NEW ISSUE – BOOK-ENTRY ONLY

Ratings:
Moody's: "MIG 1"
S&P: "SP-1+"
Fitch: "F1+"
(See "RATINGS" herein.)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County of Los Angeles, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. The amount treated as interest on the Notes and excluded from gross income may depend upon the taxpayer's election under Internal Revenue Notice 94-84. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes. See "TAX MATTERS."

$1,000,000,000
COUNTY OF LOS ANGELES
2021-22 Tax and Revenue Anticipation Notes
4.00% Priced to Yield .08%
CUSIP† No. 544657HY8

Dated: July 1, 2021 **Due: June 30, 2022**

The County of Los Angeles 2021-22 Tax and Revenue Anticipation Notes (the "Notes") will be issued in fully registered form. The Notes, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Notes. Purchases of beneficial interests in the Notes will be made in book-entry only form, in denominations of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interests in the Notes purchased. The Notes will bear interest from their dated date at the interest rate per annum specified above. Principal of and interest on the Notes are payable on the maturity date thereof directly to DTC by the Paying Agent. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the Notes. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM."

The Notes are being issued to provide moneys to help meet Fiscal Year 2021-22 County General Fund expenditures, including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County of Los Angeles (the "County"). The Notes are being issued pursuant to a resolution adopted by the Board of Supervisors of the County on May 18, 2021 (the "Resolution") and a Financing Certificate entitled, "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2021-22 Tax and Revenue Anticipation Notes" (the "Financing Certificate") to be delivered on the date of issuance of the Notes pursuant to the Resolution. The Notes and the interest thereon are a first lien and charge against, and are payable from the first Unrestricted Revenues to be received by the County, in each period specified in the Financing Certificate, in an amount equal to the amount, or in the proportion of the total amount due, specified in the Financing Certificate (the "Pledged Revenues"). For purposes of the Notes, the term "Unrestricted Revenues" is defined in the Resolution to mean the taxes, income, revenue, cash receipts and other moneys provided for Fiscal Year 2021-22 which will be received by or will accrue to the County during such fiscal year for the General Fund of the County and which are lawfully available for the payment of current expenses and other obligations of the County. See "THE NOTES – Security for the Notes" herein. The County is not authorized, however, to levy or collect any tax for the repayment of the Notes.

The Notes are not subject to redemption prior to maturity.

This cover page contains information for quick reference only. It is not a summary of this issue. Investors should read this entire Official Statement to obtain information essential to the making of an informed investment decision.

The Notes will be offered when, as and if issued and received by the Underwriters (herein defined), subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel. Certain legal matters will be passed upon for the County by Hawkins Delafield & Wood LLP, Los Angeles, California, Disclosure Counsel, and County Counsel, and for the Underwriters by their counsel, Squire Patton Boggs (US) LLP, Los Angeles, California. It is expected that the Notes will be available for delivery through the facilities of DTC on or about July 1, 2021.

UBS **Morgan Stanley**

American Veterans Group, PBC **Ramirez & Co., Inc.** **Stern Brothers & Co.**

Dated: June 10, 2021

COUNTY OF LOS ANGELES

CALIFORNIA

COUNTY OF LOS ANGELES

2021-22 TAX AND REVENUE
ANTICIPATION NOTES

BOARD OF SUPERVISORS

Hilda L. Solis
First District, Chair

Holly J. Mitchell
Second District

Sheila Kuehl
Third District

Janice Hahn
Fourth District

Kathryn Barger
Fifth District

Celia Zavala
Executive Officer-Clerk
Board of Supervisors

COUNTY OFFICIALS

Fesia A. Davenport
Chief Executive Officer

Rodrigo A. Castro-Silva
County Counsel

Keith Knox
Treasurer and Tax Collector

Arlene Barrera
Auditor-Controller

No dealer, broker, salesperson or other person has been authorized by the County or the Underwriters to give any information or to make any representations other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the County or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes, by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Notes. Statements contained in this Official Statement which involve estimates, projections, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts. No representation is made that the past experience, as shown by such financial and other information, will necessarily continue or be repeated in the future. All estimates, projections, forecasts or matters of opinion are "forward looking statements," which must be read with an abundance of caution and which may not be realized or may not occur in the future.

