



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

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April 10, 2023

TO: Supervisor Janice Hahn, Chair
Supervisor Hilda L. Solis
Supervisor Holly J. Mitchell
Supervisor Lindsey P. Horvath
Supervisor Kathryn Barger

FROM: Oscar Valdez
Interim Auditor-Controller

SUBJECT: **FISCAL YEAR 2021-22 SINGLE AUDIT REPORT**

Attached is the Single Audit Report (Report) of the County of Los Angeles (County) for Fiscal Year 2021-22. The audit was performed by the independent accounting firm Macias Gini & O'Connell LLP. Federal law requires the County to have an annual audit of all expenditures that were funded by federal assistance received by the County. This year, the audit covered expenditures of approximately \$4.25 billion.

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

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

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

OV:CY:RA:FL

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Attachment

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

COUNTY OF LOS ANGELES

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

FOR THE YEAR ENDED JUNE 30, 2022



Certified
Public
Accountants

**COUNTY OF LOS ANGELES
BASIC FINANCIAL STATEMENTS,
REQUIRED SUPPLEMENTARY INFORMATION,
AND SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2022**

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**COUNTY OF LOS ANGELES
BASIC FINANCIAL STATEMENTS,
REQUIRED SUPPLEMENTARY INFORMATION,
AND SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Supervisors
County of Los Angeles, California

Report on the Audit of the Financial Statements

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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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.

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 basic financial statements, in March 2020, a presidential emergency was declared due to the Coronavirus Disease 2019 (COVID-19) pandemic. The County was advanced federal and State disaster assistance funding to supplement the County's recovery efforts. As of June 30, 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.

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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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.

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 GAAS, 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 accompanying schedule of expenditures of federal awards, the community services block grant supplementary schedules of revenue and expenditures, and the supplementary schedule of expenditures of federal and State awards granted by the California Department of Aging are presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the California Department of Community Services and Development, and the California Department of Aging, respectively, and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 schedule of expenditures of federal awards, the community services block grant supplementary schedules of revenue and expenditures, and the supplementary schedule of expenditures of federal and State awards granted by the California Department of Aging are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2022, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Los Angeles, California

December 19, 2022, except for the report on the schedule of expenditures of federal awards, the community services block grant supplementary schedules of revenue and expenditures, and the supplementary schedule of expenditures of federal and State awards granted by the California Department of Aging, as to which the date is March 29, 2023.

**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	40,886,667	34,789,325	7,318,657	6,414,101	48,205,324	41,203,426
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	46,779,625	54,067,837	8,064,837	10,074,107	54,844,462	64,141,944
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)	(29,350,156)	(30,171,770)	(3,849,887)	(4,831,786)	(33,200,043)	(35,003,556)
Total net position	\$ (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
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:

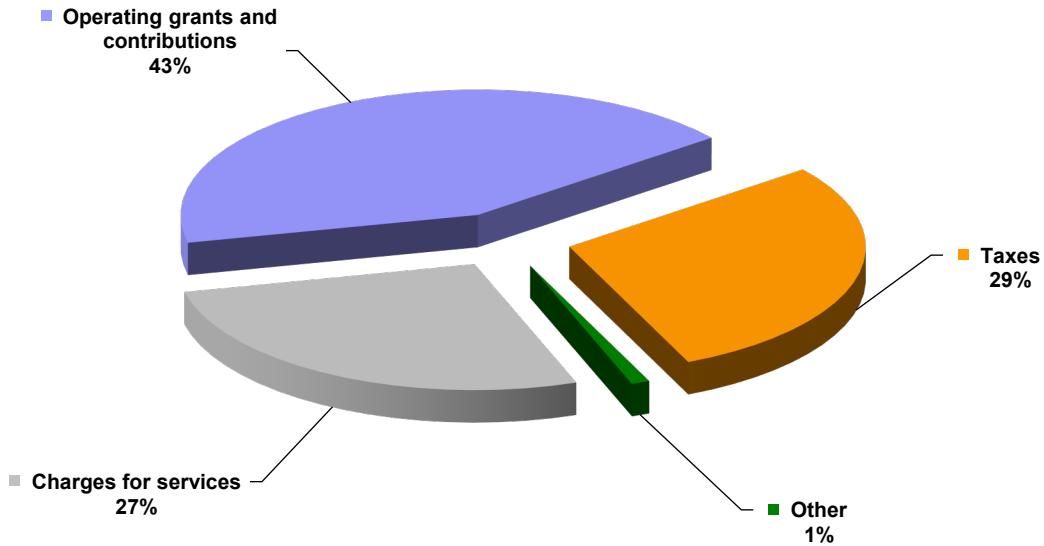
Summary of Changes in Net Position
For the Years Ended June 30, 2022 and 2021
(in thousands)

	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)

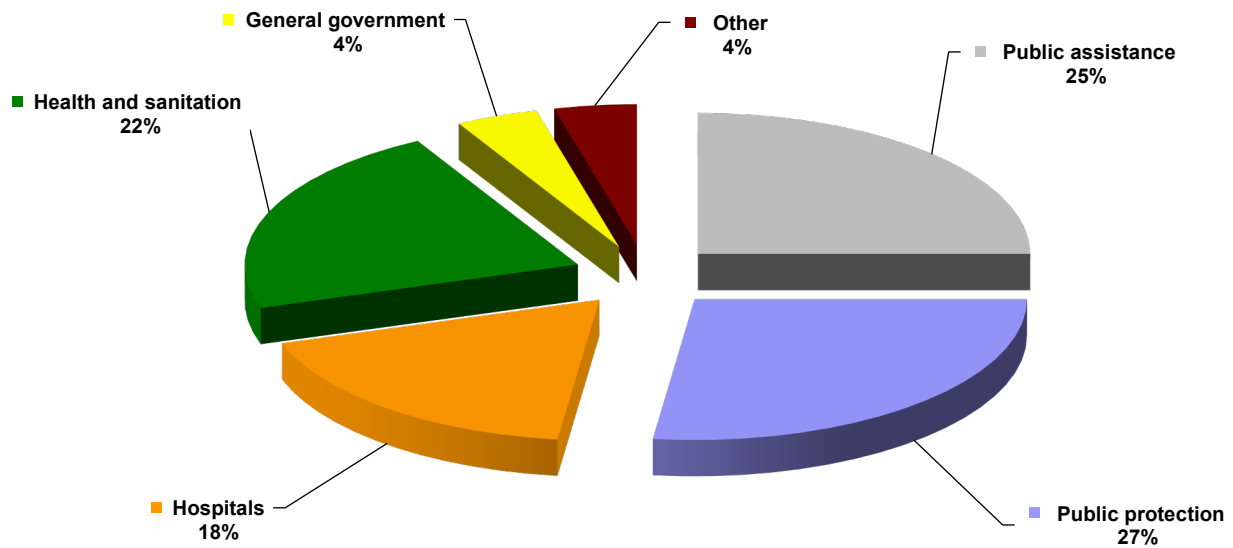
(1) The 2021 amounts were not restated for GASB 87.

**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>	<u>Increase (Decrease) From Original Budget</u>	<u>Final Budget Amount</u>	<u>Actual Amount</u>	<u>Variance- Positive (Negative)</u>
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	<u>\$ 1,837,679</u>	<u>\$ 26,075,083</u>	<u>\$ 24,295,677</u>	<u>\$ (1,779,406)</u>

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):

Category	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	<u>\$ 1,837,679</u>	<u>\$ 28,512,681</u>	<u>\$ 23,555,304</u>	<u>\$ 4,957,377</u>

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)

		PROGRAM REVENUES		
FUNCTIONS				
PRIMARY GOVERNMENT:	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
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	25,367,219	4,040,659	13,466,206	42,426
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	5,620,670	4,878,673	931,722	81
Total primary government	\$ 30,987,889	8,919,332	14,397,928	42,507
DISCRETELY PRESENTED COMPONENT UNITS	\$ 930,082	33,142	910,892	7,962

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	
\$ (530,391)		\$ (530,391)	
(4,610,867)		(4,610,867)	
(119,717)		(119,717)	
(743,549)		(743,549)	
(1,112,054)		(1,112,054)	
(130,130)		(130,130)	
(423,787)		(423,787)	
(147,433)		(147,433)	
(7,817,928)		(7,817,928)	
	201,420	201,420	
	(8,189)	(8,189)	
	(3,425)	(3,425)	
	189,806	189,806	
(7,817,928)	189,806	(7,628,122)	
			\$ 21,914
			DISCRETELY PRESENTED COMPONENT UNITS
			GENERAL REVENUES:
			Taxes:
8,258,042	7,730	8,265,772	Property taxes
52,506		52,506	Utility users taxes
493,011		493,011	Voter approved taxes
141,614		141,614	Documentary transfer taxes
40,618		40,618	Other taxes
663,057		663,057	Sales and use taxes, levied by the State
631,429	3	631,432	Grants and contributions not restricted to special programs
(456,803)	(39,782)	(496,585)	Investment loss
175,385		175,385	Miscellaneous
(936,810)	936,810		
9,062,049	904,761	9,966,810	TRANSFERS - NET
1,244,121	1,094,567	2,338,688	Total general revenues and transfers
(10,359,576)	(2,569,287)	(12,928,863)	CHANGE IN NET POSITION
\$ (9,115,455)	(1,474,720)	\$ (10,590,175)	NET POSITION (DEFICIT), JULY 1, 2021, AS RESTATED (Note 2)
		\$ 1,020,238	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
1,552,725	2,729,550	15,237,620	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
1,554,684	3,105,909	22,521,273	TOTAL ASSETS
	192,311	192,311	DEFERRED OUTFLOWS OF RESOURCES (Note 19)
\$ 1,554,684	3,298,220	\$ 22,713,584	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)
275,964	496,261	9,029,080	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
1,278,720	2,777,523	10,975,426	TOTAL FUND BALANCES
\$ 1,554,684	3,298,220	\$ 22,713,584	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.

(1,203,135)

Net position (deficit) of governmental activities (page 29) \$ (9,115,455)

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
822,830	1,890,996	27,521,056	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
33	2,075,071	26,233,685	TOTAL EXPENDITURES
822,797	(184,075)	1,287,371	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
(641,162)	187,673	(456,444)	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)
\$ 1,278,720	2,777,523	\$ 10,975,426	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. 23,332

Change in net position of governmental activities (page 31) \$ 1,244,121

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	381,096	116,888	340,851	166,784
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	1,366,551	503,332	1,429,965	336,715
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	1,104,476	364,119	1,236,570	538,866
Infrastructure				
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	879,799	174,682	809,012	479,193
Total noncurrent assets	1,377,351	343,819	1,046,389	752,956
TOTAL ASSETS	2,743,902	847,151	2,476,354	1,089,671
DEFERRED OUTFLOWS OF RESOURCES (Note 19)	540,092	304,496	779,909	159,313
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	648,543	307,106	772,800	348,452
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	2,324,041	1,075,602	2,669,520	758,124
TOTAL LIABILITIES	2,972,584	1,382,708	3,442,320	1,106,576
DEFERRED INFLOWS OF RESOURCES (Note 19)	730,417	508,029	1,032,743	219,765
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)	\$ (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
\$ 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
98,953	4,402	5,797,085	699,223	Other (Note 13)
				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	189,958	52,238	613,717	176,116
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	159,358	(26,472)	(638,917)	(97,644)
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	(140,770)	(20,081)	(9,278)	(74,635)
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	\$ 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	
CASH FLOWS FROM OPERATING ACTIVITIES				
\$		\$ 3,352,359	\$	
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)

			CUSTODIAL	
	PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST	INVESTMENT TRUST	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)

			CUSTODIAL	
	PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST	INVESTMENT TRUST	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	37,910	(15,996)	21,914
GENERAL REVENUES:			
Investment loss	(23,319)	(9,544)	(32,863)
Miscellaneous		18	18
Total general revenues	(23,319)	(9,526)	(32,845)
CHANGE IN NET POSITION	14,591	(25,522)	(10,931)
NET POSITION, JULY 1, 2021, AS RESTATED (Note 2)	705,080	326,089	1,031,169
NET POSITION, JUNE 30, 2022	\$ 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
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):

	Accumulated Deficit
<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	<u>\$ 45,170,680</u>	<u>75,060,642</u>	<u>99,164</u>	<u>16,171</u>	<u>\$ 120,346,657</u>

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	<u>309,464</u>	Discretely presented component units:	
		First 5 LA	301,739
		LACDA	612,097
		Total Cash and Investments	<u>\$ 120,346,657</u>

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	<u>120,037,193</u>
Total Cash and Investments	<u>\$ 120,346,657</u>

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>	<u>Fair Value</u>	<u>Fair Value Measurement Using</u>			
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>External Government Investment Pools</u>
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>
SPI				
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>
Other Specific Investments				
U.S. Treasury Securities*				100.00 %
				<u>100.00 %</u>

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

Reverse Repurchase Agreements

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

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

	Fair Value	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity (Years)
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:

Other Investments	S&P	Moody's	Fitch	% of Portfolio
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	<u>\$ 74,318,375</u>

* 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. Treasury	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
<u>Total Fixed Income Securities - OPEB Trust</u>	<u>\$ 903,853</u>	

*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	<u>\$ 36,615,747</u>	<u>\$ 23,310,743</u>	<u>\$ 13,183,188</u>	<u>\$ 121,816</u>
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	<u>32,274,820</u>			
Total Investments	<u>\$ 68,890,567</u>			
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	<u>\$ 148,575</u>	<u>\$ 64</u>	<u>\$ 148,511</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

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	238,854	238,854		
Total Investments by Fair Value Level	\$ 238,854	\$ 238,854	\$	\$
Investments Measured at Net Asset Value (NAV)				
Fixed Income	\$ 664,999			
Equity	1,199,773			
Real Estate Investment Trust (REIT)	241,168			
Total Investments Measured at NAV	2,105,940			
Total Investments	\$ 2,344,794			

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)	241,168		Daily, Monthly	1-30 days or N/A
Total Investments Measured at NAV ⁽¹⁾	\$ 2,105,940			

(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		<u>1,404,437</u>	
<u>LACDA:</u>			
Capital assets, being depreciated/amortized:			
Leased equipment		197	197
Accumulated depreciation/amortization:			
Leased equipment		(94)	(94)
Total LACDA capital assets restatement		<u>103</u>	

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	9,574,260	712,155	(887,301)	9,399,114
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	18,270,021	1,038,954	(162,983)	19,145,992
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	(8,835,929)	(588,291)	81,784	(9,342,436)
Total capital assets, being depreciated/ amortized, net	9,434,092	450,663	(81,199)	9,803,556
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>	<u>Balance July 1, 2021, as restated</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2022</u>
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	<u>\$ 588,291</u>

Business-type activities:

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

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	92,748	4,384	(3,031)	94,101
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	258,202	9,412	(1,339)	266,275
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	(180,062)	(6,254)	802	(185,514)
Total capital assets being depreciated/ amortized, net	78,140	3,158	(537)	80,761
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	15,151	2,885		18,036
Less accumulated depreciation for:				
Buildings and improvements	(3,890)	(327)		(4,217)
Equipment	(2,905)	(73)		(2,978)
Subtotal	(6,795)	(400)		(7,195)
Total capital assets being depreciated, net	8,356	2,485		10,841
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	<u>\$ 7,543,664</u>	<u>\$ 7,017,727</u>

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

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

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

Asset Class	Target Allocation
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	<u>\$ 7,445,349</u>	<u>\$ 5,817,353</u>

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):

<u>Year ending June 30:</u>	Deferred Outflows/(Inflows) of Resources
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:

Year	Rate (pre Medicare/ post Medicare)	Year	Rate (pre Medicare/ post Medicare)
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	<u>\$ 222,680</u>	<u>\$ 432,099</u>

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):

	RHC OPEB	LTD OPEB	Total
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	<u>\$ 1,900,130</u>	<u>\$ 948,049</u>	<u>\$ 21,396</u>	<u>\$ 5,666</u>

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	<u>\$ 66,580</u>	<u>\$ 2,105</u>

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	<u>\$ 355,462</u>	<u>\$ 600,285</u>

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
		<u>133,394</u>	
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
		<u>(133,394)</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

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	<u>\$ 1,221,707</u>	<u>\$ 718,349</u>

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	<u>\$ 496,233</u>	<u>\$ 16,804</u>

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):

	QIP Revenues	Intergovernmental Transfers Expense
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):

	H-UCLA	OV-UCLA	LAC+USC	Rancho	Total
Accounts receivable	\$ 2,171,549	1,185,289	3,120,952	527,654	\$ 7,005,444
Less: Allowance for uncollectible amounts	1,587,256	904,264	2,357,009	432,306	5,280,835
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	20,718
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
		<u>68,745</u>
Waterworks	General Fund	41
	Internal Service Funds	1,072
		<u>1,113</u>
Nonmajor Aviation	General Fund	48
	Fire Protection District	28
	Internal Service Funds	10
		<u>86</u>
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
		<u>149,546</u>
Total Interfund Receivables/Payables		<u>\$ 1,934,980</u>

Interfund Transfers

Transfers were made during the year from the General Fund to subsidize the operations of the LA County Library and the 4 hospitals. Other transfers primarily consisted of payments from the various operating funds (principally the General Fund) to debt service funds in accordance with long-term debt covenants. In addition, special revenue funds that are statutorily restricted made transfers to other funds to augment funding for programs operated in the General Fund and hospitals.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 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	2,629,623	141,804	318,267	60,064	193,389	593,453
Subtotal	5,807,594	204,046	433,566	136,395	598,464	1,345,336
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	(189,940)	(14,458)	(27,542)	(4,855)	(24,087)	(66,616)
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>					192,311	<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	<u>\$ 382,227</u>	<u>\$ 1,722,029</u>

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)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
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
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number (ALN)	Identifying Number Assigned by Pass-Through Grantor (Note A)	Federal Expenditures	Passed Through to Subrecipients
SCHEDULE OF EXPENDITURES OF NON-COVID-19 FEDERAL AWARDS				
<u>U.S. Agency for International Development</u>				
<i>Direct Program</i>				
USAID Foreign Assistance for Programs Overseas International Search and Rescue Operations 720FDA20CA00080	98.001		\$ 1,676,388	\$ -
Total U.S. Agency for International Development			<u>1,676,388</u>	<u>-</u>
<u>U.S. Department of Agriculture</u>				
<i>Direct Program</i>				
Food Insecurity Nutrition Incentive Grants Program Increasing Fruit and Vegetable Intake Among Prediabetic and Diabetic Medicaid Recipients (GUSNIP)	10.331	(14)	239,812	152,108
<i>Passed Through the California Department of Aging</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
Supplemental Nutrition Assistance Program - Education (SNAP-ED)	10.561	(1) (15)	129,515	102,371
Supplemental Nutrition Assistance Program - Education (SNAP-ED)	10.561	(1) (15)	156,278	133,303
<i>Subtotal 10.561</i>			<u>285,793</u>	<u>235,674</u>
<i>Passed Through the California Department of Education</i>				
School Breakfast Program				
Child Nutrition Program - School Breakfast	10.553	(2)	47,869	-
National School Lunch Program				
Child Nutrition Program - School Lunch	10.555	(2)	184,871	-
Child and Adult Care Food Program				
Child and Adult Care Food Program	10.558		333,504	-
Summer Food Service Program for Children				
Summer Food Service Program for Children	10.559	(2)	29,142	-
Summer Food Service Program for Children	10.559	(2)	203,498	-
<i>Subtotal 10.559</i>			<u>232,640</u>	<u>-</u>
<i>Passed Through the California Department of Food and Agriculture</i>				
Plant and Animal Disease, Pest Control, and Animal Care				
Pest Detection Emergency Program	10.025	190996	507,600	-
Pest Exclusion/Dog Teams Program	10.025	210203	418,252	-
Glassy Winged Sharpshooter (GWSS)	10.025	210517	621,474	-
Asian Citrus Psyllid/Huanglongbing	10.025	210516	221,557	-
<i>Subtotal 10.025</i>			<u>1,768,883</u>	<u>-</u>
<i>Passed Through the California Department of Public Health</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
Supplemental Nutrition Assistance Program - Education (SNAP-ED)	10.561	(1) (15)	12,543,330	7,142,551
<i>Passed Through the California Department of Social Services</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program				
Supplemental Nutrition Assistance Program (SNAP) - Administration (CalFresh)	10.561	(1) (15)	314,922,691	1,205,110
<i>Subtotal 10.561</i>			<u>327,466,021</u>	<u>8,347,661</u>
<i>Passed Through the California State Controller's Office</i>				
Schools and Roads - Grants to States				
U.S. Forest Service	10.665	(3)	725,179	-
Total U.S. Department of Agriculture			<u>331,284,572</u>	<u>8,735,443</u>
<u>U.S. Department of Defense</u>				
<i>Direct Program</i>				
Procurement Technical Assistance for Business Firms				
Procurement Technical Assistance	12.002		316,312	-
Total U.S. Department of Defense			<u>316,312</u>	<u>-</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

