint Unified School District, Victor Valley Joint Community College District, and the schools and special districts included in them.
 - (6) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded lease obligations. Except for Los Angeles Unified School District Qualified Zone Academy Bonds (QZABs) are included based on principal due at maturity.

Source:
California Municipal Statistics - for general information purposes only.

COUNTY OF LOS ANGELES
 COMPUTATION OF LEGAL DEBT MARGIN (UNAUDITED)
 LAST TEN FISCAL YEARS (in thousands)

Fiscal Year	Assessed Value (1)	Legal Debt Limit (2)	Total Net Applicable Debt	Legal Debt Margin (3)	Legal Debt Margin / Debt Limit
2012 - 2013	\$ 1,093,886,935	\$ 13,673,587	\$	\$ 13,673,587	100.00%
2013 - 2014	1,145,256,479	14,315,706		14,315,706	100.00%
2014 - 2015	1,207,856,231	15,098,203		15,098,203	100.00%
2015 - 2016	1,282,507,245	16,031,341		16,031,341	100.00%
2016 - 2017	1,354,458,675	16,930,733		16,930,733	100.00%
2017 - 2018	1,435,385,951	17,942,324		17,942,324	100.00%
2018 - 2019	1,529,882,495	19,123,531		19,123,531	100.00%
2019 - 2020	1,625,539,871	20,319,248		20,319,248	100.00%
2020 - 2021	1,724,138,383	21,551,730		21,551,730	100.00%
2021 - 2022	1,785,802,728	22,322,534		22,322,534	100.00%

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COMPUTATION OF LEGAL DEBT MARGIN
 June 30, 2022

Assessed valuation (net taxable)	\$ 1,785,802,728
Applicable percentage in computing capacity	1.25 %
Total debt limit	\$ 22,322,534
Less: Total net applicable debt	
Legal debt margin, June 30, 2022	\$ 22,322,534

Notes:

- (1) Assessed Value does not include tax exempt property. Property value data can be found in the "Assessed Value and Actual Value of Taxable Property" schedule.
- (2) The Legal Debt Limit is 1.25% of assessed value.
- (3) The Legal Debt Margin is the County's available borrowing authority under state finance statutes and is calculated by subtracting the debt applicable from the Legal Debt Limit.

COUNTY OF LOS ANGELES
 PLEDGED-REVENUE COVERAGE (UNAUDITED)
 LAST TEN FISCAL YEARS

Fiscal Year	Calabasas Landfill Bond Fees					Regional Park and Open Space Special Assessment Bond				
	Revenue Collected	Debt Service		Total Debt Service	Coverage	Special Assessment Collection	Debt Service		Total Debt Service	Coverage
		Principal	Interest				Principal	Interest		
2012 - 2013	\$ 637,823	\$ 2,010,000	\$ 1,275,646	\$ 3,285,646	0.19	\$ 80,380,000	\$ 27,855,000	\$ 7,925,013	\$ 35,780,013	2.25
2013 - 2014	591,361	2,165,000	1,182,721	3,347,721	0.18	80,455,000	29,255,000	6,497,263	35,752,263	2.25
2014 - 2015	545,354	2,325,000	1,090,709	3,415,709	0.16	80,090,000	30,735,000	4,997,513	35,732,513	2.24
2015 - 2016 (1)						28,889,000	32,270,000	3,422,388	35,692,388	0.81
2016 - 2017						28,899,000	11,715,000	2,312,925	14,027,925	2.06
2017 - 2018						125,567,000	12,320,000	1,691,856	14,011,856	8.96
2018 - 2019						28,655,000	12,955,000	1,038,725	13,993,725	2.05
2019 - 2020 (2)						867,000	13,620,000	351,975	13,971,975	0.06
2020 - 2021 (3)										
2021 - 2022 (3)										

- Notes:**
- (1) Disclosure for FY 2015-2016 and thereafter is not necessary due to refunding of Calabasas Landfill Project Series 2005 on September 2, 2015 by the issuance of Lease Revenue Refunding Bonds, 2015 Series B.
 - (2) Regional Park and Open Space Special Assessment Bonds Series 2005A and 2007A were paid off as of October 1, 2019.
 - (3) There has been no new debt obligations issued in Los Angeles County.