Certain of the information set forth herein has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriters. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COUNTY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES OFFERED HEREIN AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE NOTES TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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CALIFORNIA

OFFICIAL STATEMENT

$1,000,000,000
COUNTY OF LOS ANGELES
2021-22 Tax and Revenue Anticipation Notes

INTRODUCTION

General

The purpose of this Official Statement, which includes the front cover and the attached appendices, is to provide certain information concerning the sale and delivery by the County of Los Angeles, California (the "County") of $1,000,000,000 in aggregate principal amount of County of Los Angeles 2021-22 Tax and Revenue Anticipation Notes (the "Notes"). The Notes will bear interest at the rate per annum and mature on the date set forth on the cover page of this Official Statement. Issuance of the Notes will provide moneys to help meet Fiscal Year 2021-22 County General Fund expenditures attributable to the General Fund of the County (the "General Fund"), including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County.

The Notes are authorized by and are being issued in accordance with Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the "Act"), and a resolution adopted by the Board of Supervisors of the County (the "Board of Supervisors") on May 18, 2021 and entitled "Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2021-22 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $1,000,000,000" (the "Resolution"). The Notes will be issued subject to the terms and conditions of a Financing Certificate of the Treasurer and Tax Collector of the County (the "Treasurer") entitled "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2021-22 Tax and Revenue Anticipation Notes" (the "Financing Certificate") to be delivered on the date of issuance of the Notes pursuant to the Resolution. The Notes and the interest thereon are a first lien and charge against, and are payable from the first Unrestricted Revenues to be received by the County, in each period set forth under the caption "THE NOTES – Security for the Notes," in an amount equal to the amount, or in the proportion of the total amount due, specified in the Financing Certificate (the "Pledged Revenues"). For purposes of the Notes, the term "Unrestricted Revenues" is defined in the Resolution to mean the taxes, income, revenue, cash receipts and other moneys provided for Fiscal Year 2021-22 which will be received by or will accrue to the County during such fiscal year for the General Fund of the County and which are lawfully available for the payment of current expenses and other obligations of the County. See "THE NOTES – Security for the Notes."

The County

The County is located in the southern coastal portion of the State of California (the "State") and covers 4,083 square miles. The County was established under an act of the State Legislature on February 18, 1850. It is the most populous county in the nation and, in terms of population, is larger than 41 states. The economy of the County is diversified and includes manufacturing, technology, world trade, financial services, motion picture and television production, agriculture and tourism. For certain financial, economic and demographic information with respect to the County, see APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT" and APPENDIX B – "COUNTY OF LOS ANGELES FINANCIAL STATEMENTS."

COVID-19

The global outbreak of the novel coronavirus COVID-19 (“COVID-19”), a respiratory disease declared to be a pandemic (the “Pandemic”) by the World Health Organization, continues to significantly affect the national capital markets and national, state and local economies. Unemployment in the United States dramatically increased as a result of the outbreak, although unemployment has recently declined in the State and in the nation. Both the State and the County took actions designed to mitigate the spread of COVID-19, including requiring the temporary closure of non-essential businesses and indoor business operations. The re-opening of certain businesses is currently proceeding according to a phased re-opening plan implemented by the State. In December 2020, two vaccines for COVID-19 were approved for emergency use in the United States and vaccinations began in California. A third vaccine was approved for emergency use in February 2021. For further information concerning the Pandemic and the actions taken by the County, State and federal governments, see APPENDIX A – “COUNTY OF LOS ANGELES INFORMATION STATEMENT” attached hereto.

The ongoing Pandemic and the actions taken by the federal, State, and local governments have significantly impacted County operations and finances, drastically increasing expenditures and reducing revenues. The full impact of COVID-19 on the County, its economy and its finances will depend on future events, including future events outside of the control of the County, and actions by the federal government and the State. The County cannot predict the extent or duration of the Pandemic or what overall impact it may have on the County’s financial condition or operations. For further information concerning the potential effects of the Pandemic on the County, see APPENDIX A – “COUNTY OF LOS ANGELES INFORMATION STATEMENT – ECONOMIC AND DEMOGRAPHIC INFORMATION” attached hereto.

COUNTY OF LOS ANGELES CASH MANAGEMENT PROGRAM

The County implemented a cash management program in 1977 to finance General Fund cash flow shortages occurring periodically during its fiscal year (July 1 through June 30). In each year since the program’s inception, the County has sold either tax anticipation notes or tax and revenue anticipation notes (including commercial paper notes) in annual aggregate amounts up to $1,850,000,000. The Resolution authorizes the County to issue and sell up to $1,000,000,000 aggregate principal amount of its Notes.

In addition to the Notes and other obligations which may be issued pursuant to the Act, certain funds held in trust by the County until apportioned to the appropriate agency are available to the County for intrafund borrowings. In addition, while it does not expect to do so, the County may undertake interfund borrowing to fund shortages in the General Fund. See “THE NOTES – Security for the Notes,” “– Interfund Borrowing, Intrafund Borrowing and Cash Flow” and APPENDIX A – “COUNTY OF LOS ANGELES INFORMATION STATEMENT – Financial Summary – Cash Management Program” attached hereto.