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

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**COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing		Identifying Number	Federal	Passed
	Number (ALN)		Assigned by Pass-Through Grantor (Note A)	Expenditures	Through to Subrecipients
<u>U.S. Department of Education</u>					
<i>Direct Program</i>					
Federal Supplemental Educational Opportunity Grants					
Supplemental Educational Opportunity Grants	84.007	(13)		10,266	-
Federal Pell Grant Program					
Pell Grants	84.063	(13)		258,966	-
<i>Subtotal Student Financial Assistance Cluster (84.007, 84.063)</i>				269,232	-
Total U.S. Department of Education				269,232	-
<u>U.S. Department of Health and Human Services</u>					
<i>Direct Program</i>					
Public Health Emergency Preparedness					
Public Health Emergency Preparedness	93.069			19,374,959	1,075,511
Sodium Reduction in Communities					
Los Angeles County Sodium Reduction Initiative (LACSR)	93.082			230,870	-
Project Grants and Cooperative Agreements for Tuberculosis Control Programs					
Tuberculosis/Centers for Disease Control Cooperative Agreement	93.116			3,894,626	-
Substance Abuse and Mental Health Services Projects of Regional and National Significance					
First Responders - Comprehensive Addiction and Recovery Act (FR-CARA) Year 3	93.243	(26)		240,477	-
First Responders - Comprehensive Addiction and Recovery Act (FR-CARA) Year 4	93.243	(26)		239,172	-
<i>Subtotal 93.243</i>				479,649	-
Viral Hepatitis Prevention and Control					
Adult Viral Hepatitis Prevention and Control	93.270			222,017	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)					
ELC - Building and Strengthening Epidemiology	93.323	(28)		3,529,533	-
Los Angeles County Epidemiology and Laboratory Capacity - Enhancing Detection Expansion	93.323	(28)		289,470,670	19,097,334
<i>Subtotal 93.323</i>				293,000,203	19,097,334
The Healthy Brain Initiative: Technical Assistance to Implement Public Health Actions Related to Cognitive Health, Cognitive Impairment, and Caregiving at the State and Local Levels					
Los Angeles County BOLD Initiative	93.334			283,750	-
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises					
Partners Across Regions Tackling Needs for an Equitable Response	93.391			1,949,515	-
Innovative State and Local Public Health Strategies to Prevent and Manage Diabetes and Heart Disease and Stroke					
Chronic Disease Prevention and Management Strategy: Innovation Solutions for Healthier Communities (SHC)	93.435			2,477,644	969,400
Ending the HIV Epidemic: A Plan for America - Ryan White HIV/AIDS Program Parts A and B					
Ending the HIV Epidemic: A Plan For America - Ryan White HIV/AIDS Program Parts A and B	93.686			1,087,161	-
National Bioterrorism Hospital Preparedness Program					
Bioterrorism Hospital Preparedness Program	93.889			9,368,153	5,767,200
HIV Emergency Relief Project Grants					
HIV Emergency Relief Project Grant	93.914	(33)		45,569,857	33,761,322
Minority Aids Initiative (MAI)	93.914	(33)		1,928,648	171,688
<i>Subtotal 93.914</i>				47,498,505	33,933,010
Healthy Start Initiative					
Healthy Start Initiative	93.926			1,420,565	274,428

See accompanying Notes to Schedule of Expenditures of Federal Awards.

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

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**COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number (ALN)	Identifying Number Assigned by Pass-Through Grantor (Note A)	Federal Expenditures	Passed Through to Subrecipients
HIV Prevention Activities Health Department Based				
Integrated HIV Surveillance and Prevention for Los Angeles County	93.940		17,391,877	6,962,142
Integrated HIV Programs for Health Departments to Support Ending the HIV Epidemic in the United States	93.940		3,036,891	317,118
<i>Subtotal 93.940</i>			<u>20,428,768</u>	<u>7,279,260</u>
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance				
Medical Monitoring Project (MMP)	93.944		756,768	-
Behavioral Surveillance Study of HIV Risk and Prevention Behaviors Among At-Risk Populations in Los Angeles	93.944		753,239	-
<i>Subtotal 93.944</i>			<u>1,510,007</u>	<u>-</u>
Sexually Transmitted Diseases (STD) Prevention and Control Grants				
CDC Strengthening STD Prevention and Control for Health Departments (STD PCHD)	93.977		3,117,415	239,775
CDC Strengthening STD Prevention and Control for Health Departments (STD DIS)	93.977		6,685,398	133,390
<i>Subtotal 93.977</i>			<u>9,802,813</u>	<u>373,165</u>
Preventive Health and Health Services Block Grant				
Asylum Seeker Health Surveillance and Linkage to Care	93.991	20-19-90234	15,274	-
<i>Passed Through the Council of State and Territorial Epidemiologists</i>				
Strengthening Public Health Systems and Services Through National Partnerships to Improve and Protect the Nation's Health				
Data Science Team Training	93.421	5NU38OT000297	5,950	-
<i>Passed Through the California Department of Aging</i>				
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation				
Title VII - Elder Abuse Prevention	93.041	(10) AP2122-19	86,400	86,400
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals				
Title VII - Ombudsman	93.042	(10) (22) AP2122-19	143,945	143,945
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services				
Area Agency on Aging III D	93.043	(10) AP2122-19	371,221	371,221
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers				
Area Agency on Aging III B	93.044	(10) (23) AP2122-19	5,941,433	3,357,322
Special Programs for the Aging, Title III, Part C, Nutrition Services				
Area Agency on Aging III C-I	93.045	(10) (24) AP2122-19	8,108,616	7,444,278
Area Agency on Aging III C-II	93.045	(10) (24) AP2122-19	4,298,147	3,671,771
<i>Subtotal 93.045</i>			<u>12,406,763</u>	<u>11,116,049</u>
National Family Caregiver Support, Title III, Part E				
Area Agency on Aging Title III E	93.052	(10) (25) AP2122-19	2,257,561	1,416,625
Nutrition Services Incentive Program				
Area Agency on Aging III USDA C-I	93.053	(10) AP2122-19	863,393	863,393
Area Agency on Aging III USDA C-II	93.053	(10) AP2122-19	716,474	716,474
<i>Subtotal 93.053</i>			<u>1,579,867</u>	<u>1,579,867</u>
Medicare Enrollment Assistance Program				
Medicare Improvements for Patients and Providers Act	93.071	MI2122-19	175,602	162,006
Medicare Improvements for Patients and Providers Act	93.071	MI2021-19	72,107	70,391
<i>Subtotal 93.071</i>			<u>247,709</u>	<u>232,397</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

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

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**COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing		Identifying Number	Federal Expenditures	Passed
	Number (ALN)		Assigned by Pass-Through Grantor (Note A)		Through to Subrecipients
State Health Insurance Assistance Program					
Area Agency on Aging - Health Insurance Counseling and Advocacy Program (HICAP) H9	93.324		HI2122-19	246,696	231,028
Area Agency on Aging - Health Insurance Counseling and Advocacy Program (HICAP) H3	93.324		HI2122-19	31,831	31,831
Subtotal 93.324				278,527	262,859
Support for Ombudsman and Beneficiary Counseling Programs for States Participating in Financial Alignment Model Demonstrations for Dually Eligible Individuals					
Financial Alignment	93.634		FA2021-19	53,892	51,339
Financial Alignment	93.634		FA2122-19	24,098	21,582
Subtotal 93.634				77,990	72,921
Passed Through the California Department of Child Support Services					
Child Support Enforcement					
Child Support Enforcement Title IV-D	93.563			132,212,000	-
Passed Through the California Department of Community Services and Development					
Community Services Block Grant					
Community Services Block Grant	93.569	(30)	21F-4021	4,798,810	3,059,980
Community Services Block Grant	93.569	(30)	21F-4422	28,250	-
Community Services Block Grant	93.569	(30)	22F-5021	333,242	-
Community Services Block Grant	93.569	(30)	21F-4105	202,527	185,745
Community Services Block Grant	93.569	(30)	22F-5105	94,115	94,115
Community Services Block Discretionary Grant	93.569	(30)	21F-4457	28,237	-
Subtotal 93.569				5,485,181	3,339,840
Passed Through the California Department of Education					
Child Care and Development Block Grant					
Child Care and Development Block Grant	93.575	(11) (31)	CAPP0026, CAPP1025	3,891,261	-
Child Care Mandatory and Matching Funds of the Child Care and Development Fund					
Child Day Care Program	93.596	(11)	CAPP0026, CAPP1025	5,569,912	-
Passed Through the California Department of Health Care Services					
Projects for Assistance in Transition from Homelessness (PATH)					
McKinney Homeless Act Program	93.150		68-0317191	519,873	-
Medical Assistance Program					
Medi-Cal Administrative Activities (MAA)	93.778	(12) (32)	17-94017	21,389,845	43,667
Medi-Cal Eligibility Determination	93.778	(12) (32)	CFL 20/21-105	324,427,789	-
Medi-Cal Navigators Project	93.778	(12) (32)	CFL 20/21-105	241,608	-
Child Health and Disability Program	93.778	(12) (32)		3,402,658	-
Federal Drug Medi-Cal (Prenatal and Drug) FMAP	93.778	(12) (32)	20-10182	14,083,160	-
Health Care Program Children in Foster Care	93.778	(12) (32)		9,399,175	-
Medi-Cal Health Enrollment Navigators Project (AB74)	93.778	(12) (32)		2,858,788	2,426,818
Subtotal 93.778				375,803,023	2,470,485
Block Grants for Community Mental Health Services					
Mental Health Services: Block Grant	93.958		1680317191A1	10,959,708	1,902,753
Block Grants for Prevention and Treatment of Substance Abuse					
Drug-Free Schools and Communities (DFSC) - Friday Night Live	93.959	(34)	21-10089	75,000	75,000
Alcohol Block Grant	93.959	(34)	21-10089	30,474,611	18,759,399
Drug Free Schools and Communities - Club Live	93.959	(34)	21-10089	75,000	75,000
New Prenatal Set - Aside	93.959	(34)	21-10089	3,714,194	1,230,750
Substance Abuse Prevention and Treatment Block Grant Adolescent Treatment	93.959	(34)	21-10089	562,335	562,335
Substance Abuse Prevention and Treatment Set-Aside	93.959	(34)	21-10089	15,079,359	15,079,359
Subtotal 93.959				49,980,499	35,781,843

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number (ALN)		Identifying Number Assigned by Pass-Through Grantor (Note A)	Federal Expenditures	Passed Through to Subrecipients
Passed Through the California Department of Health Care Services/Public Health Institute					
Substance Abuse and Mental Health Services Projects of Regional and National Significance					
SAMSHA STR to the Opioid Crisis Grant - Bridge Program	93.243	(26)	18-95423	37,151	-
Passed Through the California Department of Public Health					
Injury Prevention and Control Research and State and Community Based Programs					
National Violent Death Reporting System (NVDRS)	93.136		19-10634	34,955	-
Overdose Data to Action	93.136		CDC-RFA-CE19-1904	166,536	-
Subtotal 93.136				201,491	-
Immunization Cooperative Agreements					
Vaccine Preventable Disease Control	93.268	(27)	17-10326	5,334,726	-
Refugee and Entrant Assistance State/Replacement Designee Administered Programs					
Refugee Health Promotion Afghan and Refugee Health Promotion Supplemental	93.566	(29)		87,255	-
Refugee Health Assessment Program	93.566	(29)	20-19-90899-00	672,003	-
Subtotal 93.566				759,258	-
Refugee and Entrant Assistance Discretionary Grants					
Refugee Health Promotion Project (RHPP)	93.576		20-19-90893-00	40,404	-
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare					
Health Facilities Inspection	93.777	(12)	19-10042	16,687,329	-
Maternal, Infant and Early Childhood Home Visiting Grant					
Title V Maternal, Infant, and Early Childhood Home Visiting Program	93.870		21-19, 21-19A	1,594,741	1,594,741
HIV Care Formula Grants					
HIV Care Program	93.917			5,112,621	4,670,546
Maternal and Child Health Services Block Grant to the States					
Maternal and Child Health	93.994		202019	2,888,139	182,447
Passed Through the California Department of Social Services					
Guardianship Assistance					
Kinship Guardianship Assistance Payment Program (Kin-GAP) Title IV-E	93.090		CFL 16/17-69, 14/15-40 & 11/12-18	40,902,765	-
MaryLee Allen Promoting Safe and Stable Families Program					
Promoting Safe and Stable Families Program (PSSF)	93.556		CFL 21/22-25, 21/22-24	8,513,535	7,640,931
Temporary Assistance for Needy Families					
CalWORKs - Family Group/Unemployed Parent (FG/U) Assistance	93.558		CFL 20/21-105	160,566,505	-
CalWORKs Legal Immigrants (MC)	93.558		CFL 20/21-105	2,541,070	-
CalWORKs Diversion	93.558		CFL 20/21-105	2,071	-
CalWORKs Single	93.558		CFL 20/21-105	415,652,350	153,098,760
Pandemic Emergency Assistance Fund (PEAF)	93.558		CFL 21/22-04	62,800,000	-
Temporary Assistance for Needy Families (TANF)	93.558		CFL 21/22-60	82,620,761	9,437,385
Subtotal 93.558				724,182,757	162,536,145
Refugee and Entrant Assistance State/Replacement Designee Administered Programs					
Refugee Resettlement	93.566	(29)	CFL 20/21-105	1,581,609	-
Refugee Employment Social Services	93.566	(29)	RESS 1902	1,762,724	1,016,647
Services to Older Refugees	93.566	(29)	ORSA 1802, 1902, 2002, 2102	25,454	2,397
Subtotal 93.566				3,369,787	1,019,044

See accompanying Notes to Schedule of Expenditures of Federal Awards.

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

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**COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number (ALN)	Identifying Number Assigned by Pass-Through Grantor (Note A)	Federal Expenditures	Passed Through to Subrecipients
Child Care and Development Block Grant				
Child Care Salary Retention Incentive Program		20-25534-14130-14871-		
	93.575	24190-00-02-00	2,449,145	-
Local Child Care Planning and Development Council (LCCPDC)	93.575	19-02419-00-0	212,673	-
<i>Subtotal 93.575</i>			<u>2,661,818</u>	<u>-</u>
U.S. Repatriation				
U.S. Repatriation Program	93.579	CFL 20/21-105	8,609	-
Community-Based Child Abuse Prevention Grants				
Community-Based Child Abuse Prevention	93.590	ACIN 1-22-22	536,917	-
Adoption and Legal Guardianship Incentive Payments				
Adoptions and Legal Guardianship Incentive Payments	93.603	CFL 21/22-117	1,423,385	-
Stephanie Tubbs Jones Child Welfare Services Program				
Children's Welfare Services IV-B (Direct Cost)	93.645	CFL 21/22-60	6,835,049	-
Foster Care Title IV-E				
Aid to Families with Dependent Children - FC - Administration and Assistance	93.658	CFL 21/22-60	120,799,094	47,726,003
Foster Care Title IV-E				
	93.658	CFL 21/22-21, 28, 45, 47, 56, 76, 85, 108	286,793,200	4,033,638
Foster Parent Training	93.658	CFL 21/22-60	49,322	-
Foster Family Licensing	93.658	CFL 21/22-43	1,992,542	-
Group Home Month Visits / CWD	93.658	CFL 21/22-60	846,996	-
Child Welfare Services Outcome Improvement Project (Cohort 1)	93.658	CFL 21/22-60	849,956	-
Foster Care Title IV-E				
	93.658	CFL 21/22-21, 46, 54, 69, 83, 85, 108	21,831,160	-
<i>Subtotal 93.658</i>			<u>433,162,270</u>	<u>51,759,641</u>
Adoption Assistance				
Adoptions - Administration and Assistance	93.659	CFL 16/17-69, 14/15-40 & 11/12-18	202,816,077	-
Social Services Block Grant				
Children's Welfare Services Title XX	93.667	CFL 21/22-60	38,321,784	-
John H. Chafee Foster Care Program for Successful Transition to Adulthood				
Independent Living Skills - Children's Services	93.674	CFL 21/22-40	6,151,322	3,262,555
Medical Assistance Program				
In-Home Supportive Services - Personal Care Services Program (Health-Related)	93.778	(12) (32) CFL 20/21-105	99,844,046	-
Adult Protective Services/County Services Block Grant	93.778	(12) (32) CFL 20/21-105	34,575,671	-
Children's Welfare Services XIX (Health-Related)	93.778	(12) (32) CFL 16/17-69, 14/15-40, 11/12-18	59,159,840	-
<i>Subtotal 93.778</i>			<u>193,579,557</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>2,715,984,794</u>	<u>363,569,885</u>
<u>U.S. Department of Homeland Security</u>				
<i>Direct Program</i>				
National Urban Search and Rescue (US&R) Response System				
Urban Search and Rescue 2018	97.025	EMW-2018-CA-K00027-S01	139,569	-
Urban Search and Rescue 2019	97.025	EMW-2019-CA-00077-S01	107,490	-
Urban Search and Rescue 2020	97.025	EMW-2020-CA-00069-S01	390,303	-
Urban Search and Rescue 2021	97.025	EMW-2021-CA-00047-S01	377,589	-
<i>Subtotal 97.025</i>			<u>1,014,951</u>	<u>-</u>
Hazard Mitigation Grant				
Hazard Mitigation Grant Program	97.039	(37)	51,108	-
Port Security Grant Program				
Port Security Grant Program 19	97.056	EMW-2019-PU-00149	254,492	-
Port Security Grant Program 20	97.056	EMW-2020-PU-00161	79,381	-
Port Security Grant Program 21	97.056	EMW-2021-PU-00217	7,499	-
<i>Subtotal 97.056</i>			<u>341,372</u>	<u>-</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing		Identifying Number	Federal	Passed
	Number (ALN)		Assigned by Pass-Through	Expenditures	Through to
			Grantor (Note A)		Subrecipients
Passed Through the City of Los Angeles					
Homeland Security Grant Program					
2019 Urban Area Security Initiative (UASI)	97.067	(38)	C-136501	134,022	-
Securing the Cities Program					
Securing the Cities Program	97.106		C-125298	18,152	-
Securing the City Program (STC)	97.106			64,516	-
Subtotal 97.106				82,668	-
Preparing for Emerging Threats and Hazards					
Communities for Complex Coordinated Terrorist Attacks (CCTA) FY 2016	97.133		C-135252	415,134	-
Passed Through the County of San Diego					
Homeland Security Grant Program					
Operation Stonegarden Grant Program (OPSG)	97.067	(38)	2019-0035	270,729	-
OPSG 18	97.067	(38)		179,734	-
OPSG	97.067	(38)	2020-0095	41,479	-
Subtotal 97.067				491,942	-
Passed Through the California Department of Parks and Recreation					
Boating Safety Financial Assistance					
Recreational Boating Safety Program	97.012	(35)	C1770602	80,000	-
Passed Through the California Governor's Office of Emergency Services					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)					
2008 Wildfires	97.036	(36)	DR1810-CA	1,541,678	-
2018 Woolsey Fire - 4407 Disaster Recovery	97.036	(36)	DR4407-CA	17,491,562	-
2017 Late January 2017 Storms - 4305 Disaster Recovery	97.036	(36)	DR4305-CA	1,696,063	-
2019 Saddleridge Fire	97.036	(36)	FM5293	647,229	-
2020 Bobcat Fire - 4569 Disaster Recovery	97.036	(36)	DR4569-CA	4,142,536	-
Subtotal 97.036				25,519,068	-
Hazard Mitigation Grant					
Hazard Mitigation Grant Program	97.039	(37)	4407-221-082R	250,668	-
Emergency Management Performance Grants					
2019 Emergency Management Performance Grant	97.042		2019-0003	745,783	745,783
2020 Emergency Management Performance Grant	97.042		2020-006	405,915	341,596
2020 Emergency Management Performance Grant - Supplemental	97.042		2020-0019	857,607	385,846
Subtotal 97.042				2,009,305	1,473,225
Fire Management Assistance Grant					
2017 La Tuna Fire	97.046		FM5201	759,843	-
2017 Creek Fire	97.046		FM5225	607,873	-
Subtotal 97.046				1,367,716	-
Homeland Security Grant Program					
Homeland Security Grant Program (RTAC 19)	97.067	(38)	2019-0035	2,162,014	-
2018 Homeland Security Program 18	97.067	(38)	2018-0054	3,494,346	2,749,918
2019 Homeland Security Program 19	97.067	(38)	2019-0035	8,587,170	4,321,230
2020 Homeland Security Grant Program (RTAC)	97.067	(38)		580,101	-
Subtotal 97.067				14,823,631	7,071,148

See accompanying Notes to Schedule of Expenditures of Federal Awards.