COUNTY OF LOS ANGELES
 DEMOGRAPHIC AND ECONOMIC STATISTICS (UNAUDITED)
 LAST TEN FISCAL YEARS (in thousands)

Year	Population County of Los Angeles *	Personal Income *	Per Capita Personal Income (1)	School Enrollment (2) **	Unemployment Rate *
2012 - 2013	10,019	\$ 451,100,000	\$ 45,024	1,564	9.8 %
2013 - 2014	10,069	487,900,000	48,456	1,553	8.2 %
2014 - 2015	10,192	521,900,000	51,207	1,539	6.9 %
2015 - 2016	10,240	557,382,000	54,432	1,523	5.1 %
2016 - 2017	10,278	585,515,000	56,968	1,511	4.6 %
2017 - 2018	10,106	628,809,000	62,221	1,493	4.6 %
2018 - 2019	10,184	658,900,000	64,700	1,464	4.5 %
2019 - 2020	10,136	708,700,000	69,919	1,437	13.6 %
2020 - 2021	9,931 (3)	728,400,000 (3)	73,346 (3)	1,390	9.6 % (3)
2021 - 2022	9,861 (4)	746,700,000 (5)	75,723	1,337	6.4 % (6)

Notes:

- (1) Amounts shown are in actual dollars (not thousands).
- (2) Public school enrollment.
- (3) Amount revised from prior year.
- (4) Amount is an estimate as of January 2022.
- (5) Amount is a projection as of October 2022.
- (6) Amount is a projection as of February 2022.

Sources:

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

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

Industry	June 30, 2022			June 30, 2013		
	Number of Employees	Rank	Percentage of Total	Number of Employees	Rank	Percentage of Total
Educational & Health Services	867,600	1	19.19 %	695,900	2	16.89 %
Trade, Transportation and Utilities	846,800	2	18.73 %	780,900	1	18.95 %
Professional & Business Services	657,000	3	14.53 %	579,100	3	14.06 %
Government	572,100	4	12.66 %	561,300	4	13.62 %
Leisure & Hospitality	499,900	5	11.06 %	445,700	5	10.82 %
Manufacturing	321,800	6	7.12 %	377,400	6	9.16 %
Information	228,200	7	5.05 %	195,900	8	4.76 %
Financial Activities	214,200	8	4.74 %	213,300	7	5.18 %
Construction	156,600	9	3.46 %	115,100	10	2.79 %
Other Services	150,200	10	3.32 %	146,300	9	3.55 %
Ten largest industries	4,514,400		99.86 %	4,110,900		99.78 %
All other industries	6,300		0.14 %	9,000		0.22 %
Total industries	4,520,700		100.00 %	4,119,900		100.00 %

Note:

(1) We are presenting employment by industry because we have been unable to obtain employment numbers for individual employers.

Source:

State of California Employment Development Department's website: www.labormarketinfo.edd.ca.gov.

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

Function / Program (1) and (2)	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022
General Government	10,578	10,528	10,571	10,764	10,902	11,093	11,378	11,399	11,109	10,903
Public Protection	33,702	33,556	33,537	33,664	33,694	32,877	32,850	32,920	32,295	31,210
Health and Sanitation	25,839	26,431	27,144	27,703	28,639	30,351	31,457	32,122	32,266	31,513
Public Assistance	19,963	20,346	20,808	21,376	21,913	21,963	22,015	22,023	22,684	22,851
Education	1,459	1,442	1,432	1,475	1,496	1,467	1,480	1,502	1,414	1,253
Recreation and Cultural Services	2,811	2,853	2,839	2,898	2,931	2,991	2,996	2,895	2,212	2,474
Total	94,352	95,156	96,331	97,880	99,575	100,742	102,176	102,861	101,980	100,204

Notes:

- (1) Full time equivalent count is calculated by dividing the total number of man-months paid by 12. Full time equivalent employees include all employees on the County's payroll system.
- (2) Specific data for Public Ways and Facilities is not available.