THE NOTES

General

The Notes will be issued in the aggregate principal amount of $1,000,000,000. The Notes will be issued in book-entry only form and, when delivered, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository for the Notes. Purchasers of the Notes will not receive certificates representing their ownership interests in the Notes purchased. See APPENDIX D – “BOOK-ENTRY ONLY SYSTEM.” Beneficial ownership interests in the Notes may be transferred only in accordance with the rules and procedures of DTC.

The Notes will be dated, mature and bear interest at the rate per annum as set forth on the cover page of this Official Statement. The Notes are not subject to redemption prior to their maturity.

The Notes will be issued in denominations of $5,000 and any integral multiple thereof and will bear interest at the rate set forth on the cover page hereof. Interest on the Notes will be payable at their stated maturity date and will be computed on the basis of a 360-day year comprised of twelve 30-day months. Principal and interest will be payable in immediately available funds upon presentation and surrender of the Notes at the office of the Treasurer, who is serving as the Paying Agent with respect to the Notes.

Authority for Issuance

The Notes are being issued under the authority of the Act and pursuant to the Resolution and are subject to the terms and conditions of the Financing Certificate.

Purpose of Issue

Issuance of the Notes will provide moneys to help meet Fiscal Year 2021-22 General Fund expenditures, including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County. The County expects to invest proceeds of the Notes in the Pooled Surplus Investments Fund of the County Treasury Pool (the "County Treasury Pool") until expended. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Financial Summary – County Pooled Surplus Investments" attached hereto.

Security for the Notes

The Notes will be issued under and pursuant to the Resolution and the Financing Certificate and, subject to the provisions of the Resolution and the Financing Certificate permitting the application thereof for the purposes and conditions set forth therein, will be secured by Pledged Revenues.

Pursuant to the Resolution and the Financing Certificate, the County pledges to the payment of the Notes and the interest thereon, the first Unrestricted Revenues to be received by the County, in each period specified below, in an amount equal to the amount specified below:

(a) the first Unrestricted Revenues to be received by the County on and after December 20, 2021 in an amount equal to forty-five percent (45%) of the principal amount of the Notes;

(b) the first Unrestricted Revenues to be received by the County on and after January 1, 2022 in an amount equal to forty-five percent (45%) of the principal amount of the Notes; and

(c) the first Unrestricted Revenues to be received by the County on and after April 1, 2022 in an amount equal to ten percent (10%) of the principal amount of the Notes, plus an amount equal to the interest that will accrue on the Notes.

As provided in Section 53856 of the Act, the Notes and the interest thereon, shall be a first lien and charge against, and shall be payable from the first moneys received by the County from, the Pledged Revenues. See "THE NOTES – Available Sources of Payment." As security for the payment of the Notes, the County covenants pursuant to the Resolution and the Financing Certificate to deposit or cause to be deposited in the repayment fund for the Notes (the "Notes Repayment Fund"), in trust for the registered owners of the Notes, the Pledged Revenues to be so deposited, and the Auditor-Controller is directed in the

Resolution and the Financing Certificate to deposit the Pledged Revenues in the Notes Repayment Fund. To the extent that any amounts received pursuant to clauses (a) through (c) above are less than the total amount designated for such deposit, then the amount of any deficiency in the Notes Repayment Fund shall be satisfied and made up from any other moneys of the County lawfully available therefor, and the Auditor-Controller is directed in the Resolution and the Financing Certificate to deposit additional amounts from any such other moneys of the County into the Notes Repayment Fund. If for any reason amounts in the Notes Repayment Fund are insufficient to pay the Notes in full, such amounts shall be applied to the payment of principal of and interest payable upon the Notes in order of the due dates thereof and pro-rata for amounts due on a date for which there are insufficient funds to pay all amounts due on such date. The amounts on deposit in the Notes Repayment Fund are pledged to the payment of the Notes and the interest thereon, and said amounts shall not be used for any other purpose until the Notes and the interest thereon have been paid in full or such payment has been duly provided for; provided, however, that earnings on amounts in the Notes Repayment Fund shall be deposited as and when received into the General Fund.

The Pledged Revenues may be invested in Permitted Investments (herein defined); provided, however, that such Pledged Revenues shall not be invested for a term that exceeds the term of the Notes. Any amounts remaining in the Notes Repayment Fund after repayment of all Notes and the interest thereon shall be transferred to any account in the General Fund as the Treasurer or any of his respective designees may direct. See "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE – Permitted Investments."