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

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**COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing		Identifying Number	Federal	Passed
	Number (ALN)		Grantor (Note A)	Expenditures	Through to Subrecipients
Passed Through the California Governor's Office of Emergency Services/City of Los Angeles					
Homeland Security Grant Program					
Urban Area Security Initiative 19	97.067	(38)	C-136501	7,749	-
Urban Area Security Initiative 19	97.067	(38)	037-95050	106,871	-
Urban Area Security Initiative 20	97.067	(38)	037-95050	55,017	-
Urban Area Security Initiative 20	97.067	(38)	C138950	2,018,690	-
Urban Area Security Grant Program 19	97.067	(38)	2019-0035	1,560,348	-
Urban Area Security Grant Program 20	97.067	(38)	C-138950	3,361,635	-
Subtotal 97.067				7,110,310	-
Total U.S. Department of Homeland Security				53,691,895	8,544,373
U.S. Department of Housing and Urban Development					
Direct Program					
Lead Hazard Reduction Demonstration Grant Program					
Lead Hazard Reduction Demonstration Grant (LHRD)	14.905			11,641	-
Passed Through the Los Angeles County Development Authority					
Community Development Block Grants/Entitlement Grants					
95 th Street/ Normandie Park	14.218	(4) (16)		12,212	-
ALPR Stationary Cameras - East LA	14.218	(4) (16)	601907-17	9,447	-
Bike Patrol Pilot Program - Whittier Blvd.	14.218	(4) (16)	601937-21	59,713	-
CDBG Los Nietos Senior Program - 602328-21	14.218	(4) (16)	111742	83,347	-
Community Code Enforcement 4 th District	14.218	(4) (16)	600727-21	298,000	-
Community Code Enforcement East Los Angeles - 1 st District	14.218	(4) (16)	601956-21	188,000	-
East Los Angeles Caltrans Lots Security Improvements	14.218	(4) (16)	602360	6,578	-
East Los Angeles Parking Lot Lease Payment	14.218	(4) (16)	602026	15,942	-
Elderly Nutrition Program	14.218	(4) (16)	CV1102-20	8,925,149	8,467,229
Enhanced Patrol Walnut Park - Century Station	14.218	(4) (16)	601938-21	60,000	-
Equestrian Patrol Pilot Program - Industry Station	14.218	(4) (16)	601936-21	103,715	-
Just Kids Academy 11205 Western	14.218	(4) (16)	601834-6	8,424	-
Maravilla Disposition	14.218	(4) (16)	601469	16,212	-
Menos Barbershop	14.218	(4) (16)	601774-224	5,089	-
New Florence Library Project	14.218	(4) (16)	602206-20	194,608	-
Loma Alta Park Recreation Program	14.218	(4) (16)		13,376	-
Pamela Park Recreation Program	14.218	(4) (16)		32,662	-
Pearblossom Park Recreation Program	14.218	(4) (16)		5,010	-
Rowland Heights Youth Athletic League Program - Carolyn Rosas Park	14.218	(4) (16)		49,983	-
Unincorporated Areas Small Business Initiative	14.218	(4) (16)		111,000	-
Vermont Manchester Prop Maintenance	14.218	(4) (16)	602283	811	-
West Altadena Disposition	14.218	(4) (16)	601468	17,833	-
Subtotal 14.218				10,217,111	8,467,229
Passed Through the City of Downey					
Community Development Block Grants Section 108 Loan Guarantees					
Housing and Urban Development Community Development Block Grant Section 108 Loan	14.248		B-12-MC-06-0516	470,000	-
Total U.S. Department of Housing and Urban Development				10,698,752	8,467,229
U.S. Department of Justice					
Direct Program					
Services for Trafficking Victims					
Enhanced Collaborative Model to Combat Human Trafficking 18	16.320		2018-VT-BX-K088	80,024	-
Enhanced Collaborative Model to Combat Human Trafficking 21	16.320		15POVC-21-GK-04072-HT	104,333	-
Subtotal 16.320				184,357	-
PREA Program: Strategic Support for PREA Implementation					
Prison Rape Elimination Act	16.735			210,745	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number (ALN)	Identifying Number Assigned by Pass-Through Grantor (Note A)	Federal Expenditures	Passed Through to Subrecipients
DNA Backlog Reduction Program				
DNA Capacity Enhancement and Backlog Reduction Program	16.741	2019-DN-BX-0080	177,354	-
DNA Capacity Enhancement and Backlog Reduction Program	16.741	2020-DN-BX-0141	454,780	-
DNA Capacity Enhancement and Backlog Reduction Program	16.741	15PBJA-21-GG-03100	48,239	-
<i>Subtotal 16.741</i>			<u>680,373</u>	<u>-</u>
Economic, High-Tech, and Cyber Crime Prevention				
Intellectual Property Enforcement Program - Counterfeit and Piracy Enforcement (CAPE) 20	16.752	(18) 2020-IP-BX-0006	230,919	-
Second Chance Act Reentry Initiative				
Second Chance Act Reentry Initiative - Innovative Reentry Initiatives (IRI)	16.812		16,026	-
Comprehensive Opioid, Stimulant, and Substance Abuse Program				
Comprehensive Opioid Abuse Site Based Program	16.838		142,700	-
Comprehensive Opioid Abuse Site Based Program - Lead East LA	16.838		362,132	-
Comprehensive Opioid Abuse Site Based Program - Lead Hollywood Expansion	16.838		91,930	-
<i>Subtotal 16.838</i>			<u>596,762</u>	<u>-</u>
Equitable Sharing Program				
Asset Seizure and Forfeiture	16.922	CA019153A	1,194,270	-
Asset Seizure and Forfeiture	16.922		1,361,469	-
Domestic Cannabis Eradication Suppression Program (DCESP) 2021-24	16.922		267,051	-
Domestic Cannabis Eradication Suppression Program (DCESP) 2022-24	16.922		700,951	-
<i>Subtotal 16.922</i>			<u>3,523,741</u>	<u>-</u>
<i>Passed Through the City of Los Angeles</i>				
Edward Byrne Memorial Justice Assistance Grant Program				
Alternate Sentencing Program (APD) (JAG) 17	16.738	(17) JAG 2017-DJ-BX-0337	119,787	-
Alternate Sentencing Program (PD) (JAG) 17	16.738	(17) JAG 2017-DJ-BX-0337	35,164	-
Soledad Enrichment Action - Life Program (JAG) 17	16.738	(17) JAG 2017-DJ-BX-0337	26,695	-
Boys and Girls Club - College and Career Bound (JAG) 17	16.738	(17) JAG 2017-DJ-BX-0337	331	-
Sheriff Unincorporated Area Patrol Services Overtime (JAG) 18	16.738	(17) JAG 2018-DJ-BX-0296	4,340	-
Sheriff Supervisorial District 5 Patrol Services Overtime (JAG) 18	16.738	(17) JAG 2018-DJ-BX-0296	22,245	-
Alternate Sentencing Program (APD) (JAG) 18	16.738	(17) JAG 2018-DJ-BX-0296	100,491	-
Alternate Sentencing Program (PD) (JAG) 18	16.738	(17) JAG 2018-DJ-BX-0296	383,881	-
Soledad Enrichment Action - Life Program (JAG) 18	16.738	(17) JAG 2018-DJ-BX-0296	96,293	-
Boys and Girls Club - College and Career Bound (JAG) 18	16.738	(17) JAG 2018-DJ-BX-0296	33,264	-
Sheriff School Resource Deputy (JAG) 18	16.738	(17) JAG 2018-DJ-BX-0296	24,122	-
Sheriff Youth Activities League (JAG) 18	16.738	(17) JAG 2018-DJ-BX-0296	44,015	-
Jag City Clear Foothill	16.738	(17)	42,040	-
Jag City Clear Various Sites	16.738	(17)	336,319	-
Jag City Clear	16.738	(17) 2020-DJ-BX-0786	241,453	-
<i>Subtotal 16.738</i>			<u>1,510,440</u>	<u>-</u>
Economic, High-Tech, and Cyber Crime Prevention				
Intellectual Property Enforcement Program	16.752	(18) 2019-IP-BX-0004	45,579	-
<i>Passed Through the Board of State and Community Corrections</i>				
Edward Byrne Memorial Justice Assistance Grant Program				
Edward Byrne Memorial Justice Assistance Grant (JAG) Program 16, Mental Health Training	16.738	(17) BSCC 0034-1	3,052	-
<i>Passed Through the California Governor's Office of Emergency Services</i>				
Paul Coverdell Forensic Sciences Improvement Grant Program				
2020 California Coverdell Grant Program	16.742	CQ20 10 0190	41,488	-
2021 California Coverdell Grant Program	16.742	CQ21 11 0190	20,958	-
Paul Coverdell Forensic Science Improvement Program	16.742		114,062	-
<i>Subtotal 16.742</i>			<u>176,508</u>	<u>-</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number (ALN)	Identifying Number Assigned by Pass-Through Grantor (Note A)	Federal Expenditures	Passed Through to Subrecipients
Crime Victim Assistance				
Victim Witness Assistance Program (VWAP)	16.575	VW20390190, VW21400190	4,792,253	1,291,494
Underserved Victim Advocacy and Outreach Program (UV)	16.575	UV20030190, UV21040190	140,592	-
Human Trafficking Advocacy (HA) Program	16.575	HA20030190, HA21040190	128,637	-
County Victim Services (XC) Program	16.575	XC20030190, XC21040190	2,450,203	2,037,791
Elder Abuse (XE) Program	16.575	XE20030190, XE21040190	193,754	-
Subtotal 16.575			7,705,439	3,329,285
Total U.S. Department of Justice			14,883,941	3,329,285
<u>U.S. Department of Labor</u>				
<i>Passed Through the California Department of Aging</i>				
Senior Community Service Employment Program				
Older American Title V Project	17.235	TV2122-19	1,214,164	1,176,472
<i>Passed Through the California Employment Development Department</i>				
Workforce Innovation and Opportunity Act (WIOA) Adult Program				
1222 High Performing Boards	17.258 (5)	AA111012	3,846	-
1226 English Language Learner	17.258 (5)	AA111012	233,710	207,287
WIOA Adult	17.258 (5)	AA111012	4,937,644	4,937,644
WIOA Adult	17.258 (5)	AA211012	6,749,027	2,705,109
Subtotal 17.258			11,924,227	7,850,040
WIOA Youth Activities				
WIOA Youth	17.259 (5)	AA111012	823,090	823,090
WIOA Youth	17.259 (5)	AA211012	11,149,964	8,132,471
Subtotal 17.259			11,973,054	8,955,561
WIOA National Dislocated Worker Grants/WIA National Emergency Grants				
2018 CA Megafires NDWG - Workforce Development	17.277 (19)	AA111012	869,736	759,433
2020 September Wildfires Disaster Recovery - Temporary Jobs	17.277 (19)	AA111012	486,482	384,817
2020 September Wildfires Disaster Recovery - Workforce Development	17.277 (19)	AA111012	95,061	81,496
Subtotal 17.277			1,451,279	1,225,746
WIOA Dislocated Worker Formula Grants				
WIOA Dislocated Worker	17.278 (5) (20)	AA111012	2,007,170	2,007,170
WIOA Transfer DW To Adult (GC 500)	17.278 (5) (20)	AA111012	2,750,000	2,750,000
WIOA Dislocated Worker	17.278 (5) (20)	AA211012	2,057,258	648,222
WIOA Rapid Response	17.278 (5) (20)	AA211012	1,096,077	639,181
WIOA Layoff Version RR (GC 292)	17.278 (5) (20)	AA211012	62,355	-
WIOA Layoff Version RR (GC 293)	17.278 (5) (20)	AA211012	265,324	-
Subtotal 17.278			8,238,184	6,044,573
Hurricanes and Wildfires of 2017 Supplemental - National Dislocated Workers Grants				
2018 CA Megafires NDWG - Workforce Development	17.286	AA011012	220,098	220,098
2018 CA Megafires NDWG - Temporary Jobs	17.286	AA011012	196,674	166,995
Subtotal 17.286			416,772	387,093
Total U.S. Department of Labor			35,217,680	25,639,485
<u>U.S. Department of the Interior</u>				
<i>Direct Program</i>				
Invasive and Noxious Plant Management				
National Recreation Area Vacant Lot Weeding	15.230		2,338	-
WaterSMART (Sustain and Manage America's Resources for Tomorrow)				
USBR WaterSMART Water and Energy Efficiency Grant	15.507		15,855	-
<i>Passed Through the California State Controller's Office</i>				
Flood Control Act Lands				
Flood Control Act Lands	15.433		2,776	-
Total U.S. Department of the Interior			20,969	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

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

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COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number (ALN)	Identifying Number Assigned by Pass-Through Grantor (Note A)	Federal Expenditures	Passed Through to Subrecipients
<u>U.S. Department of Transportation</u>				
<i>Direct Program</i>				
Airport Improvement Program, COVID-19 Airports Programs, and Infrastructure Investment and Jobs Acts Programs				
Vacant Lot Clearance - Federal Aviation	20.106		2,843	-
Airport Improvement Program	20.106		169,960	-
Airport Rescue Grants	20.106		241,000	-
Subtotal 20.106			413,803	-
<i>Passed Through the Los Angeles Metropolitan Transportation Authority</i>				
New Freedom Program				
New Freedom Program	20.521	(7) CA 57-X084	299,494	283,975
<i>Passed Through the California Department of Transportation</i>				
Highway Planning and Construction				
Surface Transportation Program (STP)	20.205	(6) STPL-5953 (762), STPL-5953 (682), STPLR-7500 (284)	32,600	-
Highway Bridge Rehabilitation				
	20.205	(6) BRSL-5953 (621), BRSL-5217 (001), BRSL-5953 (615), BPMPL-5953 (707), BPMPL-5953 (680), BPMPL-5953 (688), BPMPL-5953 (708), BPMPL-5953 (726), BRNBISL-5953 (777), BRNBISL-5953 (788)	6,434,227	-
Transportation Enhancement Activities	20.205	(6) RPSTPLE-5953 (685)	2,016	-
Congestion Mitigation and Air Quality Program	20.205	(6) CMLNI-5953 (717), CML-5953 (765)	26,281	-
Emergency Relief Program				
	20.205	(6) ER4620 (002), ER-24A0 (002), ER-30X0 (002), ER-30X0 (007), ER-32L0 (519), ER-38MO (019), ER-38Y0 (001), ER-38Y0 (002), ER-38Y0 (003), ER-38Y0 (004), ER-38Y0 (016), ER-38Y0 (017), ER-38Y0 (018), ER-40A0 (083), ER-40A0 (084), ER-40A0 (093)	8,894,860	-
Highway Safety Improvement Program (HSIP)	20.205	(6) HSIPL-5953 (757), HSIPL-5953 (760), HSIPL-5953 (776)	125,527	-
Transportation Alternative Program	20.205	(6) ATPL-5953 (739)	21,703	-
Subtotal 20.205			15,537,214	-
Formula Grants for Rural Areas and Tribal Transit Program				
Public Transportation for Non-Urbanized Areas	20.509		453,763	-
<i>Passed Through the California Office of Traffic Safety</i>				
State and Community Highway Safety				
Office of Traffic Safety - Distracted Driving Program	20.600	(8) DD22005	108,596	-
Selective Traffic Enforcement Program (PT 22023), (State and Community Highway Safety 402PT)	20.600	(8)	305,845	-
Subtotal 20.600			414,441	-
Minimum Penalties for Repeat Offenders for Driving While Intoxicated				
Intensive Probation Supervision for High Risk Felony and Repeat DUI Offenders	20.608	AL21017	74,532	-
Intensive Probation Supervision for High Risk Felony and Repeat DUI Offenders	20.608	AL22010	232,486	-
Selective Traffic Enforcement Program (164AI-21)	20.608	PT 21174	318,593	-
Selective Traffic Enforcement Program (164AI-22)	20.608	PT 22023	769,258	-
Subtotal 20.608			1,394,869	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number (ALN)		Identifying Number Assigned by Pass-Through Grantor (Note A)	Federal Expenditures	Passed Through to Subrecipients
National Priority Safety Programs					
Office of Traffic Safety Program (OTS)	20.616	(8)	OP22005	113,139	-
Office of Traffic Safety - Pedestrian and Bicycle Safety Program	20.616	(8)	PS21040	190,508	-
Alcohol and Drug Impaired Driver Vertical Prosecution Program	20.616	(8)	DI21020, DI22004	1,457,467	-
Selective Traffic Enforcement Program	20.616	(8)	PT 21174	155,751	-
Subtotal 20.616				1,916,865	-
Total U.S. Department of Transportation				20,430,449	283,975
<u>U.S. Election Assistance Commission</u>					
<i>Passed Through the California Secretary of State</i>					
Help America Vote Act (HAVA) Requirements Payments					
HAVA: Voter's Choice Act	90.401		21S10101	700,000	-
HAVA: Voter's Choice Act	90.401		21S10052	768,211	-
Subtotal 90.401				1,468,211	-
Total U.S. Election Assistance Commission				1,468,211	-
<u>U.S. Environmental Protection Agency</u>					
<i>Direct Program</i>					
Congressionally Mandated Projects					
Water Infrastructure - Avenue J-12 and 50 th Street	66.202			94,702	-
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements					
Palos Verdes Fish Contamination - Enforcement Cooperative Agreement	66.802			2,219	-
<i>Passed Through the California Environmental Protection Agency</i>					
Drinking Water State Revolving Fund					
Drinking Water State Revolving Fund - Del Valle	66.468	(9)		2,702,614	-
Beach Monitoring and Notification Program Implementation Grants					
Public Beach Safety Program	66.472		D2114104	184,000	-
Total U.S. Environmental Protection Agency				2,983,535	-
<u>U.S. Executive Office of the President</u>					
<i>Direct Program</i>					
High Intensity Drug Trafficking Areas Program					
High Intensity Drug Trafficking Areas (HIDTA)	95.001		G21LA0005A	108,389	-
Total U.S. Executive Office of the President				108,389	-
<u>U.S. Fish and Wildlife Services</u>					
<i>Passed Through the California Department of Parks and Recreation</i>					
Boating Safety Financial Assistance					
Boating Safety and Enforcement Equipment Grant	97.012	(35)	C20L0615	44,073	-
Total U.S. Fish and Wildlife Services				44,073	-
<u>U.S. Institute of Museum and Library Services</u>					
<i>Passed Through the California State Library</i>					
Grants to States					
Lending Library Program	45.310		40-9231	102,227	-
Total U.S. Institute of Museum and Library Services				102,227	-
Total Expenditures of Non-COVID-19 Federal Awards				3,189,181,419	418,569,675

See accompanying Notes to Schedule of Expenditures of Federal Awards.