Source:

Employee Count study performed by the Auditor-Controller - Accounting Division.

COUNTY OF LOS ANGELES
 OPERATING INDICATORS BY FUNCTION / PROGRAM (UNAUDITED)
 LAST TEN FISCAL YEARS

Function / Program (1)	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022
General Government										
Assessor - Number of re-appraisable transfers processed	146,369	150,006	138,322	137,918	137,818	137,842	122,658	127,266	113,000	149,464
Auditor-Controller - Number of warrants issued monthly	222,142	215,210	189,729	177,203	177,256	170,648	177,148	162,027	138,975	148,277
Registrar-Recorder - Number of registered voters	6,328,413	6,293,102	6,394,639	6,517,088	6,611,486	6,726,161	7,010,957	7,168,621	7,295,459	7,381,491
Public Protection										
Sheriff - Inmate population (2)	18,710	18,951	19,041	16,740	16,713	17,114	16,797	15,914	14,312	13,366
Sheriff - Crime rate total (3)	252.20	231.93	235.6	250.3	262.34	242.17	230.23	211.39	212.39	232.63
Probation - Juvenile halls/camps population (4)	2,004	1,635	1,438	1,270	1,193	1,070	859	788	459	393
Health and Sanitation										
Health Services - Average daily inpatient census (5)	1,234	1,213	1,212	1,171	1,157	1,113	1,145	1,081	1,084 *	1,081 **
Health Services - Outpatient visits (6)	3,161,000	3,339,000	2,793,000	3,013,000	2,654,000	2,797,000	2,866,000	2,661,000	2,869,000 *	2,888,000 **
Mental Health - Number of outpatient services to children and youth (7)	73,513	73,062	61,111	78,930	27,204	36,589	38,523	36,906	34,149	33,181
Public Assistance										
Children and Family Services - Child protective services caseloads	533,500	540,200	533,400	507,900	504,700	502,500	494,900	485,200	483,400 *	465,900 **
Children and Family Services - Adoption caseloads	23,800	23,700	22,700	22,300	22,200	22,400	22,900	23,400	23,300 *	23,400 **
Public Social Services - Average persons aided monthly thru CalWorks (8)	428,100	422,800	410,100	397,200	325,600	310,600	136,200 *	120,300 *	118,000 *	115,700 **
Public Social Services - Average number of indigents aided monthly	104,800	104,800	97,100	93,100	79,800	87,900	85,500 *	89,000 *	95,900 *	96,100 **
WDACS - Number of vulnerable adults served	36,788	37,779	38,558	42,341	44,692	47,696	44,703	44,338	39,889	34,131
Education										
LA County Library - Number of items which circulate to the public (9)	6,048,903	5,839,322	4,930,145	4,799,808	4,743,720	4,715,099	4,621,535	4,263,635	4,197,003	5,154,547
Recreation and Culture										
Museum of Art - Total education program participants (10)	512,658	502,269	530,163	526,919	554,799	512,343	524,206	488,754	316,799	300,243
Museum of Natural History - Annual attendance (11)	1,012,661	1,140,844	1,131,507	1,291,131	1,284,602	1,299,856	1,218,447	782,573 *	328,145 *	1,279,032
Parks and Recreation - Total passive and active park users (12)	11,403,559	11,517,595	11,626,319	11,824,089	11,883,209	14,249,371	13,954,419	5,818,520	3,355,267	5,278,546

Notes:

- (1) Indicators are not available for the Public Ways and Facilities function.
- (2) The average length of stay that the inmates spent in jail in FY 2021-22 has increased to 115 days as compared to an average of 87.3 days in FY 2020-2021.
- (3) Represents number of offenses per 10,000 residents and refers to most serious crimes.
- (4) FY 2021-2022 figure reflects 13 camps that are temporarily closed.
- (5) In FY 2016-2017, DHS completed its transition to utilize data from its new electronic health record system. The new system is called Online Real-Time Centralized Health Information Database (ORCHID) that can address the challenges posed by the Affordable Care Act (ACA) implemented on January 1, 2014.
- (6) FY 2012-2013 expansion capacity of Community Clinic approved by the Board.
- (7) Data includes fee-for-service outpatient clients and costs. FY 2014-2015 have lag times of data due to implementation of Integrated Behavioral Health Information System on October 16, 2015. FY 2016-2017 reflects decline in statistics due to change in methodology and data refers only to children 11-15 years of age. However, FY 2015-2016 and prior years, the data refers to children 0-15 years of age.
- (8) CalWorks is a California's program to administer the Federal Temporary Assistance for Needy Families block grant that provides temporary financial support and supportive services to eligible adults with children to enable them to transition from welfare to work and to achieve economic self-sufficiency.
- (9) Beginning in FY2014-2015, data went down due to weeding process. In FY 2019-2022, data continued to decline due to temporary business/facility closure and restrictions caused by the COVID-19 pandemic. In FY 2021-2022, data included eBooks and eAudio of 1,000,470.
- (10) FY 2019-2022 data went down due to temporary business/facility closure and restrictions caused by the COVID-19 pandemic.
- (11) FY 2019-2021 data went down due to temporary business/facility closure caused by the COVID-19 pandemic.
- (12) Starting in FY 2017-2018 information includes the reporting attendance of local community parks. Passive activities include walking, jogging, running, leisure, and picnic activities. FY 2019-2021 data went down due to temporary business/facility closure caused by the COVID-19 pandemic. FY 2021-2022 data continued to be impacted by the pandemic.

* Figures have been revised from previous publications.

** FY 2021-2022 data is an estimate.

Sources:

2022-2023 Recommended County Budget and Departments

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

Function / Program (1)	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022
Public Protection										
Animal Shelters (2)	6	6	6	6	7	7	7	7	7	7
Public ways and facilities										
Miles of maintained County roads	3,206	3,187	3,187	3,187	3,185	3,185	3,289	3,290	3,290	3,289
Miles of unincorporated County bikeways	162	171	182	175	179	186	203	210	214	216
Airports	5	5	5	5	5	5	5	5	5	5
Dams	15	14	14	14	14	14	14	14	14	14
Storm drains, in miles	3,200	3,331	3,348	3,357	3,380	3,399	3,399	3,399	3,411	3,423
Flood pump stations	48	48	48	48	48	48	48	48	48	48
Health and Sanitation										
Hospitals	4	4	4	4	4	4	4	4	4	4
Health centers (3)	17	17	17	17	17	17	19	19	19	20
Education										
Libraries (4)	85	85	86	86	87	87	87	86	86	86
Bookmobiles	3	3	3	3	3	3	3	3	3	4
Recreation and Cultural services										
Museums	5	5	5	5	5	5	5	5	5	5
Arboretums and Botanic Gardens	4	4	4	4	4	4	4	4	4	4
Golf courses (5)	19	19	20	20	20	20	20	20	20	20
Beaches	15	15	15	15	15	15	15	15	15	15
Boat Slips	4,700	4,700	4,700	4,614	4,602	4,579	4,524	4,463	4,326	4,326

- Note:**
- (1) No capital asset indicators are available for the General Government or Public Assistance functions.
 - (2) On July 20, 2016, opening of Palmdale Animal Care Center.
 - (3) In FY 2018-2019, Department of Health Services restructured their ambulatory care services and included two additional health centers. In FY 2021-2022, one health center was added.
 - (4) Los Padrinos Juvenile Hall Library was added in FY 2016-2017 and was closed in FY 2019-2020.
 - (5) On May 12, 2015, the Board approved to occupy, operate, and make improvements of Norwalk Golf Course.

Source:
 2021-22 Final Budget book, Department of Animal Care and Control's website, Department of Health Services's website, Department of Parks and Recreation's website, and Department of Beaches and Harbor's website.