As more particularly described under the heading "THE NOTES – Interfund Borrowing, Intrafund Borrowing and Cash Flow," the County may, under certain circumstances, undertake interfund borrowing to fund shortages in the General Fund. While the County does not expect to undertake any such interfund borrowing, Section 6 of Article XVI of the California Constitution requires that any such borrowing be repaid from revenues before any other obligation of the County (including the Notes) is paid from such revenues.

Available Sources of Payment for the Notes

The Notes, in accordance with State law, are general obligations of the County, and to the extent not paid from the Pledged Revenues shall be paid with interest thereon only from any other moneys of the County lawfully available therefor. The County is not authorized to levy or collect any tax for repayment of the Notes. Pursuant to the Act, no obligations, including the Notes, may be issued thereunder if the principal of and interest on such obligations is in excess of 85 percent of the estimated amount of the then-uncollected taxes, income, revenue, cash receipts and other moneys of the County which will be available for the payment of such principal and interest. See "THE NOTES – Security for the Notes."

The County estimates that, for purposes of Section 53858 of the Act, the uncollected taxes, income, revenue, cash receipts and other moneys to be received by or accrue to the County during the Fiscal Year 2021-22 that will be available for the payment of the principal of and interest on the Notes, including the Pledged Revenues, will be in excess of $10.0 billion, as indicated in the table below. Except for Pledged Revenues, the uncollected taxes, income, revenue, cash receipts and other moneys to be received by or accrue to the County during the Fiscal Year 2021-22 will be expended during the course of Fiscal Year 2021-22, and no assurance can be given that any moneys, other than the Pledged Revenues, will be available to pay the Notes and the interest thereon.

As provided in Section 53856 of the Act, the Notes and the interest thereon, shall be a first lien and charge against, and shall be payable from the first moneys received by the County from, the Pledged Revenues. See "THE NOTES – Security for the Notes" herein. "Pledged Revenues," as indicated above, is defined as the first Unrestricted Revenues to be received by the County, in each period set forth under the caption “THE NOTES – Security for the Notes,” in an amount equal to the amount, or in the proportion of the total amount due, specified in the Financing Certificate, as described under the caption “THE NOTES – Security for the Notes.” “Unrestricted Revenues,” for purposes of the Notes, means “the taxes, income, revenue, cash receipts other moneys provided for Fiscal Year 2021-22 which will be received by or will accrue to the County during such fiscal year for the General Fund of the County and which are lawfully available for the payment of current expenses and other obligations of the County.”

On November 3, 2020, the voters in the County by passage of a measure known as Measure J (“Measure J”), approved an amendment to the County Charter that requires the County to:

> … [s]et aside a baseline minimum threshold of at least ten percent (10%) of the County's locally generated unrestricted revenues in the general fund (Net County Cost), as determined annually in the budget process or as otherwise set forth in the County Code or regulations, to be allocated on an annual basis after input from among others the public and County departments at a public hearing.

Such amounts are to be used to “to address the disproportionate impact of racial injustice through community investment and alternatives to incarceration and prohibiting using those funds for carceral systems and law enforcement agencies.” Fiscal Year 2021-22 is the first year in which the County will be implementing the provisions of Measure J and the actual amounts to be set aside under Measure J remains to be determined by the County.

The County does not interpret the terms described under Measure J and the term “Unrestricted Revenues” as used for purposes of the Notes as synonymous. In accordance with Section 53856 of the Act, the Notes and the interest thereon, are a first lien and charge against, and shall be payable from the first moneys received by the County from, the Unrestricted Revenues required by the Resolution and the Financing Certificate to be deposited in the Notes Repayment Fund. Measure J does not include similar lien or priority provisions, nor does it impair the County's ability to repay the Notes.

The following table sets forth the Unrestricted Revenues from which the County will derive Pledged Revenues, the latter being the amounts securing the Notes.

COUNTY OF LOS ANGELES
ESTIMATED GENERAL FUND UNRESTRICTED REVENUES
FISCAL YEAR 2021-22[(1)]
(In Thousands)

SOURCES:	AMOUNT
Property Taxes	$ 6,633,377
Other Taxes	196,508
Homeowner's Exemptions	18,244
Motor Vehicle (VLF) Realignment	404,219
Fines, Forfeitures and Penalties	142,665
Licenses, Permits and Franchises	62,239
Charges for Current Services	2,565,755
Investment and Rental Income	138,668
Other Revenue and Tobacco Settlement	1,452,979
Total:	$11,614,654
Less amount pledged for payment of the Notes:[(2)]	(1,039,889)
Net total in excess of Pledged Revenues:	$10,574,765

(1) Reflects revenues set forth in the projected cash flow for Fiscal Year 2021-22. Information subject to change to reflect the impact of any revisions to the 2021-22 State Budget Act and other matters. See "THE NOTES – State of California Finances" and APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT" attached hereto.