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

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**COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number (ALN)	Identifying Number Assigned by Pass-Through Grantor (Note A)	Federal Expenditures	Passed Through to Subrecipients
SCHEDULE OF EXPENDITURES OF COVID-19 FEDERAL AWARDS				
<u>U.S. Department of Treasury</u>				
<i>Direct Program</i>				
Coronavirus Relief Fund				
COVID-19 - Coronavirus Aid, Relief, and Economic Security Act (CARES Act)	21.019	(21)	123,041,210	24,905,874
Coronavirus State and Local Fiscal Recovery Funds				
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund (SLFRF)	21.027		261,378,570	3,820,579
<i>Passed Through the California Department of Finance</i>				
Coronavirus Relief Fund				
COVID-19 - Coronavirus Aid, Relief, and Economic Security Act (CARES Act) Coronavirus Relief Fund - State	21.019	(21)	27,001,710	-
<i>Passed Through the California Department of Housing and Community Development</i>				
Emergency Rental Assistance Program				
COVID-19 - Emergency Rental Assistance	21.023	ERAP1	2,121,347	-
Total U.S. Department of Treasury			<u>413,542,837</u>	<u>28,726,453</u>
<u>U.S. Department of Agriculture</u>				
<i>Direct Program</i>				
Food Insecurity Nutrition Incentive Grants Program				
COVID-19 - Increasing Fruit and Vegetable Intake Among Prediabetic and Diabetic Medicaid Recipients - COVID Relief 2020 (GUSNIP-CRF)	10.331	(14)	62,525	36,889
Total U.S. Department of Agriculture			<u>62,525</u>	<u>36,889</u>
<u>U.S. Department of Education</u>				
<i>Direct Program</i>				
Education Stabilization Fund				
COVID-19 - Education Stabilization Fund - Coronavirus Aid, Relief, and Economic Security Act (CARES Act) - Conah - Students	84.425		249,800	-
COVID-19 - Education Stabilization Fund - CARES Act - Conah - Institution	84.425		209,333	-
<i>Subtotal 84.425</i>			<u>459,133</u>	<u>-</u>
Total U.S. Department of Education			<u>459,133</u>	<u>-</u>
<u>U.S. Department of Health and Human Services</u>				
<i>Direct Program</i>				
National Organizations of State and Local Officials				
COVID-19 - Community Based Workforce to Increase COVID-19 Vaccinations in Underserved Communities	93.011		11,169,572	9,167,029
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)				
COVID-19 - ELC - Coronavirus Aid, Relief, and Economic Security Act (CARES Act)	93.323	(28)	3,983,719	-
COVID-19 - ELC	93.323	(28)	738,212	-
COVID-19 - ELC - PPPHEA	93.323	(28)	113,558,557	8,023,650
COVID-19 - ELC - AMD Technologies, Public Health Laboratory (PHL) Preparedness, and Travelers Health	93.323	(28)	1,219,549	-
COVID-19 - ELC - Project E - Emerging Infections ELC				
Reopening Schools	93.323	(28)	183,387,072	183,064,868
COVID-19 - ELC - Data Modernization	93.323	(28)	885,634	-
COVID-19 - ELC - Detection and Mitigation of COVID in Confinement Facilities	93.323	(28)	3,254,735	-
COVID-19 - ELC - AMD Sequencing and Analytics Construction Grant	93.323	(28)	109,283	-
COVID-19 - ELC - Project E - AMD Sequencing and Analytics and Strengthening PHL Preparedness	93.323	(28)	2,318,631	-
COVID-19 - ELC Detection and Mitigation of COVID in Homeless Services Sites and other Congregate Settings	93.323	(28)	1,706,614	-
COVID-19 - ELC Strengthening HAI and AR Program Capacity (SHARP)	93.323	(28)	10,000	-
COVID-19 - ELC Nursing Home and Long-Term Care Facilities				
Strike Teams - SNF	93.323	(28)	60,000	-
COVID-19 - ELC - Travelers Health	93.323	(28)	468,750	-
<i>Subtotal 93.323</i>			<u>311,700,756</u>	<u>191,088,518</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number (ALN)	Identifying Number Assigned by Pass-Through Grantor (Note A)	Federal Expenditures	Passed Through to Subrecipients
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response				
COVID-19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis	93.354		12,194,242	422,899
COVID-19 - Cooperative Agreement For Emergency Response: Public Health Crisis Response - Workforce Development	93.354	2529127	<u>3,211,746</u>	<u>701,972</u>
<i>Subtotal 93.354</i>			<u>15,405,988</u>	<u>1,124,871</u>
Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution				
COVID-19 - Increased Health Care-Related Expenses Attributable to Coronavirus	93.498		162,302,315	-
HIV Emergency Relief Project Grants				
COVID-19 - Ryan White HIV/AIDS Program Part A COVID-19 Response	93.914	(33)	275,454	275,454
<i>Passed Through the California Department of Aging</i>				
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals				
COVID-19 - American Rescue Plan Act (ARP) - Title VII-B Ombudsman Program	93.042	(10) (22) 2101CAOM6-00	118,301	118,301
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers				
COVID-19 - Coronavirus Aid, Relief, and Economic Security Act (CARES Act) - III B	93.044	(10) (23) 2001CASSC3-00	3,065,465	3,057,282
COVID-19 - American Rescue Plan Act (ARP) - Title III-B Supportive Services	93.044	(10) (23) AP2122-19	<u>5,975,693</u>	<u>5,460,193</u>
<i>Subtotal 93.044</i>			<u>9,041,158</u>	<u>8,517,475</u>
Special Programs for the Aging, Title III, Part C, Nutrition Services				
COVID-19 - American Rescue Plan Act (ARP) - Title C-1 Congregate Meals	93.045	(10) (24) AP2122-19	984,339	943,864
COVID-19 - Coronavirus Aid, Relief, and Economic Security Act (CARES Act) - HD	93.045	(10) (24) 2001CAHDC3-00	3,399,235	3,163,963
COVID-19 - Families First Coronavirus Response Act (FFCRA) - Older Americans Act (OAA) Congregate Nutrition: Federal Title III C1	93.045	(10) (24) 2001CACMC2-00	37,478	-
COVID-19 - FFCRA - OAA Home-Delivered Meals: Federal Title III C2	93.045	(10) (24) 2001CAHDC2-00	974,199	962,845
COVID-19 - Consolidated Appropriation Act, Nutrition OAA Federal Title III C2	93.045	(10) (24) AP2122-19	<u>2,819,062</u>	<u>2,819,062</u>
<i>Subtotal 93.045</i>			<u>8,214,313</u>	<u>7,889,734</u>
National Family Caregiver Support, Title III, Part E				
COVID-19 - Coronavirus Aid, Relief, and Economic Security Act (CARES Act) - III E	93.052	(10) (25) 2001CAFCC3-00	1,297,098	1,297,098
<i>Passed Through the California Department of Community Services and Development</i>				
Community Services Block Grant				
COVID-19 - Community Services Block Grant Coronavirus Aid, Relief, and Economic Security Act (CARES Act) - (CSBG CARES Act)	93.569	(30) 20F-3660	4,261,834	3,840,936
COVID-19 - Community Services Block Grant American Indian - CARES Act	93.569	(30) 20F-3744	385,454	383,967
COVID-19 - Community Services Block Grant American Indian - CARES Act Discretionary	93.569	(30) 20F-3744	<u>38,936</u>	<u>-</u>
<i>Subtotal 93.569</i>			<u>4,686,224</u>	<u>4,224,903</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number (ALN)	Identifying Number Assigned by Pass-Through Grantor (Note A)	Federal Expenditures	Passed Through to Subrecipients
<i>Passed Through the California Department of Health Care Services</i>				
Block Grants for Prevention and Treatment of Substance Abuse				
COVID-19 - American Rescue Plan Act (ARP) - Discretionary	93.959 (34)	21-10089	1,154,957	-
COVID-19 - ARP - Primary Prevention Set-Aside	93.959 (34)	21-10089	186,475	-
COVID-19 - ARP - Friday Night Live Set-Aside	93.959 (34)	21-10089	20,833	20,833
COVID-19 - Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) - Primary Prevention Set-Aside	93.959 (34)	21-10089	1,564,984	511,377
COVID-19 - CRRSAA - Friday Night Live Set-Aside	93.959 (34)	21-10089	20,833	20,833
COVID-19 - CRRSAA - Perinatal Set-Aside	93.959 (34)	21-10089	121,817	121,817
COVID-19 - CRRSAA - Adolescent/Youth Set-Aside	93.959 (34)	21-10089	152,478	152,478
COVID-19 - CRRSAA - Recovery Housing Support	93.959 (34)	21-10089	7,200,125	7,200,125
<i>Subtotal 93.959</i>			<u>10,422,502</u>	<u>8,027,463</u>
<i>Passed Through the California Department of Public Health</i>				
Immunization Cooperative Agreements				
COVID-19 - Vaccine Preventable Disease Control	93.268 (27)	17-10326	28,628,116	-
<i>Passed Through the California Department of Social Services</i>				
Refugee and Entrant Assistance State/Replacement Designee Administered Programs				
COVID-19 - Refugee Support Services (RSS) COVID-19 Supplemental	93.566 (29)	RSS2002	87,101	-
Elder Abuse Prevention Interventions Program				
COVID-19 - Adult Protective Services	93.747	CFL 20/21-88	610,166	-
Total U.S. Department of Health and Human Services			<u>563,959,064</u>	<u>231,730,846</u>
<u>U.S. Department of Homeland Security</u>				
<i>Passed Through the California Governor's Office of Emergency Services</i>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)				
COVID-19 - 2020 COVID-19	97.036 (36)	DR4482-CA	66,831,866	-
Total U.S. Department of Homeland Security			<u>66,831,866</u>	<u>-</u>
<u>U.S. Department of Housing and Urban Development</u>				
<i>Passed Through the Los Angeles County Development Authority</i>				
Community Development Block Grants/Entitlement Grants				
COVID-19 - Senior Program	14.218 (4) (16)		93,966	-
Emergency Solutions Grant Program				
COVID-19 - Emergency Solutions Grant Program Via Coronavirus Aid, Relief, and Economic Security Act (CARES Act) - Purposeful Aging L.A. - CVES 12-21	14.231	111970	61,019	-
COVID-19 - Emergency Solutions Grant Program Via the CARES Act (ESG-CV) - Temporary Emergency Shelter	14.231	C111870-CVES08-20	9,531,668	-
<i>Subtotal 14.231</i>			<u>9,592,687</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>9,686,653</u>	<u>-</u>
<u>U.S. Department of Justice</u>				
<i>Direct Program</i>				
Coronavirus Emergency Supplemental Funding Program				
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034		184,175	-
<i>Passed Through the Board of State and Community Corrections</i>				
Coronavirus Emergency Supplemental Funding Program				
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	BSCC 108-20	5,620,868	-
<i>Subtotal 16.034</i>			<u>5,805,043</u>	<u>-</u>
Total U.S. Department of Justice			<u>5,805,043</u>	<u>-</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number (ALN)	Identifying Number Assigned by Pass-Through Grantor (Note A)	Federal Expenditures	Passed Through to Subrecipients
<u>U.S. Department of Labor</u>				
<i>Passed Through the California Employment Development Department</i>				
WIOA National Dislocated Worker Grants/WIA National Emergency Grants				
COVID-19 - Disaster Recovery NDWG 1196 - Workforce Development	17.277 (19)	AA011012	196,137	136,044
COVID-19 - Disaster Recovery NDWG 1195 - Temporary Jobs	17.277 (19)	AA011012	209,431	156,541
<i>Subtotal 17.277</i>			<u>405,568</u>	<u>292,585</u>
WIOA Dislocated Worker Formula Grants				
COVID-19 - 1228 Response - Keep LA Working Phase II	17.278 (5) (20)	AA111012	168,664	83,367
Total U.S. Department of Labor			<u>574,232</u>	<u>375,952</u>
<u>U.S. Federal Communications Commission</u>				
<i>Direct Program</i>				
Emergency Connectivity Fund Program				
COVID-19 - American Rescue Plan Act (ARP) Emergency Connectivity Fund Program	32.009	ECF202111209	66,328	-
Total U.S. Federal Communications Commission			<u>66,328</u>	<u>-</u>
Total Expenditures of COVID-19 Federal Awards			<u>1,060,987,681</u>	<u>260,870,140</u>
Total Expenditures of Federal Awards			<u>\$ 4,250,169,100</u>	<u>\$ 679,439,815</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF LOS ANGELES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Legend

Amounts

(1) SNAP Cluster	\$ 327,751,814
(2) Child Nutrition Cluster	465,380
(3) Forest Service Schools and Roads Cluster	725,179
(4) CDBG - Entitlement Grants Cluster (Note C)	10,311,077
(5) WIOA Cluster (Note C)	32,304,129
(6) Highway Planning and Construction Cluster	15,537,214
(7) Transit Services Programs Cluster	299,494
(8) Highway Safety Cluster	2,331,306
(9) Drinking Water State Revolving Fund Cluster	2,702,614
(10) Aging Cluster (Notes B and C)	41,458,060
(11) CCDF Cluster	12,122,991
(12) Medicaid Cluster	586,069,909
(13) Student Financial Assistance Cluster	269,232
(14) Total for ALN #10.331 - Food Insecurity Nutrition Incentive Grants Program (Note C)	302,337
(15) Total for ALN #10.561 - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	327,751,814
(16) Total for ALN #14.218 - Community Development Block Grants/Entitlement Grants (Note C)	10,311,077
(17) Total for ALN #16.738 - Edward Byrne Memorial Justice Assistance Grant Program	1,513,492
(18) Total for ALN #16.752 - Economic, High-Tech, and Cyber Crime Prevention	276,498
(19) Total for ALN #17.277 - WIOA National Dislocated Worker Grants / WIA National Emergency Grants (Note C)	1,856,847
(20) Total for ALN #17.278 - WIOA Dislocated Worker Formula Grants (Note C)	8,406,848
(21) Total for ALN #21.019 - Coronavirus Relief Fund (Note C)	150,042,920
(22) Total for ALN #93.042 - Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals (Note C)	262,246
(23) Total for ALN #93.044 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers (Note C)	14,982,591
(24) Total for ALN #93.045 - Special Programs for the Aging, Title III, Part C, Nutrition Services (Note C)	20,621,076
(25) Total for ALN #93.052 - National Family Caregiver Support, Title III, Part E (Note C)	3,554,659
(26) Total for ALN #93.243 - Substance Abuse and Mental Health Services Projects of Regional and National Significance	516,800
(27) Total for ALN #93.268 - Immunization Cooperative Agreements (Note C)	33,962,842
(28) Total for ALN #93.323 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (Note C)	604,700,959
(29) Total for ALN #93.566 - Refugee and Entrant Assistance State/Replacement Designee Administered Programs (Note C)	4,216,146
(30) Total for ALN #93.569 - Community Services Block Grant (Note C)	10,171,405
(31) Total for ALN #93.575 - Child Care and Development Block Grant	6,553,079
(32) Total for ALN #93.778 - Medical Assistance Program	569,382,580
(33) Total for ALN #93.914 - HIV Emergency Relief Project Grants (Note C)	47,773,959
(34) Total for ALN #93.959 - Block Grants for Prevention and Treatment of Substance Abuse (Note C)	60,403,001
(35) Total for ALN #97.012 - Boating Safety Financial Assistance	124,073
(36) Total for ALN #97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters) (Note C)	92,350,934
(37) Total for ALN #97.039 - Hazard Mitigation Grant	301,776
(38) Total for ALN #97.067 - Homeland Security Grant Program	22,559,905

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

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

Note C - Includes COVID-19 awards

**COUNTY OF LOS ANGELES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards (SEFA) represents all federal programs of the County of Los Angeles, California (the County). The County's basic financial statements include the operations of the Los Angeles County Development Authority (LACDA) and the Los Angeles County Children and Families First – Proposition 10 Commission (First 5 LA), which expended \$563,792,135 and \$189,125, respectively, in federal awards, which are not included in the accompanying SEFA. The LACDA engaged auditors to perform an audit in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). First 5 LA did not meet the minimum threshold of \$750,000 and, therefore, was exempt from having an audit in accordance with Uniform Guidance. All federal financial assistance received directly from federal/State agencies, as well as federal financial assistance passed through other government agencies, is included in the SEFA.