(2) Based on $1,000,000,000 aggregate principal amount of Notes and the interest thereon.

To the extent that the Unrestricted Revenues are insufficient to pay the Notes, the County may access certain borrowable resources in order to satisfy its payment obligations. See the table entitled "County of Los Angeles Borrowable Resources – Fiscal Year 2021-22" on pages 12-13 for a detailed summary of the borrowable resources which the County currently projects to be available for Fiscal Year 2021-22. Such amounts are not pledged for payment of the Notes and the interest thereon. The amount of borrowable resources actually available will depend on a variety of factors, including the final form of the County's 2021-22 Budget, when adopted, the County's actual revenues and expenditures, and actions by the State of California which could materially impact the County's expenses and revenues.

State of California Finances

General. The County receives a significant portion of its funding from the State. Changes in the financial situation of the State can affect the amount of funding received for numerous County programs, including various health, social services and public safety programs. A description of the Fiscal Year 2021-22 State Budget (the "2021-22 State Budget") is set forth below. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Budgetary Information – 2021-22 State Budget." The provisions of the 2021-22 State Budget continue to be negotiated by the Governor and the State legislature. There can be no assurances that the 2021-22 State Budget as adopted will not place additional burdens on local governments, including the County, or will not significantly reduce revenues to such local governments. The County cannot predict the ultimate impact of the 2021-22 State Budget on the County's financial outlook. In the event the 2021-22 State Budget includes decreases in revenues to the County or increases in required County expenditures from the levels assumed by the County, the County will be required to generate additional revenues or curtail programs and/or services to ensure a balanced budget. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT."

Governor's Proposed 2021-22 State Budget. The Governor released his proposed Fiscal Year 2021-22 State Budget (the "2021-22 Proposed State Budget") on January 8, 2021. The 2021-22 Proposed

State Budget projects that for Fiscal Year 2021-22 total resources available will be approximately $170.6 billion (including a prior year balance of $12.2 billion) and total expenditures will be approximately $164.5 billion, resulting in a year-end surplus of $6.1 billion, of which $3.2 billion would be reserved for the liquidation of encumbrances and $2.9 billion would be deposited in a reserve for economic uncertainties. In addition, the 2021-22 Proposed State Budget projects that as of the end of Fiscal Year 2021-22 there will be $450 million on deposit in the Safety Net Reserve and $15.6 billion on deposit in the State's Rainy Day Fund. The 2021-22 Governor's Budget forecast was finalized in November 2020 and did not reflect the federal COVID-19 relief bill enacted in late December 2020. The 2021-22 Governor's Budget forecast also assumed that a vaccine would only become widely available in mid-2021.

May Revision to the 2021-22 Proposed State Budget. On May 14, 2021, the Governor released his 2021-22 May Revision to the 2021-22 Proposed State Budget (the "May Revision"). The May Revision projects Fiscal Year 2021-22 State General Fund total available resources of $203.4 billion (including a prior year balance of $27.4 billion) and total expenditures of $196.8 billion, resulting in a year-end surplus of $6.6 billion, of which $3.2 billion would be reserved for the liquidation of encumbrances and $3.4 billion would be deposited in a reserve for economic uncertainties. In addition, the May Revision projects that as of the end of Fiscal Year 2021-22 there will be $15.9 billion on deposit in the State's Rainy Day Fund.. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – 2021-22 State Budget" for additional information on the 2021-22 Proposed State Budget and the May Revision.

LAO Overview of the May Revision. Beginning on May 17, 2021, the Legislative Analyst's Office (the "LAO") released a series of analyses of the May Revision entitled "The May Revision: Analyses" (the "LAO Analyses"). Among other things, the LAO Analyses note that the May Revision adjusts Fiscal Year 2020-21 revenues (and transfers) up by $26.8 billion to a total of $182 billion, representing a 27 percent increase over Fiscal Year 2019-20. The LAO Analyses recommends the State legislature avoid employing reserve withdrawals and borrowing in order to increase spending. The LAO Analyses also recommends that the State legislature withhold decisions on some spending decisions in the May Revision in order to provide the State more time to implement oversight procedures, make allocation decisions and determine the most effective and detailed spending plan.

Impact of Fiscal Year 2021-22 State Budget on the County. The May Revision reflects the significant improvement in the State financial outlook since the outbreak of the COVID-19 pandemic. The May Revision provides funding for several programs of interest to the County, including Project Homekey and other programs that address homelessness in the State, as well as additional funding for COVID-19-related expenditures. The proposed actions are expected to have a positive fiscal impact on the County for Fiscal Year 2021-22. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Budgetary Information – 2021-22 State Budget" attached hereto.

Additional Information. The Governor may release additional details of the proposals or updates to the 2021-22 Proposed State Budget and May Revision. Information about the State Budget is regularly available at various State-maintained websites. The 2021-22 State Budget may be found at the Department of Finance website, www.dof.ca.gov, under the heading "The Budget." An impartial analysis of the budget is posted by the LAO at www.lao.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the County or the Underwriters, and the County and the Underwriters take no responsibility for the continued accuracy of the internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated herein by these references.

Interfund Borrowing, Intrafund Borrowing and Cash Flow

County General Fund expenditures tend to occur in level amounts throughout the fiscal year. However, revenues are received during the fiscal year by the County in uneven amounts, primarily as a result of the receipt of secured property tax installment payments in December and April and delays in payments from other governmental agencies, the two largest sources of County revenues. Prior to 1977, the County managed its General Fund cash flow deficits by (i) borrowing from specific funds of other governmental entities whose funds are held in the County Treasury Pool (so-called "interfund borrowing") pursuant to Section 6 of Article XVI of the California Constitution and (ii) borrowing from funds held in trust by the County (so-called "intrafund borrowing"). Because General Fund interfund borrowings caused disruptions in the County's management of the General Fund's pooled investments, since 1977 the County has regulated its cash flow by issuing tax anticipation notes and tax and revenue anticipation notes for the General Fund and by using intrafund borrowing. Except for tax and revenue anticipation notes that have not yet matured (being the $1,200,000,000 in aggregate principal amount of tax and revenue anticipation notes issued in Fiscal Year 2020-21 and due June 30, 2021), all tax and revenue anticipation notes issued in connection with the County's cash management program have been repaid on their respective maturity dates. Sufficient revenues have been reserved in a 2020-21 TRANs Repayment Fund therefor, separate from the General Fund, to repay the outstanding 2020-21 Tax and Revenue Anticipation Notes due on June 30, 2021. The County does not intend to engage in interfund borrowing for the General Fund nor has it done so since the implementation of the General Fund cash management program in Fiscal Year 1977-78.

The use of intrafund borrowing to cover negative balances in the General Fund is a regular practice. The legality of this practice was decided and affirmed in May 1999 by the California Court of Appeals in the case entitled *Stanley G. Auerbach et al v. Board of Supervisors of the County et al.* The funds available as borrowable resources and reviewed by the court in 1999 consisted primarily of property tax collections and monies in transit. Such funds are held in trust by the County prior to being distributed to the various taxing agencies and governmental units within the County. The General Fund itself is a major recipient of these "monies in transit" and ultimately receives more than 30 percent of all borrowable resources. The County has chosen not to classify such amounts as General Fund receipts until they are actually moved from trust and into the General Fund. If such monies were classified as General Fund deposits when first received by the County, the cash balance in the General Fund would be materially greater throughout the fiscal year. See the tables entitled Borrowable Resources Average Daily Balances - Fiscal Years 2016-17 through 2020-21" and "County of Los Angeles Borrowable Resources – Fiscal Year 2021-22" for the County's historical and projected borrowable resources for purposes of intrafund borrowing.

The following tables set forth for Fiscal Years 2016-17 through 2020-21 the month-end cash balances in the General Fund and the average daily balances in the various funds that account for the County's borrowable resources.

GENERAL FUND
MONTH-END CASH BALANCES
FISCAL YEARS 2016-17 THROUGH 2020-21
(In Thousands)[1]

	2016-17	2017-18	2018-19	2019-20	2020-21
July	$2,266,486	$2,605,709	$2,076,959	$1,724,091	$2,084,187
August	1,529,884	2,140,176	1,846,102	1,359,182	1,329,889
September	914,444	1,452,843	1,035,639	424,086	685,095
October	900,177	1,585,190	679,155	727,072	676,059
November	516,312	632,514	600,424	410,347	36,391
December	949,816	1,370,053	910,213	1,089,937	574,998
January	1,543,599	1,660,492	1,140,594	1,594,897	770,599
February	1,583,091	1,853,032	1,023,697	951,668	360,962
March	1,247,137	1,311,599	149,330	48,617	1,683
April	2,002,202	1,218,507	734,180	895,841	612,909
May	2,992,964	2,088,027	1,790,497	1,388,588	1,006,978[2]
June	2,508,677	2,358,936	1,952,501	1,914,196	803,135[2]

(1) Month-end balances include the effects of short-term note issuance net of deposits to the repayment fund for the County's 2020-21 Tax and Revenue Anticipation Notes. Monthly periods with negative cash balances are covered by borrowable resources available to the County. See "THE NOTES - Interfund Borrowing, Intrafund Borrowing and Cash Flow" and APPENDIX A - "COUNTY OF LOS ANGELES INFORMATION STATEMENT - FINANCIAL SUMMARY" attached hereto.