NOTE 2 – BASIS OF ACCOUNTING

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

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

Assistance Listing Number (ALN)	Program Name
10.561	Supplemental Nutrition Assistance Program (SNAP) – Administration (CalFresh)
10.561	Supplemental Nutrition Assistance Program – Education (SNAP-ED)
14.218	ALPR Stationary Cameras – East LA
14.218	Community Code Enforcement 4 th District
14.218	Community Code Enforcement East Los Angeles 1 st District
14.218	Loma Alta Park Recreation Program
14.218	New Florence Library Project
14.218	Pamela Park Recreation Program
14.218	Pearblossom Park Recreation Program
14.218	Rowland Heights Youth Athletic League Program – Carolyn Rosas Park
14.218	Unincorporated Areas Small Business Initiative
14.905	Lead Hazard Reduction Demonstration Grant (LHRD)
16.738	Alternate Sentencing Program (APD) (JAG) 17
16.738	Alternate Sentencing Program (PD) (JAG) 17
16.738	Boys and Girls Club – College and Career Bound (JAG) 17
16.738	Soledad Enrichment Action – Life Program (JAG) 17

**COUNTY OF LOS ANGELES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 2 – BASIS OF ACCOUNTING-Continued

Assistance Listing Number (ALN)	Program Name
16.738	Alternate Sentencing Program (APD) (JAG) 18
16.738	Alternate Sentencing Program (PD) (JAG) 18
16.738	Boys and Girls Club – College and Career Bound (JAG) 18
16.738	Sheriff School Resource Deputy (JAG) 18
16.738	Sheriff Supervisorial District 5 Patrol Services Overtime (JAG) 18
16.738	Sheriff Unincorporated Area Patrol Services Overtime (JAG) 18
16.738	Sheriff Youth Activities League (JAG) 18
16.738	Soledad Enrichment Action – Life Program (JAG) 18
20.616	Alcohol and Drug Impaired Driver Vertical Prosecution Program
20.616	Office of Traffic Safety Program (OTS)
32.009	ARP Emergency Connectivity Fund Program
45.310	Lending Library Program
84.007	Supplemental Educational Opportunity Grants
84.063	Pell Grants
93.041	Title VII – Elder Abuse Prevention
93.090	Kinship Guardianship Assistance Payment Program (Kin-GAP) Title IV-E
93.136	National Violent Death Reporting System (NVDRS)
93.268	Vaccine Preventable Disease Control
93.556	Promoting Safe and Stable Families Program (PSSF)
93.558	CalWORKs Diversion
93.558	CalWORKs Family Group/Unemployed Parent (FG/U) Assistance
93.558	CalWORKs Legal Immigrants (MC)
93.558	CalWORKs Single
93.558	Temporary Assistance for Needy Families (TANF)
93.558	Pandemic Emergency Assistance Fund (PEAF)
93.563	Child Support Enforcement Title IV-D
93.566	COVID-19 Refugee Support Services (RSS) COVID-19 Supplemental
93.566	Refugee Employment Social Services
93.566	Refugee Health Assessment Program
93.566	Refugee Resettlement
93.566	Services to Older Refugees
93.569	Community Services Block Grant (CSBG)
93.569	COVID-19 CSBG Coronavirus Aid, Relief, and Economic Security Act (CARES Act)
93.576	Refugee Health Promotion Project (RHPP)
93.579	U.S. Repatriation Program
93.590	Community - Based Child Abuse Prevention

**COUNTY OF LOS ANGELES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 2 – BASIS OF ACCOUNTING-Continued

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

NOTE 3 – GRANT PROGRAMS REIMBURSED IN ARREARS

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

Pest Detection Emergency Program, ALN 10.025

<u>FY Exp. Incurred</u>	<u>FY Exp. Reimbursed</u>	<u>Amount</u>
20-21	21-22	\$507,600

**COUNTY OF LOS ANGELES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 3 – GRANT PROGRAMS REIMBURSED IN ARREARS-Continued

Pest Exclusion/Dog Teams Program, ALN 10.025

<u>FY Exp. Incurred</u>	<u>FY Exp. Reimbursed</u>	<u>Amount</u>
20-21	21-22	\$418,252

Glassy Winged Sharpshooter (GWSS), ALN 10.025

<u>FY Exp. Incurred</u>	<u>FY Exp. Reimbursed</u>	<u>Amount</u>
20-21	21-22	\$621,474

Asian Citrus Psyllid/Huanglongbing, ALN 10.025

<u>FY Exp. Incurred</u>	<u>FY Exp. Reimbursed</u>	<u>Amount</u>
20-21	21-22	\$221,557

NOTE 4 – COMMUNITY SERVICES BLOCK GRANTS, ALN 93.569

At the request of the California Health and Human Services Agency, Department of Community Services and Development, supplementary schedules of expenditures for Community Services Block Grant (CSBG) programs are included on pages 256 through 264.

NOTE 5 – MEDICAID CLUSTER

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

NOTE 6 – INDIRECT COST RATE

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

NOTE 7 – CORONAVIRUS DISEASE 2019 (COVID-19)

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

Federal CARES Act Funding

On April 23, 2020, the County received a CARES Act award of \$1.057 billion from the U.S. Department of the Treasury. The County is a prime recipient and received the direct payment under section 601(b) of the Social Security Act. The accompanying SEFA includes expenditures of CARES Act funds (ALN 21.019) in the amount of \$150.04 million that a) were necessary expenditures incurred due to the public health emergency with respect to COVID-19; b) were not accounted for in the budget most recently approved as of March 27, 2020; and c) were incurred during the period March 1, 2020 through December 30, 2021. The award's period of performance ended on December 31, 2021.

**COUNTY OF LOS ANGELES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 7 – CORONAVIRUS DISEASE 2019 (COVID-19)-Continued

As part of the County's CARES Act true-up and program closeout, the accompanying SEFA includes \$35.09 million CARES Act funds that were previously unreported. On February 3, 2021, the President of the United States directed the Federal Emergency Management Agency (FEMA) to waive the 25% share of cost and fully reimburse local governments at 100% for FEMA-eligible emergency costs retroactively to January 2020. Due to the change in cost sharing ratio, \$35.09 million of CARES Act funds from FY 2019-20 and FY 2020-21 were unreported. The CARES Act true-up and program closeout ensures transparency and enables the audited CARES Act amounts to tie to the amounts reported by the County to the U.S. Department of the Treasury.

Federal Emergency Management Agency Funding

The County received a \$119.00 million Public Assistance Grant from FEMA and a \$3.70 million Public Assistance Grant from the California Governor's Office of Emergency Services (Cal OES) for five expedited projects to respond to COVID-19. The five projects were for the 1) County's Emergency Operations Center and related emergency services/activities; 2) Non-congregate medical shelters; 3) COVID-19 testing; 4) Project Room Key – emergency non-congregate shelters for homeless individuals meeting certain criteria; and 5) Great Plates – emergency feeding for certain at-risk individuals. The accompanying SEFA includes FEMA COVID-19 public assistance expenditures of \$66.83 million (ALN 97.036).

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 (ARP) of 2021, which was enacted on March 11, 2021. During FY 2020-21, the County received \$160.07 million and \$84.72 million for ERA1 and ERA2, respectively.

For ERA1 and ERA2, the County entered into an agreement to direct the State of California to administer the County's funds to eliminate confusion for tenants and landlords because of the multiple programs amongst the multitude of jurisdictions within the State and the County. As part of the funding transfer agreement, the County was relieved of all ERA1 and ERA2 compliance responsibilities, which were transferred to the State. However, the accompanying SEFA includes \$2.12 million of ERA1 expenditures (ALN 21.023) for the administrative services reimbursed to LACDA as a contractor.

Coronavirus State and Local Fiscal Recovery Funds

The ARP of 2021 authorized the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) which 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 Coronavirus SLFRF 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.

On May 16, 2021, the County received the first tranche of \$974.99 million of Coronavirus SLFRF funds from the U.S. Department of Treasury and on June 9, 2022, the County received the second tranche of \$974.99 million. The County is a prime recipient. The accompanying SEFA includes expenditures of Coronavirus SLFRF funds (ALN 21.027) in the amount of \$261.38 million to: a) respond to the public health emergency or its negative economic impacts; b) respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers; 3) 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; 4) make necessary investments in water, sewer, or broadband infrastructure. The Coronavirus SLFRF funds must be obligated between March 3, 2021 and December 31, 2024, and expended to cover such obligations by December 31, 2026.

**COUNTY OF LOS ANGELES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 8 – CHILD CARE AND DEVELOPMENT FUND CLUSTER

In FYs 2019-20 through FY 2021-22, due to a timing issue, the Department of Children and Family Services (DCFS) used two different methodologies to report Child Care Development Fund (CCDF) Cluster expenditures. The following table summarizes the reported amounts, revised amounts, and corresponding variances. The DCFS CCDF Cluster total expenditure amount for FYs 2019-20 through FY 2021-22 remains unchanged at \$29,634,876.

Fiscal Year	Reported Amount	Revised Amount	Variance
2019-20	\$ 9,041,720	\$ 8,924,637	\$ 117,083
2020-21	11,131,984	9,812,806	1,319,178
2021-22	9,461,172	10,897,433	(1,436,261)
Total	<u>\$29,634,876</u>	<u>\$29,634,876</u>	<u>\$ -</u>



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

The Honorable Board of Supervisors
County of Los Angeles, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Los Angeles, California (County), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 19, 2022, except for the report on the schedule of expenditures of federal awards, the community services block grant supplementary schedules of revenue and expenditures, and the supplementary schedule of expenditures of federal and State awards granted by the California Department of Aging, as to which the date is March 29, 2023. Our report includes emphasis of matter paragraphs for the County's adoption of Governmental Accounting Standards Board Statement No. 87, *Leases*, and the advanced federal and State disaster assistance funding received by the County to supplement the County's recovery efforts related to the Coronavirus Disease 2019 pandemic. Our report includes a reference to other auditors who audited the financial statements of the Los Angeles County Development Authority, the Los Angeles County Children and Families First – Proposition 10 Commission, and the Los Angeles County Employees Retirement Association, as described in our report on the County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

A handwritten signature in black ink that reads "Macias Gini & O'Connell LLP". The signature is written in a cursive, flowing style.

Los Angeles, California
December 19, 2022



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

The Honorable Board of Supervisors
County of Los Angeles, California

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the County of Los Angeles, California's (County) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2022. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on the Sexually Transmitted Diseases (STD) Prevention and Control Grants (ALN 93.977) and the HIV Prevention Activities Health Department Based Program (ALN 93.940)

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Sexually Transmitted Diseases (STD) Prevention and Control Grants (ALN 93.977) and the HIV Prevention Activities Health Department Based program (ALN 93.940) for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2022.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with 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 qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on the Sexually Transmitted Diseases (STD) Prevention and Control Grants (ALN 93.977) and the HIV Prevention Activities Health Department Based Program (ALN 93.940)

As described in Findings 2022-008 and 2022-010 in the accompanying schedule of findings and questioned costs, the County did not comply with the requirements regarding the following:

Finding Number	Assistance Listing Number	Program/Cluster Name	Compliance Requirement
2022-008	93.977	Sexually Transmitted Diseases (STD) Prevention and Control Grants	Reporting
2022-010	93.940	HIV Prevention Activities Health Department Based	Reporting

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

Other Matter – Federal Expenditures Not Included in the Compliance Audit

The County's basic financial statements include the operations of the Los Angeles County Development Authority (LACDA) and the Los Angeles County Children and Families First – Proposition 10 Commission (First 5 LA), which expended \$563,792,135 and \$189,125, respectively, in federal awards, which are not included in the County's schedule of expenditures of federal awards for the year ended June 30, 2022. Our compliance audit, described in the Opinion for Each Major Federal Program, does not include the operations of LACDA and First 5 LA because LACDA engaged other auditors to perform an audit of compliance and First 5 LA did not issue a compliance report because it did not meet the audit requirements of the Uniform Guidance.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, 2022-003, 2022-004, 2022-005, 2022-006, 2022-007, and 2022-009. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-001 through 2022-010 to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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

A handwritten signature in black ink that reads "Macias Gini E O'Connell LEP". The signature is written in a cursive, flowing style.

Los Angeles, California
March 29, 2023

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section I - Summary of Auditor's Results

(a) Financial Statements

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

Internal control over financial reporting:

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

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

(b) Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? **Yes**
- Significant deficiency(ies) identified? **No**

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

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

- ALN 93.977 - Sexually Transmitted Diseases (STD) Prevention and Control Grants
- ALN 93.940 - HIV Prevention Activities Health Department Based

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

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Identification of major federal programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
14.231	Emergency Solutions Grant Program
20.205	Highway Planning and Construction Cluster
21.019	Coronavirus Relief Fund
21.027	Coronavirus State and Local Fiscal Recovery Funds
93.011	National Organizations of State and Local Officials
93.041, 93.042, 93.043, 93.044, 93.045, 93.052, 93.053	Aging Cluster
93.090	Guardianship Assistance
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
93.498	Provider Relief Fund and American Rescue Plan (ARP) Rural Distribution
93.889	National Bioterrorism Hospital Preparedness Program
93.940	HIV Prevention Activities Health Department Based
93.575, 93.596	CCDF Cluster
93.777, 93.778	Medicaid Cluster
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.977	Sexually Transmitted Diseases (STD) Prevention and Control Grants

Dollar threshold used to distinguish between Type A and Type B programs: **\$12,750,507**

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

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings

None noted for FY 2021-22

Section III – Federal Award Findings and Questioned Costs

Reference Number:	2022-001
Federal Program Title:	National Bioterrorism Hospital Preparedness Program
Federal Assistance Listing Number:	93.889
Federal Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	N/A
Federal Award Number and Year:	5 U3REP190604-03-00; Fiscal Year 2021-22
Name of Department:	Department of Health Services
Category of Finding:	Procurement and Suspension and Debarment

Criteria

In accordance with Title 2 Code of Federal Regulations (2 CFR) §200.318:

- (i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.

2 CFR §200.319 states:

- (a) All procurement transactions for the acquisition of property or services required under a Federal award must be conducted in a manner providing full and open competition consistent with the standards of this section and § 200.320.

2 CFR §200.320 states:

The non-Federal entity must have and use documented procurement procedures, consistent with the standards of this section and § 200.317, 200.318, and 200.319 for any of the following methods of procurement used for the acquisition of property or services required under a Federal award or sub-award.

Condition

During our audit of the Department of Health Services' (DHS) compliance with the procurement requirement for the National Bioterrorism Hospital Preparedness Program, we noted that for one (1) contract, DHS did not provide documentation related to the history of the procurement. Therefore, we were unable to determine whether DHS complied with the procurement requirements related to the method of procurement, competition, and the basis for the contract price.

Cause

The Director of the DHS, or designee, had delegated authority from the County Board of Supervisors to select, negotiate, and execute agreements with a maximum contract obligation not to exceed \$500,000 annually per agreement, per award term. However, DHS was still required to follow the County's procurement policies.

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Effect

Failure to document the history of procurements results in noncompliance with the procurement requirements with 2 CFR 200.317, 200.318, 200.319 and 200.320.

Questioned Costs

Questioned costs were not identified.

Context

For the four (4) contracts selected for testing, which totaled \$478,418 from a population of eleven (11) contracts with expenditures totaling \$594,798, DHS did not provide documentation of the history of procurement for one (1) contract.

The sample was not a statistically valid sample.

Recommendation

We recommend that DHS maintain records sufficient to detail the history of procurement and to ensure compliance with procurement requirements.

Views of Responsible Officials and Planned Corrective Action

1. Person responsible: Nursing Director, Department of Health Services
2. Corrective action plan:

DHS agrees with the finding and recommendation. DHS will remind staff via electronic memoranda to ensure compliance with federal and County procurement requirements and maintain records sufficient to detail the history of the procurement.

3. Anticipated implementation date: April 1, 2023

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Reference Number: 2022-002
Federal Program Title: National Bioterrorism Hospital Preparedness Program
Federal Assistance Listing Number: 93.889
Federal Agency: U.S. Department of Health and Human Services
Pass-Through Entity: N/A
Federal Award Number and Year: 5 U3REP190604-03-00; Fiscal Year 2021-22
Name of Department: Department of Health Services
Category of Finding: Reporting

Criteria

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

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

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

Condition

During our audit of the Department of Health Services’ (DHS) compliance with the reporting requirement for the National Bioterrorism Hospital Preparedness Program, we noted that DHS was not able to demonstrate it submitted the required FFAFTA reports timely for seventeen (17) of its subawards. Furthermore, DHS did not submit a FFAFTA report for one (1) of its subaward.

Report Name	Number of Subawards	Subaward Obligation Date	Due Date	Reporting Period	Date Submitted
FFATA	1	September 2021	10/31/2021	September 2021	Not provided
FFATA	16	March 2022	4/30/2022	May 2022	Not provided
FFATA	1	June 2022	7/31/2022	N/A	Not submitted

Cause

DHS was unable to access the submittal history for the reports because the previous employee responsible for FFATA reporting was no longer a DHS employee.

Effect

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

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Questioned Costs

Questioned costs were not identified.

Context

Eighteen (18) subawards requiring the submission of a FFATA report were selected from a total population of seventy eight (78) subawards. For seventeen (17) subawards, we were unable to determine whether the reports were submitted timely; and one (1) subaward was not reported.

The sample was not a statistically valid sample.

Recommendation

We recommend that the DHS strengthen its report submission process to ensure all reports are submitted by the defined due date and retain documentation evidencing submission of the report.

Views of Responsible Officials and Planned Corrective Action

1. Person responsible: Finance Manager, Department of Health Services
2. Corrective action plan:

The Department of Health Services' Emergency Medical Services Agency (EMS) agrees with the finding and recommendation. EMS will strengthen its report submission process to ensure all reports are submitted by the defined due date and retain documentation evidencing submission of the report. The EMS' HPP Coordinator will identify each sub-awardee that meets the \$30,000 FFATA threshold and will provide the information to EMS Finance to review and process payment. Before any payment is completed, EMS will obtain and confirm all Unique Entity Identifier (UEI) numbers from the sub-awardees are active prior to issuing any checks. EMS will log all sub-awardees that have reached the threshold into a report and will submit the FFATA report via SAM.gov before the defined due date. To avoid access issues in retrieving submitted documents via the System for Award Management (SAM.gov) website, EMS will retain copies of all reports that include the submission dates.

3. Anticipated implementation date: April 27, 2023

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Reference Number: 2022-003
Federal Program Title: National Organizations of State and Local Officials
Federal Assistance Listing Number: 93.011
Federal Agency: U.S. Department of Health and Human Services
Pass-Through Entity: N/A
Federal Award Number and Year: 4 U3SHS42183-01-02; Fiscal Year 2021-22
Name of Department: Department of Public Health
Category of Finding: Reporting

Criteria

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

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

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

Condition

During our audit of the Department of Public Health’s (DPH) compliance with the reporting requirement for the National Organizations of State and Local Officials program, we noted that DPH was not able to demonstrate it submitted the required FFATA report timely for one (1) of its subrecipients.

Report Name	Subaward Obligation Date	Due Date	Reporting Period	Date Submitted
FFATA	12/09/2021	1/31/2022	January 2022	Not Provided

Cause

The non-adherence of the FFATA requirement was an oversight by Providing Education, Engagement, Resources and Services (PEERS) project staff. When this issue was identified in 2022, PEERS project staff ensured that contract information was submitted in May 2022.

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Effect

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

Questioned Costs

Questioned costs were not identified.

Context

One (1) subaward requiring the submission of a FFATA report was selected from a total population of one (1) subrecipient award, and we were unable to determine if the FFATA report was submitted timely.

The sample was not a statistically valid sample.

Recommendation

We recommend that the DPH strengthen its report submission process to ensure all reports are submitted by the defined due date and retain documentation evidencing submission of the report.

Views of Responsible Officials and Planned Corrective Action

1. Person responsible: Planning, Integration, and Engagement Division Director, Department of Health Services
2. Corrective action plan:

DPH agrees with the finding and recommendation. DPH will continue to monitor subawards upon execution and monthly to identify when a subrecipient surpasses the threshold triggering FFATA reporting. DPH will also retain screenshots or printouts when submitting FFATA reports to document the submission date.
3. Anticipated implementation date: March 31, 2023

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Reference Number:	2022-004
Federal Program Title:	HIV Prevention Activities Health Department Based
Federal Assistance Listing Number:	93.940
Federal Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	N/A
Federal Award Number and Year:	5 NU62PS924619-02-00, 5 NU62SP924619-03-00, 5 NU62PS924569-04-00, 6 NU62PS924569-05-03; Fiscal Year 2021-22
Name of Department:	Department of Public Health
Category of Finding:	Subrecipient Monitoring

Criteria

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

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

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Condition

During our audit of the HIV Prevention Activities Health Department Based program, we selected nine (9) subrecipients with active contracts with the Department of Public Health (DPH) during FY 2021-22 and noted that one or more of the required elements defined in 2 CFR §200.332 (a)(1) were not included for one (1) subrecipient.

Cause

It was an oversight that DPH did not communicate and inform one of its subrecipients about their subaward.

Effect

Failure to provide all the required subaward information may result in subrecipients incorrectly reporting on federal pass-through awards in their Single Audit reports.

Questioned Costs

Questioned costs were not determinable.

Context

For the nine (9) subrecipients selected for testing, which totaled \$3,920,284 from a population of fifty-two (52) subrecipients with expenditures totaling \$7,279,260, DPH did not communicate all of the required subaward data elements for one (1) subrecipient.

The sample was not a statistically valid sample.

Recommendation

We recommend that for the subrecipient that was not provided the required elements, DPH provide a letter or amended agreement to include all the required elements of 2 CFR §200.332(a).

Views of Responsible Officials and Planned Corrective Action

1. Person responsible: Division Director, Division of HIV and STD Program (DHSP), Department of Public Health
2. Corrective action plan:

DPH agrees with the finding and recommendations. DPH will notify its subrecipients about their subawards and include any changes in subsequent subaward modifications. DHSP will strengthen its review processes to complete and include the Notice of Federal Subaward Information form as part of the contract copy at the time of the contract execution.
3. Anticipated implementation date: May 13, 2023

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Reference Number:	2022-005
Federal Program Title:	Coronavirus Relief Fund
Federal Assistance Listing Number:	21.019
Federal Agency:	U.S. Department of Treasury
Pass-Through Entity:	N/A
Federal Award Number and Year:	Fiscal Year 2021-22
Name of Department:	County Executive Office
Category of Finding:	Subrecipient Monitoring

Criteria

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

- (a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:

(1) Federal award identification:

- (i.) Subrecipient name (which must match the name associated with its unique entity identifier);
- (ii.) Subrecipient's unique entity identifier;
- (iii.) Federal Award Identification Number (FAIN);
- (iv.) Federal Award Date (see the definition of Federal award date in § 200.1 of this part) of award to the recipient by the Federal agency;
- (v.) Subaward Period of Performance Start and End Date;
- (vi.) Subaward Budget Period Start and End Date;
- (vii.) Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;
- (viii.) Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current financial obligation;
- (ix.) Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;
- (x.) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
- (xi.) Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;
- (xii.) Assistance Listings number and Title; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings Number at time of disbursement;
- (xiii.) Identification of whether the award is R&D; and
- (xiv.) Indirect cost rate for the Federal award (including if the de minimis rate is charged) per § 200.414.

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

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

Condition

During our audit of the Coronavirus Relief Fund (CRF) program, we selected three (3) subrecipients with active contracts with the County during FY 2021-22. Two (2) of the contracts administered by the Chief Executive Office (CEO) did not include one or more of the required elements defined in 2 CFR §200.332 (a)(1)(2)(3)(5) and (6) in the subrecipients' agreements.

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

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

This is a repeat finding of 2021-009.

Cause

The CRF program was a new program in FY 2020-21 and due to the challenges of remote work and other resource constraints of the COVID-19 pandemic, the County had difficulty coordinating the distribution of funds to comply with administrative requirements and focused on getting the monies out to the communities in need.

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Effect

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

Questioned Costs

Questioned costs were not determinable.

Context

For two (2) of the three (3) subrecipients selected for testing, which totaled \$15,976,682 from a population of fifty-nine (59) subrecipients with expenditures totaling \$24,905,874, the departments did not communicate all of the required subaward data elements or communicate clear expectations on reporting requirements.

The sample was not a statistically valid sample.

Recommendation

We recommend the County perform the following:

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

Views of Responsible Officials and Planned Corrective Action

1. Person responsible: Division Chief, Auditor-Controller Accounting Division
2. Corrective action plan:

The County agrees with the finding and recommendation. On September 12, 2022, the County issued the "Notice of Federal Subaward Information Template and Subrecipient Monitoring" memo, which provided departments with a template to communicate the 14 subrecipient reporting requirements from 2 CFR §200.332(a) to their subrecipients at the time of the subaward. The memo also reminded departments to provide all the required elements from 2 CFR §200.332(a) to existing CRF subrecipients that were not initially provided all the requirements. In addition, the memo reminded departments that subrecipient agreements must include detailed expectations for periodic reporting and timing of reporting submission.

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

On January 12, 2023, the County issued the "CARES and ARP Act Funds Subrecipient Monitoring" memo, which reminded departments that subrecipient agreements must include data encryption requirements. The memo also reminded departments that existing subrecipient agreements without data encryption requirements will need to be amended by departments.

In May 2023, during the Single Audit Kick-off annual meeting, the County will include the issued "Notice of Federal Subaward Information Template" on the presentation slides and remind departments that the template should be used to communicate the 14 subrecipient reporting requirements. The County will also reiterate that departments need to maintain documentation that the template was provided to subrecipients at the time of the subaward and existing subrecipients that were not initially provided all the subaward requirements.

3. Anticipated implementation date: May 31, 2023

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Reference Number:	2022-006
Federal Program Title:	Highway Planning and Construction
Federal Assistance Listing Number:	20.205
Federal Agency:	U.S. Department of Transportation
Pass-Through Entity:	California Department of Transportation
Federal Award Number and Year:	ER-30X0 (002); ER-30X0 (007); Fiscal Year 2021-22
Name of Department:	Department of Public Works
Category of Finding:	Procurement and Suspension and Debarment

Criteria

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

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

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

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

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

Condition

During our audit of the Highway Planning and Construction program, we noted that the Department of Public Works (DPW) was not able to provide documentation to demonstrate DPW verified that a vendor was not suspended or debarred from participating in federally funded contracts prior to entering into a covered transaction for three (3) of the twelve (12) vendors selected for testing. Based on a subsequent review of the SAM exclusions, the vendor is not suspended or debarred.

This is a repeat finding of 2021-001.

Cause

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

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Effect

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

Questioned Costs

Questioned costs were not identified.

Context

Of the twelve (12) vendors with eighteen (18) contracts selected for testing, which totaled \$15,433,004 from a population of \$16,732,597 and seventy one (71) contracts, there were three (3) contracts without evidence that the verification of suspension and debarment was performed before entering into a covered transaction. The three contracts were executed in FY 2011-12, FY 2012-13 and FY 2016-17, respectively; and were included in the FY 2021-22 SEFA due to DPW receiving additional federal funds in FY 2021-22 to cover prior year expenditures.

This was not a statistically valid sample.

Recommendation

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

Views of Responsible Officials and Planned Corrective Action

1. Person responsible: Acting Administrative Deputy, Public Works
2. Corrective action plan:

This is a repeat finding of 2021-001. Public Works (PW) agrees with the finding and recommendation. Effective August 1, 2022, PW implemented corrective actions to 1) include a debarment contract clause of condition to the covered transaction with that person or vendor, 2) Divisions are responsible to check the vendor debarment status on System for Award Management (SAM) prior to entering into a contract and maintain documentation of that verification, or 3) collect a debarment certification from that person or vendor. Also, PW has revised the Purchase Request (PR) form used by PW end users to purchase most materials, supplies, and services by adding a field to identify projects/requests funded with federal grants. All PW end users must complete the PR form, including the federal funding information, prior to issuance of a purchase order. By May 31, 2023, PW will similarly revise its rental equipment request form, which is used in lieu of the general PR form noted above.

Additionally, we requested that Internal Services Department (ISD) revise the debarment language on their contract solicitations to identify any contractors who may be debarred or suspended.

3. Anticipated implementation date: May 31, 2023

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Reference Number:	2022-007
Federal Program Title:	Guardianship Assistance
Federal Assistance Listing:	93.090
Federal Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	California Department of Social Services
Federal Award Number and Year:	CFL No.16/17-69, 14/15-40, 11/12-18; Fiscal Year 2021-22
Name of Department:	Department of Children and Family Services
Category of Finding:	Eligibility

Criteria

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

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

Condition

Of the sixty (60) samples selected for testing, we noted that for two (2) samples the form (KG 3) Kin-GAP Mutual Agreement for Nonminor Former Dependents was not provided. Therefore, we were not able to verify that the agreement for the participant was signed and was in effect when benefits were paid.

This is a repeat finding of 2021-003.

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Cause

The required form for participants, the Kin-GAP Mutual Agreement for Nonminor Former Dependents (KG 3), could not be located. DCFS management represented that they were most likely misplaced.

Effect

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

Questioned Costs

\$1,059 (known questioned costs based on FY 2021-22 assistance payments for the 2 samples)

Context

From a population of \$33,700,076 of FY 2021-22 assistance payments, two (2) samples with total payments of \$1,059 were noted.

The sample was not a statistically valid sample.

Recommendation

We recommend that DCFS maintain required form Kin-GAP Mutual Agreement for Nonminor Former Dependents (KG 3) in the Guardianship Assistance case files.

Views of Responsible Officials and Planned Corrective Action

1. Person responsible: Interim Division Chief, Department of Children and Family Services
2. Corrective action plan:

The Department agrees with the finding and recommendation. A memo will be issued to all Kin-GAP eligibility staff to remind them of their responsibility to ensure that all required Kin-GAP documents and forms are received and reviewed for accuracy prior to the continuance of Kin-GAP funding beyond age 18. The memo will also instruct the eligibility staff to ensure that all required documents are maintained in the Kin-GAP case file. Additionally, the Quality Assurance Eligibility Supervisors (QA/ES) will randomly sample and review additional Non-Minor Kin-GAP case files to ensure all required forms are received, and are appropriately filed in the case file.

3. Anticipated implementation date: March 23, 2023

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Reference Number: 2022-008
Federal Program Title: Sexually Transmitted Diseases (STD) Prevention and Control Grants
Federal Assistance Listing Number: 93.977
Federal Agency: U.S. Department of Health and Human Services
Pass-Through Entity: N/A
Federal Award Number and Year: 6 NH25PS005130-03-03; Year 2021
6 NH25PS005130-04-01; Year 2022
Name of Department: Department of Public Health
Category of Finding: Reporting

Criteria

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

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

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

Condition

During our audit of the Department of Public Health’s (DPH) compliance with the reporting requirement for the Sexually Transmitted Diseases (STD) Prevention and Control Grants program, we noted that DPH did not submit a FFATA report for one (1) of its subawards.

Report Name	Subaward Obligation Date	Due Date	Reporting Period	Date Submitted
FFATA	December 2021	01/31/2022	N/A	Not submitted

Cause

Due to working on deadlines for the annual closing of multiple grants and claims submissions, it was an oversight that the FFATA report was not submitted on time.

Effect

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

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Questioned Costs

Questioned costs were not identified.

Context

One (1) subaward requiring the submission of a FFATA report was selected from a total population of two (2) subrecipient awards, and a report was not submitted for that one (1) subaward.

The sample was not a statistically valid sample.

Recommendation

We recommend that the DPH strengthen its report submission process to ensure all reports are identified and submitted by the defined due date and retain documentation evidencing submission of the report.

Views of Responsible Officials and Planned Corrective Action

1. Person responsible: Division Director, Division of HIV and STD Program (DHSP), Department of Public Health
2. Corrective action plan:

DPH agrees with the finding and recommendations. DPH will continue monitoring subawards upon execution and monthly to identify when a subrecipient surpasses the threshold triggering FFATA reporting. DPH will also retain screenshots or printouts when submitting FFATA reports documenting the submission date.
3. Anticipated implementation date: May 31, 2023

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Reference Number: 2022-009
Federal Program Title: Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
Federal Assistance Listing Number: 93.323
Federal Agency: U.S. Department of Health and Human Services
Pass-Through Entity: N/A
Federal Award Number and Year: 6 NU50CK000498-01-09;
 6 NU50CK000498-02-04;
 6 NU50CK000498-02-06; Fiscal Year 2021-22
Name of Department: Department of Public Health
Category of Finding: Reporting

Criteria

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

Title 2 Code of Federal Regulations (2 CFR) §200.303 states that the non-Federal entity must:

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

Condition

During our audit of the Department of Public Health’s (DPH) compliance with the reporting requirement to file FFATA Reports for the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) program, we noted that DPH submitted the FFATA reports for three (3) subawards after the due date.

Report Name	Number of Subawards	Subaward Obligation Date	Reporting Period	Due Date	Date Submitted
FFATA	2	6/07/2021	July 2021	8/31/2021	8/05/2022
FFATA	1	8/25/2020	August 2020	9/30/2020	8/05/2022

This is a repeat finding of 2021-006.

Cause

Due to limited staff and competing deadlines, it was an oversight that three (3) FFATA reports were not submitted.

Effect

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

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Questioned Costs

Questioned costs were not identified.

Context

Three (3) subawards requiring the submission of a FFATA report were selected from a total population of five (5) subawards, and three (3) subawards did not file FFATA reports timely.

The sample was not a statistically valid sample.

Recommendation

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

Views of Responsible Officials and Planned Corrective Action

1. Person responsible: Communicable Disease Control and Prevention Director, Department of Public Health
2. Corrective action plan:

DPH agrees with the finding and recommendation. DPH will continue monitoring subawards upon execution and monthly to identify when a subrecipient surpasses the threshold triggering FFATA reporting. DPH will also retain screenshots or printouts when submitting FFATA reports to document the submission date.
3. Anticipated implementation date: March 9, 2023

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Reference Number:	2022-010
Federal Program Title:	HIV Prevention Activities Health Department Based
Federal Assistance Listing Number:	93.940
Federal Agency:	U.S. Department of Health and Human Services
Pass-Through Entity:	N/A
Federal Award Number and Year:	5 NU62PS924619-02-00, 5 NU62SP924619-03-00, 5 NU62PS924569-04-00, 6 NU62PS924569-05-03; Fiscal Year 2021-22
Name of Department:	Department of Public Health
Category of Finding:	Reporting

Criteria

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

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

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

Condition

During our audit of the Department of Public Health’s (DPH) compliance with the reporting requirement for the HIV Prevention Activities Health Department Based program, we noted that DPH did not submit a FFATA report for nine (9) of its subawards.

Cause

Due to working on deadlines for the annual closing of multiple grants and claims submissions, it was an oversight that the FFATA report was not submitted on time.

Effect

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

Questioned Costs

Questioned costs were not identified.

**COUNTY OF LOS ANGELES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Context

Nine (9) subawards requiring the submission of a FFATA report were selected for testing from a total population of fifty two (52) subrecipient awards, and reports were not submitted for all nine (9) subawards selected.

The sample was not a statistically valid sample.

Recommendation

We recommend that the DPH strengthen its report submission process to ensure all reports are identified and submitted by the defined due date, and retain documentation evidencing submission of the report.

Views of Responsible Officials and Planned Corrective Action

1. Person responsible: Division Director, Division of HIV and STD Program (DHSP), Department of Public Health
2. Corrective action plan:

DPH agrees with the finding and recommendations. DPH will continue monitoring subawards upon execution and monthly to identify when a subrecipient surpasses the threshold triggering FFATA reporting. DPH will also retain screenshots or printouts when submitting FFATA reports documenting the submission date.
3. Anticipated implementation date: May 31, 2023

**COUNTY OF LOS ANGELES
STATUS OF PRIOR YEARS' FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

FINANCIAL STATEMENT FINDINGS:

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

Condition

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

Recommendation

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

Current Year Management Response

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

Current Status as of June 30, 2022

Partially implemented.

**COUNTY OF LOS ANGELES
STATUS OF PRIOR YEARS' FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

FEDERAL AWARD FINDINGS:

Finding 2021-001 – DPW – Procurement and Suspension and Debarment

ALN 20.205 Highway Planning and Construction

Condition

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

Recommendation

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

Current Year Management Response

Effective December 2022, PW revised the PR form used by PW end users to purchase materials, supplies, and services by adding a field to identify projects/requests funded with federal grants. All PW end users must complete the PR form, including the federal funding information, prior to submitting to PW Procurement for processing.

If divisions indicate the request is federally funded, they are responsible for checking SAM and providing documentation that the vendor has not been debarred. PW Procurement will not process the request until such documentation has been provided.

Internal Services Department has indicated they will revise the debarment language by the end of November 2022 on their contract solicitations to identify any contractors who may be debarred or suspended.

Current Status as of June 30, 2022

Not implemented. See current year finding 2022-006.

Finding 2021-002 – DPSS – Special Tests and Provisions – Tri-Partite Board Compliance

ALN 93.569 Community Services Block Grant (CSBG)

Condition

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

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

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

Recommendation

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

Current Year Management Response

As reported in the prior year's response dated June 15, 2022, the Low-income vacancy from April 20, 2017, was filled on August 19, 2021, and the Low-Income vacancy from December 20, 2012, was filled on November 18, 2021, comprising a full board. Additionally, as previously reported, the Public Sector vacancy was filled as of February 9, 2021.

Current Status as of June 30, 2022

Implemented.

Finding 2021-003 – DCFS – Eligibility

ALN 93.090 Guardianship Assistance

Condition

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

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

Recommendation

We recommend that DCFS maintain required documentation and forms for Agency-Relative Guardianship Disclosure (SOC 369), Kin-GAP Mutual Agreement for Nonminor Former Dependents (KG 3) and Kin-GAP Mutual Agreement for 18 Year Olds (KG 1) for the Guardianship Assistance case files.

Current Year Management Response

On August 4, 2022, a Memo was sent to all Kin-GAP Intake eligibility staff reminding them to ensure that all documents are thoroughly reviewed for required signatures before processing the case, and any unsigned forms are to be returned to the CSW for corrections before issuance of any Kin-GAP funds. Additionally, Kin-GAP Redetermination eligibility staff are to ensure that required extended Kin-GAP forms are completed, received, and reviewed for eligibility before the issuance of any funding beyond age 18. Kin-GAP managers will review a monthly report that will identify youth nearing their 18th birthday and will

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notify their eligibility staff on cases that need immediate action. The QA/ES staff continue to randomly sample and review Kin-GAP case files to ensure forms are completed accurately and are filed in the case.

Current Status as of June 30, 2022

Not Implemented. See current year finding 2022-007.

Finding 2021-004 – DHS – Procurement and Suspension and Debarment

ALN 93.889 National Bioterrorism Hospital Preparedness Program

Condition

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

Recommendation

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

Current Year Management Response

As of July 1, 2022, the Department of Health Services' Emergency Medical Services (EMS) checks the SAM exclusions prior to entering into a contract, maintains documentation of the verification, and added a clause to the contract that requires vendors to certify that they are not suspended or debarred. EMS Program Managers ensure they obtain approval from the Assistant Nursing Director before submitting purchase order requests that use Hospital Preparedness Program (HPP) grant funds to ensure compliance with federal grant requirements. EMS Finance Manager reviews contract expenditures involving HPP grant funds to ensure the expenditure was posted to the correct funding source.

Current Status as of June 30, 2022

Not Implemented.