(2) Estimated.

BORROWABLE RESOURCES
AVERAGE DAILY BALANCES
FISCAL YEARS 2016-17 THROUGH 2020-21
(In Thousands)

	2016-17	2017-18	2018-19	2019-20	2020-21
July	$1,552,284	$1,487,736	$1,575,145	$1,358,380	$1,430,818
August	1,392,220	1,278,233	1,353,750	1,259,937	1,463,537
September	1,441,265	1,344,603	1,374,753	1,292,868	1,611,878
October	1,933,090	1,901,516	1,992,417	2,115,132	2,752,162
November	3,540,138	3,785,931	3,644,347	4,122,586	4,687,600
December	6,515,207	7,113,753	6,828,877	7,190,852	7,514,453
January	4,333,084	5,294,770	4,307,608	4,303,078	5,166,904
February	2,881,611	3,559,226	2,975,671	3,008,286	3,479,769
March	3,013,899	2,915,175	3,152,082	3,247,146	3,958,513
April	6,181,061	5,799,128	5,852,185	6,088,053	6,243,934
May	3,658,424	3,633,761	3,719,189	3,983,999	4,020,303[1]
June	1,574,447	1,727,911	1,540,094	2,048,526	1,501,565[1]

(1) Estimated.

The Auditor-Controller submits monthly reports to the Board of Supervisors that set forth summary cash flow and borrowable resources information, including actual cash flow amounts for the General Fund through the preceding month, projected cash flows for the General Fund through the end of the applicable fiscal year and monthly borrowable resources average daily balances. The monthly cash flow reports are available through the County's Investor Information website at https://ttc.lacounty.gov/investor-information/. Such information is not incorporated herein by this reference.

In connection with the issuance of the Notes, the County has prepared the following detailed cash flow projection for Fiscal Year 2021-22 based on the 2021-22 Recommended Budget that was adopted by the Board of Supervisors on April 20, 2021 (the "2021-22 Recommended Budget"), and a detailed projection of average daily balances for Fiscal Year 2021-22 for all funds expected to be available as borrowable resources. The projected information relating to cash flow and borrowable resources has been prepared by the County based on historical information, as well as the County's analysis of expected revenues and expenses for Fiscal Year 2021-22, which reflect the impact of the Pandemic and related events. Although the County believes its Fiscal Year 2021-22 projections are reasonable, the cash flow and borrowable resources will depend on a variety of factors, including the impact of the Pandemic on the economy and the County's financial condition, the final County Budget, actual revenues and expenses, the impact on the County of State budgetary actions, and other factors, and such projections should not be construed as statements of fact. In preparing cash flow forecasts for prior issuances of tax and revenue anticipation notes, the County has historically been conservative in its projections. Since Fiscal Year 1990-91, the County has exceeded its year-end cash projections in 28 of 29 years, and has done so by an average of more than $500 million. For June 30, 2021, the County projects that its cash balance will be $699 million greater than the original May 2020 forecast of $104 million, ending the current fiscal year at a positive $803 million. There can be no assurances that actual results for Fiscal Year 2021-22 will not materially differ from the projections.

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR 2021-22 PROJECTION
(in thousands of $)