Finding 2021-005 – DPH – Subrecipient Monitoring

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

Condition

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

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Recommendation

We recommend that DPH perform the following procedures:

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

Current Year Management Response

The Department of Public Health (DPH) partially implemented the corrective actions. In response to the FY 2020-21 Single Audit, on May 2, 2022, DPH developed and distributed federal funding/award requirements for pass-through entities including Notice of Federal Subaward information. Existing subrecipients identified in this report that were not previously provided with the Federal Subaward information were informed prior to June 30, 2022. Additionally, DPH added the Notice of Subaward Information as an exhibit to the DPH Contract Template. If additional funding sources are added, an additional subaward exhibit will be added through an amendment at the time of the additional subaward. Implementation would take place as DPH executes new contracts or when DPH amends an existing contract for any other purpose. In the case where the contract amount changes, the Notice of Federal Subaward Information exhibit would be replaced. Finally, a paragraph which describes the purpose of the Notice of Federal Subaward information exhibit will be added to the DPH Contract Template. On October 13, 2022, DPH informed all Divisions/Programs staff of this new process during the DPH Quarterly Contract Liaison meeting. On October 25, 2022, DPH revised the DPH Contract Template, sent the template out to all Divisions/Programs, and instructed them to use the template moving forward. As any new contracts or amendments are sent to Contracts and Grants (C&G) for processing, C&G will assure that for Federal funded contracts, the Notice of Federal Subaward Information exhibit will be included.

Current Status as of June 30, 2022

Partially Implemented.

Finding 2021-006 – DPH – Reporting

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

Condition

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

Report Name	Reporting Period	Due Date	Date Submitted
FFATA Report	February 2021	3/31/2021	N/A
FFATA Report	April 2021	5/31/2021	N/A
FFATA Report	May 2021	6/30/2021	N/A
FFATA Report	June 2021	7/30/2021	N/A
Expenditure Report	February 2021	3/5/2021	3/10/2021

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Expenditure Report	March 2021	4/5/2021	4/6/2021
Performance Measure	7/1/2020 - 9/30/2020	10/31/2020	N/A
Performance Measure	10/1/2020 – 12/31/2020	1/31/2021	N/A
Performance Measure	1/1/2021 – 3/31/2021	4/30/2021	N/A
Performance Measure	4/1/2021 – 6/30/2021	7/31/2021	N/A

Recommendation

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

Current Year Management Response

The Department of Public Health (DPH) partially implemented the corrective actions. In response to the FY 2020-2021 Single Audit regarding FFATA reports not filed as required, on June 24, 2022, DPH developed and distributed FFATA reporting guidance to Division/Program staff and on August 15, 2022, submitted the four FFATA reports identified in this audit. DPH incorporated additional guidance to address known technical difficulties related to the FFATA Subaward Reporting System (FSRS) into DPH's FFATA reporting guidance and reissued the revised guidance to all DPH Divisions/Programs on November 30, 2022.

In response to Expenditure reports being submitted after the due date, on September 1, 2022, DPH Finance modified its process to submit the expenditure reports to the program office on the 2nd of every month to ensure the program office has time to submit to the funding agency/grantor by the due date, which is the 5th of every month.

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

Current Status as of June 30, 2022

Not Implemented. See current year finding 2022-009.

Finding 2021-007 – DHS – Procurement and Suspension and Debarment

ALN 93.889 National Bioterrorism Hospital Preparedness Program

Condition

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

Recommendation

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

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Current Year Management Response

As of April 1, 2022, the Department of Health Services' Emergency Medical Services (EMS) checks the SAM exclusions prior to entering into a contract, maintains documentation of the verification, and added a clause to the contract that requires vendors to certify that they are not suspended or debarred. EMS obtains approval from Assistant Nursing Director before submitting purchase order requests that use Hospital Preparedness Program (HPP) grant funds to ensure compliance with federal grant requirements. EMS Finance Manager reviews contract expenditures involving HPP grant funds to ensure the expenditure was posted to the correct funding source.

Current Status as of June 30, 2022

Implemented.

Finding 2021-008 – Registrar-Recorder/County Clerk – Procurement and Suspension and Debarment

ALN 90.404 2018 HAVA Election Security Grants

Condition

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

Recommendation

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

Current Year Management Response

The Registrar-Recorder/County-Clerk issued an email memo dated November 22, 2022, with directives to Procurement, Contracts and Financial Services Section instructing them to verify vendors status on sam.gov and keep a screenshot for proof, for grant funded purchases, contracted services, and claims. Also, additional language will be added to our purchase orders and contract agreements to require vendors certify that they are not suspended or debarred. ISD Procurement is working to add the requirement verbiage to the standardized purchase order language distributed to all vendors when issuing any purchase order.

Current Status as of June 30, 2022

Not implemented.

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Finding 2021-009 – CEO/DPH/DHS/WDACS –Subrecipient Monitoring

ALN 21.019 Coronavirus Relief Fund

Condition

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

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

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

Recommendation

We recommend the County consider the following:

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

Current Year Management Response

On September 12, 2022, the County issued the "Notice of Federal Subaward Information Template and Subrecipient Monitoring" memo which provided departments with a template to communicate the 14 subrecipient reporting requirements from 2 CFR 200.332(a) to their subrecipients at the time of the subaward. The memo also reminded departments to provide all the required elements from 2 CFR 200.332(a) to existing CRF subrecipients that were not initially provided all the requirements. In addition, the memo reminded departments that subrecipient agreements must include detailed expectations for periodic reporting and timing of reporting submission.

On January 12, 2023, the County issued the "CARES and ARP Act Funds Subrecipient Monitoring" memo, which reminded departments that subrecipient agreements must include data encryption requirements. The memo also reminded departments that existing subrecipient agreements without data encryption requirements will need to be amended by departments.

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Current Status as of June 30, 2022

Not Implemented. See current year finding 2022-005.

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

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

Condition

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

Recommendation

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

Current Year Management Response

DCFS Payroll Timekeeping team continues to provide bi-monthly email notifications to all staff regarding their responsibility to submit timesheets as outlined in County Fiscal Manual 3.17 eHR Time and Attendance and Employee Self-Service System Control. Further, for employees who remain on the Missing Timesheet Report, additional email notices are escalated up the employee's chain of command as the eHR payroll deadlines approach. To further support the submission of missing timesheets, DCFS HR implemented a quarterly escalation process of notifying the Deputy Directors (DD) of timesheets missing within their bureaus. The Missing Timesheet Escalation process began in June of 2021, and July 2022. However, DCFS HR experienced challenges with the creation of the quarterly report that is to be sent to the DD. The Missing Timesheet report generated from eHR only captures the transactions last keyed into the system. As timesheet corrections were being submitted daily, staff were manually updating their individual list for their pay locations. Each month the staff would submit their hard reports to their manager for review. However, if time corrections were received and processed in the interim all of the new corrections were not captured on the hard copy report submitted to the manager. The Timekeeping manager would then have to review hundreds of missing timesheets in eHR to confirm they are still pending submission. This became a labor intensive process and slowed the submission of these reports to the DDs. This process was recently revised to remove the third manual check. It is our goal by removing the third review to reduce the process time for this report. The 2022 Missing Timesheet Escalations process for the first, second, and third quarter report will be sent out in November 2022. To address the tracking and processing of the timesheet correction process, DCFS Payroll has partnered with Hyland, a technology company. The objective is to replace the email timesheet correction process in order to eliminate paper, create audit trails, allow for document retention, and provide visibility and controls to the business process. The project is currently slated for completion by February 2023.

Current Status as of June 30, 2022

Partially implemented.

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

ALN 93.659 Adoption Assistance

Condition

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

Recommendation

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

Current Year Management Response

This condition has been fully implemented. To correct these deficiencies, DCFS revised the Adoption Assistance Program Checklist (DCFS/A 65B revision date of 5/11/2021) to include that criminal record clearances, child abuse and neglect clearances, and Adoption Decrees must be included in the AAP custodian files. The Adoption Finalization Checklist (DCFS/A 120) revision date 05/26/21 was also amended to include this language. Adoptions supervisors must review the files to confirm these documents are included prior to approving the (DCFS/A 65B) and (DCFS/A 120) forms. Both of the forms were distributed to all staff and have been uploaded on the RFSPD Website on the DCFS Intranet. Random sampling of AAP custodian cases began on 12/15/2021 and is continuing on an ongoing basis. Additional AAP training was conducted with all adoption staff on 08/18/2021, again on 05/11/2022 and will be ongoing.

Current Status as of June 30, 2022

Implemented.

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

ALN 93.569 Community Services Block Grant

Condition

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

Recommendation

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

Current Year Management Response

As reported in the prior year's response dated June 15, 2022, the Low-income vacancy from April 20, 2017, was filled on August 19, 2021, and the Low-Income vacancy from December 20, 2012, was filled on November 18, 2021, comprising a full board. Additionally, as previously reported, the Public Sector vacancy was filled as of February 9, 2021.

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Current Status as of June 30, 2022

Implemented.

Finding 2020-007 – DPH – Level of Effort

ALN 93.069 Public Health Emergency Preparedness

Condition

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

Recommendation

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

Current Year Management Response

DPH has implemented the corrective action as of June 30, 2022. Based on the FY 2020-21 Maintenance of Funding (MOF) document, the FY 2020-21 actual costs for the Public Health Emergency Preparedness Program were higher than the average level of expenditures for the preceding two-year period (FY 2018-19 \$6,204,613; FY 2019-20 \$5,837,015; FY 2020-21 \$6,095,868). Therefore, the MOF document supports that DPH has implemented corrective action as of June 30, 2022, because DPH has not fallen below the Public Health Emergency Preparedness Program Level of Effort grant requirements since the FY 2019-20 finding.

Current Status as of June 30, 2022

Implemented.

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

ALN 21.019 Coronavirus Relief Fund

Condition

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

Recommendation

We recommend that DPH perform the following:

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

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Current Year Management Response

DPH has implemented the recommended corrective action plan. DPH reached out to employees and supervisors to highlight the importance of completing the ICS 214 forms. DPH also resumed reconciliation/verification of a sample of ICS 214 forms and designated personnel to verify reimbursement claims include supporting timesheets and activity logs before submission to the CEO.

Current Status as of June 30, 2022

Implemented.

Finding 2019-002 – Activities Allowed or Unallowed and Eligibility

CFDA #93.659 Adoption Assistance

Condition

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

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

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

Recommendation

We recommend that DCFS performs the following procedures:

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

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Current Year Management Response

Condition 5 has been fully implemented. To correct these deficiencies, DCFS revised the Adoption Assistance Program Checklist (DCFS/A 65B revision date of 5/11/2021) to include that criminal record clearances as well as child abuse and neglect clearances must be included in the AAP custodian files. The Adoption Finalization Checklist (DCFS/A 120) revision date 05/26/21 was also amended to include this language. Adoptions supervisors must review the files to confirm these documents are included prior to approving the (DCFS/A 65B) and (DCFS/A 120) forms. Both of the forms were distributed to all staff and have been uploaded on the RFSPD Website on the DCFS Intranet. Random sampling of AAP custodian cases began on 12/15/2021 and is continuing on an ongoing basis.

Current Status as of June 30, 2022

Conditions 1 through 4: Implemented in FY 2020-21
Condition 5: Implemented in FY 2021-22

Finding 2019-004 – Allowable Costs/Cost Principles

CFDA #93.558 Temporary Assistance for Needy Families

Condition

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

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

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

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

Recommendation

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

Current Year Management Response

DCFS Payroll Timekeeping team continues to provide bi-monthly email notifications to all staff regarding their responsibility to submit timesheets as outlined in County Fiscal Manual 3.17 eHR Time and Attendance and Employee Self-Service System Control. Further, for employees who remain on the Missing Timesheet Report, additional email notices are escalated up the employee's chain of command as the eHR payroll deadlines approach. To further support the submission of missing timesheets, DCFS HR implemented a quarterly escalation process of notifying the Deputy Directors (DD) of timesheets missing within their

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bureaus. The Missing Timesheet Escalation process began in June of 2021, and July 2022. However, DCFS HR experienced challenges with the creation of the quarterly report that is to be sent to the DD. The Missing Timesheet report generated from eHR only captures the transactions last keyed into the system. As timesheet corrections were being submitted daily, staff were manually updating their individual list for their pay locations. Each month the staff would submit their hard reports to their manager for review. However, if time corrections were received and processed in the interim all of the new corrections were not captured on the hard copy report submitted to the manager. The Timekeeping manager would then have to review hundreds of missing timesheets in eHR to confirm they are still pending submission. This became a labor intensive process and slowed the submission of these reports to the DDs. This process was recently revised to remove the third manual check. It is our goal by removing the third review to reduce the process time for this report. The 2022 Missing Timesheet Escalations process for the first, second, and third quarter report will be sent out in November 2022. To address the tracking and processing of the timesheet correction process, DCFS Payroll has partnered with Hyland, a technology company. The objective is to replace the email timesheet correction process in order to eliminate paper, create audit trails, allow for document retention, and provide visibility and controls to the business process. The project is currently slated for completion by February 2023.

Current Status as of June 30, 2022

Partially Implemented.

Finding 2018-005 – Activities Allowed or Unallowed and Eligibility

CFDA #93.659 Adoption Assistance

Condition

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

1. Two (2) samples where Section I Three Part Special Needs Determination or Barriers to Adoption of the AAP 4 form was not fully completed to support that the children have special needs.
2. Two (2) samples where there were no criminal record checks and a child abuse and neglect registry check in the case files.

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

Recommendation

We recommend that DCFS performs the following procedures:

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

**COUNTY OF LOS ANGELES
STATUS OF PRIOR YEARS' FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

Current Year Management Response

Condition 2 has been fully implemented. To correct these deficiencies, DCFS revised the Adoption Assistance Program Checklist (DCFS/A 65B revision date of 5/11/2021) to include that criminal record clearances as well as child abuse and neglect clearances must be included in the AAP custodian files. The Adoption Finalization Checklist (DCFS/A 120) revision date 05/26/21 was also amended to include this language. Adoptions supervisors must review the files to confirm these documents are included prior to approving the (DCFS/A 65B) and (DCFS/A 120) forms. Both of the forms were distributed to all staff and have been uploaded on the RFSPD Website on the DCFS Intranet. Random sampling of AAP custodian cases began on 12/15/2021 and is continuing on an ongoing basis.

Current Status as of June 30, 2022

Condition 1: Implemented in FY 2020-21

Condition 2: Implemented in FY 2021-22

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COUNTY OF LOS ANGELES
DEPARTMENT OF WORKFORCE DEVELOPMENT, AGING, AND COMMUNITY SERVICES
SUPPLEMENTARY SCHEDULE OF REVENUE AND EXPENDITURES
COMMUNITY SERVICES BLOCK GRANTS (CSBG)
CSBG CONTRACT NO. 20F-3744
FOR THE YEAR ENDED JUNE 30, 2022

AL #93.569

	March 27, 2020 through <u>June 30, 2021</u>	July 1, 2020 through <u>June 30, 2021</u>	July 1, 2021 through <u>June 30, 2022</u>	Total Audited Costs	Total Reported Expenses	Total Budget ⁽¹⁾
REVENUE						
Grant Revenue	\$ -	\$ 24,184	\$ 385,454	\$ 409,638	\$ 409,638	\$ 411,487
Interest Income	-	-	-	-	-	-
Total Revenue	-	24,184	385,454	409,638	409,638	411,487
EXPENDITURES⁽²⁾						
<u>Administrative Costs</u>						
Salaries and Wages	-	-	-	-	-	-
Fringe Benefits	-	-	-	-	-	-
Operating Expenses	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Out-of-State Travel	-	-	-	-	-	-
Contract/Consultant Services	-	-	-	-	-	-
Other Costs	-	-	-	-	-	-
Total Administrative Costs	-	-	-	-	-	-
<u>Program Costs</u>						
Salaries and Wages	-	-	-	-	-	-
Fringe Benefits	-	-	-	-	-	-
Operating Expenses	-	-	1,487	1,487	1,487	1,487
Equipment	-	-	-	-	-	-
Out-of-State Travel	-	-	-	-	-	-
Subcontractor/Consultant Services	-	24,184	383,967	408,151	408,151	410,000
Other Costs	-	-	-	-	-	-
Total Program Costs	-	24,184	385,454	409,638	409,638	411,487
Total Expenditures	-	24,184	385,454	409,638	409,638	411,487
Revenue over (under) Expenditures:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

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

COUNTY OF LOS ANGELES
DEPARTMENT OF WORKFORCE DEVELOPMENT, AGING, AND COMMUNITY SERVICES
SUPPLEMENTARY SCHEDULE OF REVENUE AND EXPENDITURES
COMMUNITY SERVICES BLOCK GRANTS (CSBG)
CSBG CONTRACT NO. 20F-3744 DISCRETIONARY
FOR THE YEAR ENDED JUNE 30, 2022

AL #93.569

	March 27, 2020 through <u>June 30, 2020</u>	July 1, 2020 through <u>June 30, 2021</u>	July 1, 2021 through <u>June 30, 2022</u>	Total Audited Costs	Total Reported Expenses	Total Budget ⁽¹⁾
REVENUE						
Grant Revenue	\$ -	\$ 491	\$ 38,936	\$ 39,427	\$ 39,427	\$ 40,370
Interest Income	-	-	-	-	-	-
Total Revenue	-	491	38,936	39,427	39,427	40,370
EXPENDITURES⁽²⁾						
<u>Administrative Costs</u>						
Salaries and Wages	-	-	-	-	-	-
Fringe Benefits	-	-	-	-	-	-
Operating Expenses	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Out-of-State Travel	-	-	-	-	-	-
Contract/Consultant Services	-	-	-	-	-	-
Other Costs	-	-	-	-	-	-
Total Administrative Costs	-	-	-	-	-	-
<u>Program Costs</u>						
Salaries and Wages	-	-	15,108	15,108	15,108	15,700
Fringe Benefits	-	-	8,949	8,949	8,949	9,300
Operating Expenses	-	-	-	-	-	-
Equipment	-	-	-	-	-	-
Out-of-State Travel	-	-	-	-	-	-
Subcontractor/Consultant Services	-	-	-	-	-	-
Other Costs	-	491	14,879	15,370	15,370	15,370
Total Program Costs	-	491	38,936	39,427	39,427	40,370
Total Expenditures	-	491	38,936	39,427	39,427	40,370
Revenue over (under) Expenditures:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

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

COUNTY OF LOS ANGELES
DEPARTMENT OF WORKFORCE DEVELOPMENT, AGING, AND COMMUNITY SERVICES
SUPPLEMENTARY SCHEDULE OF REVENUE AND EXPENDITURES
COMMUNITY SERVICES BLOCK GRANTS (CSBG)
CSBG CONTRACT NO. 21F-4105
FOR THE YEAR ENDED JUNE 30, 2022

AL #93.569

	January 1, 2021 through June 30, 2021	July 1, 2021 through May 31, 2022	Total Audited Costs	Total Reported Expenses	Total Budget ⁽¹⁾
REVENUE					
Grant Revenue	\$ 78,435	\$ 202,527	\$ 280,962	\$ 280,962	\$ 296,567
Interest Income	-	500	500	500	-
Total Revenue	<u>78,435</u>	<u>203,027</u>	<u>281,462</u>	<u>281,462</u>	<u>296,567</u>
EXPENDITURES⁽²⁾					
<u>Administrative Costs</u>					
Salaries and Wages	-	-	-	-	-
Fringe Benefits	-	-	-	-	-
Operating Expenses	-	-	-	-	-
Equipment	-	-	-	-	-
Out-of-State Travel	-	-	-	-	-
Contract/Consultant Services	-	-	-	-	-
Other Costs	-	-	-	-	-
Total Administrative Costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Program Costs</u>					
Salaries and Wages	13,366	10,295	23,661	23,661	23,661
Fringe Benefits	8,419	6,487	14,906	14,906	14,906
Operating Expenses	-	-	-	-	-
Equipment	-	-	-	-	-
Out-of-State Travel	-	-	-	-	-
Subcontractor/Consultant Services	56,650	185,745	242,395	242,395	258,000
Other Costs	-	-	-	-	-
Total Program Costs	<u>78,435</u>	<u>202,527</u>	<u>280,962</u>	<u>280,962</u>	<u>296,567</u>
Total Expenditures	<u>78,435</u>	<u>202,527</u>	<u>280,962</u>	<u>280,962</u>	<u>296,567</u>
Revenue over (under) Expenditures:	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ -</u> (3)

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

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

(3) \$500 of the interest earned on the advance was retained for administrative expenditures.

COUNTY OF LOS ANGELES
DEPARTMENT OF WORKFORCE DEVELOPMENT, AGING, AND COMMUNITY SERVICES
SUPPLEMENTARY SCHEDULE OF REVENUE AND EXPENDITURES
COMMUNITY SERVICES BLOCK GRANTS (CSBG)
CSBG CONTRACT NO. 21F-4457
FOR THE YEAR ENDED JUNE 30, 2022

AL #93.569

	June 1, 2021 through June 30, 2021	July 1, 2021 through May 31, 2022	Total Audited Costs	Total Reported Expenses	Total Budget ⁽¹⁾
REVENUE					
Grant Revenue	\$ -	\$ 28,237	\$ 28,237	\$ 28,237	\$ 28,250
Interest Income	-	-	-	-	-
Total Revenue	-	28,237	28,237	28,237	28,250
EXPENDITURES⁽²⁾					
<u>Administrative Costs</u>					
Salaries and Wages	-	-	-	-	-
Fringe Benefits	-	-	-	-	-
Operating Expenses	-	-	-	-	-
Equipment	-	-	-	-	-
Out-of-State Travel	-	-	-	-	-
Contract/Consultant Services	-	-	-	-	-
Other Costs	-	-	-	-	-
Total Administrative Costs	-	-	-	-	-
<u>Program Costs</u>					
Salaries and Wages	-	12,157	12,157	12,157	12,157
Fringe Benefits	-	7,660	7,660	7,660	7,660
Operating Expenses	-	6,433	6,433	6,433	6,433
Equipment	-	1,987	1,987	1,987	2,000
Out-of-State Travel	-	-	-	-	-
Subcontractor/Consultant Services	-	-	-	-	-
Other Costs	-	-	-	-	-
Total Program Costs	-	28,237	28,237	28,237	28,250
Total Expenditures	-	28,237	28,237	28,237	28,250
Revenue over (under) Expenditures:	\$ -	\$ -	\$ -	\$ -	\$ -

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

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

COUNTY OF LOS ANGELES
DEPARTMENT OF WORKFORCE DEVELOPMENT, AGING, AND COMMUNITY SERVICES
SUPPLEMENTARY SCHEDULE OF REVENUE AND EXPENDITURES
COMMUNITY SERVICES BLOCK GRANTS (CSBG)
CSBG CONTRACT NO. 22F-5105
FOR THE YEAR ENDED JUNE 30, 2022

AL #93.569

	January 1, 2022 through June 30, 2022	Total Audited Costs	Total Reported Expenses	Total Budget ⁽¹⁾
REVENUE				
Grant Revenue	\$ 94,115	\$ 94,115	\$ 94,115	\$ 293,253
Interest Income	-	-	-	-
Total Revenue	<u>94,115</u>	<u>94,115</u>	<u>94,115</u>	<u>293,253</u>
EXPENDITURES⁽²⁾				
<u>Administrative Costs</u>				
Salaries and Wages	-	-	-	-
Fringe Benefits	-	-	-	-
Operating Expenses	-	-	-	-
Equipment	-	-	-	-
Out-of-State Travel	-	-	-	-
Contract/Consultant Services	-	-	-	-
Other Costs	-	-	-	-
Total Administrative Costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Program Costs</u>				
Salaries and Wages	-	-	-	9,470
Fringe Benefits	-	-	-	5,966
Operating Expenses	-	-	-	-
Equipment	-	-	-	-
Out-of-State Travel	-	-	-	-
Subcontractor/Consultant Services	94,115	94,115	94,115	258,000
Other Costs	-	-	-	19,817
Total Program Costs	<u>94,115</u>	<u>94,115</u>	<u>94,115</u>	<u>293,253</u>
Total Expenditures	<u>94,115</u>	<u>94,115</u>	<u>94,115</u>	<u>293,253</u>
Revenue over (under) Expenditures:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

**COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC SOCIAL SERVICES
SUPPLEMENTARY SCHEDULE OF REVENUE AND EXPENDITURES
COMMUNITY SERVICES BLOCK GRANTS (CSBG)
CSBG CONTRACT NO. 20F-3660
FOR THE YEAR ENDED JUNE 30, 2022**

AL #93.569

	March 27, 2020 through June 30, 2021	July 1, 2021 through June 30, 2022	Total Audited Costs	Total Reported Expenses	Total Budget ⁽¹⁾
REVENUE					
Grant Revenue	\$ 1,239,973	\$ 4,261,834	\$ 5,501,807	\$ 5,501,807	\$ 8,489,288
CSBG Discretionary	<u>40,370</u>	<u>-</u>	<u>40,370</u>	<u>40,370</u>	<u>40,370</u>
Total Revenue	<u>1,280,343</u>	<u>4,261,834</u>	<u>5,542,177</u>	<u>5,542,177</u>	<u>8,529,658</u>
EXPENDITURES⁽²⁾					
<u>Administrative Costs</u>					
Salaries and Wages	22,802	58,045	80,847	80,847	113,462
Fringe Benefits	13,297	38,540	51,837	51,837	66,942
Operating Expenses	-	-	-	-	-
Equipment	-	-	-	-	-
Out-of-State Travel	-	-	-	-	-
Contract/Consultant Services	-	-	-	-	-
Other Costs	<u>7,220</u>	<u>18,351</u>	<u>25,571</u>	<u>25,571</u>	<u>34,277</u>
Total Administrative Costs	<u>43,319</u>	<u>114,936</u>	<u>158,255</u>	<u>158,255</u>	<u>214,681</u>
<u>Program Costs</u>					
Salaries and Wages	21,292	150,651	171,943	171,943	255,608
Fringe Benefits	12,350	86,922	99,272	99,272	150,596
Operating Expenses	-	-	-	-	-
Equipment	-	-	-	-	-
Out-of-State Travel	-	-	-	-	-
Subcontractor/Consultant Services	1,196,654	3,840,936	5,037,590	5,037,590	6,131,258
Other Costs	<u>6,728</u>	<u>68,389</u>	<u>75,117</u>	<u>75,117</u>	<u>1,777,515</u>
Total Program Costs	<u>1,237,024</u>	<u>4,146,898</u>	<u>5,383,922</u>	<u>5,383,922</u>	<u>8,314,977</u>
Total Expenditures	<u>1,280,343</u>	<u>4,261,834</u>	<u>5,542,177</u>	<u>5,542,177</u>	<u>5,542,177</u>
Revenue over (under) Expenditures:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,987,481</u> ⁽³⁾

(1) The expenditure and total budget amounts are based on the CSBG Contract Budget Summary contained in the contract (as Attachment I to the Grant Agreement). The Contract Budget amounts are from March 27, 2020 through September 30, 2022.

(2) The expenditure amounts are based on the monthly CSBG Expenditure Claim Reports filed with the California Department of Community Services and Development from March 27, 2020 through June 30, 2022.

(3) The grant balance of this contract was \$2,987,481 as of June 30, 2022. This amount will be expended during FY 2022-23.

COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC SOCIAL SERVICES
SUPPLEMENTARY SCHEDULE OF REVENUE AND EXPENDITURES
COMMUNITY SERVICES BLOCK GRANTS (CSBG)
CSBG CONTRACT NO. 21F-4021
FOR THE YEAR ENDED JUNE 30, 2022

AL #93.569

	January 1, 2021 through June 30, 2021	July 1, 2021 through June 30, 2022	Total Audited Costs	Total Reported Expenses	Total Budget ⁽¹⁾
REVENUE					
Grant Revenue	\$ 830,147	\$ 4,798,810	\$ 5,628,957	\$ 5,628,957	\$ 6,302,090
CSBG Discretionary	-	-	-	-	-
Total Revenue	<u>830,147</u>	<u>4,798,810</u>	<u>5,628,957</u>	<u>5,628,957</u>	<u>6,302,090</u>
EXPENDITURES⁽²⁾					
<u>Administrative Costs</u>					
Salaries and Wages	140,059	243,967	384,026	384,026	384,026
Fringe Benefits	80,794	148,794	229,588	229,588	222,735
Operating Expenses	7	14,000	14,007	14,007	20,860
Equipment	-	-	-	-	-
Out-of-State Travel	-	2,000	2,000	2,000	2,000
Contract/Consultant Services	-	-	-	-	-
Other Costs	<u>45,323</u>	<u>76,029</u>	<u>121,352</u>	<u>121,352</u>	<u>121,352</u>
Total Administrative Costs	<u>266,183</u>	<u>484,790</u>	<u>750,973</u>	<u>750,973</u>	<u>750,973</u>
<u>Program Costs</u>					
Salaries and Wages	133,654	666,011	799,665	799,665	685,428
Fringe Benefits	67,901	387,908	455,809	455,809	390,694
Operating Expenses	-	-	-	-	-
Equipment	-	-	-	-	-
Out-of-State Travel	-	-	-	-	-
Subcontractor/Consultant Services	311,436	3,059,980	3,371,416	3,371,416	4,259,771
Other Costs	<u>50,973</u>	<u>200,121</u>	<u>251,094</u>	<u>251,094</u>	<u>215,224</u>
Total Program Costs	<u>563,964</u>	<u>4,314,020</u>	<u>4,877,984</u>	<u>4,877,984</u>	<u>5,551,117</u>
Total Expenditures	<u>830,147</u>	<u>4,798,810</u>	<u>5,628,957</u>	<u>5,628,957</u>	<u>5,628,957</u>
Revenue over (under) Expenditures:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 673,133 ⁽³⁾</u>

(1) The expenditure and total budget amounts are based on the CSBG Contract Budget Summary contained in the contract (as Attachment I to the Grant Agreement). The Contract Budget amounts are from January 1, 2021 through August 31, 2022.

(2) The expenditure amounts are based on the monthly CSBG Expenditure Claim Reports filed with the California Department of Community Services and Development from January 1, 2021 through June 30, 2022.

(3) The grant balance of this contract was \$673,133 as of June 30, 2022. This amount will be expended during FY 2022-23.

**COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC SOCIAL SERVICES
SUPPLEMENTARY SCHEDULE OF REVENUE AND EXPENDITURES
COMMUNITY SERVICES BLOCK GRANTS (CSBG)
CSBG CONTRACT NO. 21F-4422
FOR THE YEAR ENDED JUNE 30, 2022**

AL #93.569

	June 1, 2021 through June 30, 2022	Total Audited Costs	Total Reported Expenses	Total Budget ⁽¹⁾
REVENUE				
Grant Revenue	\$ 28,250	\$ 28,250	\$ 28,250	\$ 28,250
CSBG Discretionary	-	-	-	-
Total Revenue	<u>28,250</u>	<u>28,250</u>	<u>28,250</u>	<u>28,250</u>
EXPENDITURES⁽²⁾				
<u>Administrative Costs</u>				
Salaries and Wages	14,266	14,266	14,266	14,900
Fringe Benefits	9,473	9,473	9,473	8,642
Operating Expenses	-	-	-	-
Equipment	-	-	-	-
Out-of-State Travel	-	-	-	-
Contract/Consultant Services	-	-	-	-
Other Costs	<u>4,511</u>	<u>4,511</u>	<u>4,511</u>	<u>4,708</u>
Total Administrative Costs	<u>28,250</u>	<u>28,250</u>	<u>28,250</u>	<u>28,250</u>
<u>Program Costs</u>				
Salaries and Wages	-	-	-	-
Fringe Benefits	-	-	-	-
Operating Expenses	-	-	-	-
Equipment	-	-	-	-
Out-of-State Travel	-	-	-	-
Subcontractor/Consultant Services	-	-	-	-
Other Costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Program Costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>28,250</u>	<u>28,250</u>	<u>28,250</u>	<u>28,250</u>
Revenue over (under) Expenditures:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) The expenditure and total budget amounts are based on the CSBG Contract Budget Summary contained in the contract (as Attachment I to the Grant Agreement). The Contract Budget amounts are from June 1, 2021 through May 31, 2022.

(2) The expenditure amounts are based on the monthly CSBG Expenditure Claim Reports filed with the California Department of Community Services and Development from June 1, 2021 through June 30, 2022.

**COUNTY OF LOS ANGELES
DEPARTMENT OF PUBLIC SOCIAL SERVICES
SUPPLEMENTARY SCHEDULE OF REVENUE AND EXPENDITURES
COMMUNITY SERVICES BLOCK GRANTS (CSBG)
CSBG CONTRACT NO. 22F-5021
FOR THE YEAR ENDED JUNE 30, 2022**

AL #93.569

	January 1, 2021 through June 30, 2022	Total Audited Costs	Total Reported Expenses	Total Budget ⁽¹⁾
REVENUE				
Grant Revenue	\$ 333,242	\$ 333,242	\$ 333,242	\$ 6,239,069
CSBG Discretionary	-	-	-	-
Total Revenue	<u>333,242</u>	<u>333,242</u>	<u>333,242</u>	<u>6,239,069</u>
EXPENDITURES⁽²⁾				
<u>Administrative Costs</u>				
Salaries and Wages	96,494	96,494	96,494	376,053
Fringe Benefits	74,274	74,274	74,274	233,153
Operating Expenses	-	-	-	19,860
Equipment	-	-	-	-
Out-of-State Travel	2,280	2,280	2,280	3,000
Contract/Consultant Services	-	-	-	-
Other Costs	<u>31,042</u>	<u>31,042</u>	<u>31,042</u>	<u>115,749</u>
Total Administrative Costs	<u>204,090</u>	<u>204,090</u>	<u>204,090</u>	<u>747,815</u>
<u>Program Costs</u>				
Salaries and Wages	81,707	81,707	81,707	704,306
Fringe Benefits	26,720	26,720	26,720	387,369
Operating Expenses	-	-	-	-
Equipment	-	-	-	-
Out-of-State Travel	-	-	-	-
Subcontractor/Consultant Services	-	-	-	4,192,161
Other Costs	<u>20,725</u>	<u>20,725</u>	<u>20,725</u>	<u>207,418</u>
Total Program Costs	<u>129,152</u>	<u>129,152</u>	<u>129,152</u>	<u>5,491,254</u>
Total Expenditures	<u>333,242</u>	<u>333,242</u>	<u>333,242</u>	<u>333,242</u>
Revenue over (under) Expenditures:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,905,827</u> ⁽³⁾

(1) The expenditure and total budget amounts are based on the CSBG Contract Budget Summary contained in the contract (as Attachment I to the Grant Agreement). The Contract Budget amounts are from January 1, 2022 through May 31, 2023.

(2) The expenditure amounts are based on the monthly CSBG Expenditure Claim Reports filed with the California Department of Community Services and Development from January 1, 2021 through June 30, 2022.

(3) The grant balance of this contract was \$5,905,827 as of June 30, 2022. This amount will be expended during FY 2022-23.

COUNTY OF LOS ANGELES
DEPARTMENT OF WORKFORCE DEVELOPMENT, AGING, AND COMMUNITY SERVICES
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
GRANTED BY THE CALIFORNIA DEPARTMENT OF AGING
FOR THE YEAR ENDED JUNE 30, 2022

Grant Name	AL #	Single Audit		
		Federal	State	Total
		Expenditures	Expenditures	Expenditures
Older American Title V Project	17.235	\$ 1,214,164	\$ -	\$ 1,214,164
Area Agency on Aging HICAP (H9 Fed)	93.324	246,696	-	246,696
Area Agency on Aging HICAP (H3 Fed and H12 State)	93.324	31,831	631,689	663,520
Financial Alignment (FA 2021-19)	93.634	53,892	-	53,892
Financial Alignment (FA 2122-19)	93.634	24,098	-	24,098
Medicare Improvement for Patients and Providers Act (MIPPA) - (MI2021-19)	93.071	72,107	-	72,107
Medicare Improvement for Patients and Providers Act (MIPPA) - (MI2122-19)	93.071	175,602	-	175,602
Supplemental Nutrition Assistance Program - Education (SNAP-ED) - (SP2021-19)	10.561	129,515	-	129,515
Supplemental Nutrition Assistance Program - Education (SNAP-ED) - (SP2122-19)	10.561	156,278	-	156,278
TOTAL OTHERS		<u>2,104,183</u>	<u>631,689</u>	<u>2,735,872</u>
Ombudsman SNF	*	-	240,677	240,677
Ombudsman Initiative	*	-	422,412	422,412
Ombudsman PH L&C	*	-	50,668	50,668
Area Agency on Aging Title III E	93.052	2,257,561	-	2,257,561
Area Agency on Aging III B	93.044	5,941,433	895,442	6,836,875
Title VII - Ombudsman	93.042	143,945	-	143,945
Area Agency on Aging III C-I	93.045	8,108,616	1,245,685	9,354,301
Area Agency on Aging III C-II	93.045	4,298,147	4,504,476	8,802,623
Title VII - Elder Abuse Prevention	93.041	86,400	-	86,400
Area Agency on Aging III D	93.043	371,221	-	371,221
Area Agency on Aging III USDA C-I	93.053	863,393	-	863,393
Area Agency on Aging III USDA C-II	93.053	716,474	-	716,474
TOTAL TITLE III AND VII		<u>22,787,190</u>	<u>7,359,360</u>	<u>30,146,550</u>
COVID-19 - Families First Coronavirus Response Act (FFCRA) - Older Americans Act (OAA) Congregate Nutrition: Federal Title III C1	93.045	37,478	-	37,478
COVID-19 - FFCRA - OAA Home-Delivered Meals: Federal Title III C2	93.045	974,199	-	974,199
TOTAL COVID-19 FFCRA		<u>1,011,677</u>	<u>-</u>	<u>1,011,677</u>
COVID-19 - Coronavirus Aid, Relief, and Economic Security Act (CARES Act) - III B	93.044	3,065,465	-	3,065,465
COVID-19 - CARES Act - HD	93.045	3,399,235	-	3,399,235
COVID-19 - CARES Act - III E	93.052	1,297,098	-	1,297,098
TOTAL COVID-19 CARES Act		<u>7,761,798</u>	<u>-</u>	<u>7,761,798</u>
COVID-19 - Consolidated Appropriation Act (CAA), Nutrition OAA Federal Title III C2	93.045	2,819,062	-	2,819,062
TOTAL COVID-19 CAA		<u>2,819,062</u>	<u>-</u>	<u>2,819,062</u>
COVID-19 - American Rescue Plan Act (ARP) - Title III-B Supportive Services	93.044	5,975,693	-	5,975,693
COVID-19 - ARP - Title C-1 Congregate Meals	93.045	984,339	-	984,339
COVID-19 - ARP - Title VII-B Ombudsman Program	93.042	118,301	-	118,301
TOTAL COVID-19 ARP		<u>7,078,333</u>	<u>-</u>	<u>7,078,333</u>
TOTAL		<u>\$ 43,562,243</u>	<u>\$ 7,991,049</u>	<u>\$ 51,553,292</u>

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