	July 2021	August 2021	September 2021	October 2021	November 2021	December 2021
BEGINNING BALANCE	$ 803,135	$ 976,347	$ 1,051,987	$ 249,487	$ (192,412)	$ (741,004)
RECEIPTS						
Property Taxes	$ 44,022	$ 145,389	$0	$0	$ 67,755	$ 1,630,313
Other Taxes	10,480	16,869	13,348	14,692	6,305	29,767
Licenses, Permits & Franchises	4,442	2,452	4,928	4,883	4,315	4,621
Fines, Forfeitures & Penalties	24,101	23,478	4,142	6,040	15,085	3,928
Investment and Rental Income	17,201	11,311	11,465	9,594	17,321	9,190
Motor Vehicle (VLF) Realignment	0	35,530	44,908	35,773	60,579	30,789
Sales Taxes - Proposition 172	70,028	65,725	63,430	62,519	77,410	66,093
1991 Program Realignment	0	163,703	83,380	72,656	84,737	76,706
Other Intergovernmental Revenue	241,714	446,466	156,506	275,602	281,252	262,752
COVID-19 Revenues	100,000	100,000	50,000	50,000	120,746	0
Charges for Current Services	202,550	263,620	139,187	154,519	161,628	368,258
Other Revenue & Tobacco Settlement	168,282	247,617	92,555	127,208	88,212	71,350
Transfers & Reimbursements	14,026	597	0	15,515	29,191	6,161
Hospital Loan Repayment*	0	0	0	0	0	0
Welfare Advances	389,175	367,523	567,947	502,050	440,664	578,248
Other Financing Sources/MHSA	81,563	76,030	38,243	37,974	31,818	47,601
Intrafund Borrowings	0	0	0	0	0	0
TRANs Sold	1,000,000	0	0	0	0	0
Total Receipts	$ 2,367,585	$ 1,966,311	$ 1,270,040	$ 1,369,025	$ 1,487,018	$ 3,185,777
DISBURSEMENTS						
Welfare Warrants	$ 238,985	$ 244,855	$ 242,626	$ 228,877	$ 285,952	$ 289,278
Salaries	566,092	561,263	557,647	561,272	581,652	590,399
Employee Benefits	375,492	373,681	383,995	392,835	382,216	418,861
Vendor Payments	636,046	519,147	521,780	540,150	539,855	566,287
Loans to Hospitals*	0	0	0	0	0	0
Hospital Subsidy Payments	340,000	86,000	343,000	0	137,000	13,171
Transfer Payments	37,758	105,723	23,493	87,791	108,936	29,498
TRANs Pledge Transfer	0	0	0	0	0	450,000
Intrafund Repayment	0	0	0	0	0	0
Total Disbursements	$ 2,194,374	$ 1,890,670	$ 2,072,540	$ 1,810,924	$ 2,035,610	$ 2,357,494
ENDING BALANCE	**$ 976,347**	**$ 1,051,987**	**$ 249,487**	**$ (192,412)**	**$ (741,004)**	**$ 87,280**
Borrowable Resources (Avg. Balance)	$ 1,422,714	$ 1,441,665	$ 1,538,359	$ 2,091,461	$ 3,950,985	$ 7,097,219
Total Cash Available	**$ 2,399,061**	**$ 2,493,652**	**$ 1,787,846**	**$ 1,899,049**	**$ 3,209,981**	**$ 7,184,499**

January 2022	February 2022	March 2022	April 2022	May 2022	June 2022	Total 2021-22	
$ 87,280	$ 487,594	$ 241,237	$ (351,045)	$ 356,239	$1,003,462		**BEGINNING BALANCE**
							RECEIPTS
$1,654,886	$ 197,630	$ 23,513	$1,303,462	$1,334,382	$ 232,026	$ 6,633,377	Property Taxes
17,643	12,999	29,390	16,553	12,404	16,056	196,508	Other Taxes
2,274	4,002	7,270	14,015	5,946	3,091	62,239	Licenses, Permits & Franchises
4,551	17,914	9,933	2,807	21,726	8,959	142,665	Fines, Forfeitures & Penalties
8,726	8,894	8,733	11,475	14,154	10,605	138,668	Investment and Rental Income
35,932	43,858	32,960	33,938	34,303	15,651	404,219	Motor Vehicle (VLF) Realignment
65,135	82,925	57,998	59,311	64,878	54,491	789,943	Sales Taxes - Proposition 172
75,668	96,236	67,293	68,902	74,967	65,551	929,799	1991 Program Realignment
221,868	359,528	205,561	164,101	398,876	235,742	3,249,969	Other Intergovernmental Revenue
0	100,000	0	0	0	0	520,746	COVID-19 Revenues
261,554	157,604	146,504	364,024	133,541	212,765	2,565,755	Charges for Current Services
81,406	78,751	60,761	183,943	164,019	88,875	1,452,979	Other Revenue & Tobacco Settlement
17,155	3,836	25,314	16,534	5,238	14,855	148,422	Transfers & Reimbursements
0	0	0	110,346	0	0	110,346	Hospital Loan Repayment*
406,051	348,432	656,068	375,189	315,030	464,020	5,410,397	Welfare Advances
32,315	38,896	85,452	56,900	55,220	63,875	645,888	Other Financing Sources/MHSA
0	0	0	0	0	0	0	Intrafund Borrowings
0	0	0	0	0	0	1,000,000	TRANs Sold
$2,885,164	$1,551,504	$1,416,748	$2,781,500	$2,634,685	$1,486,563	$24,401,920	Total Receipts
							DISBURSEMENTS
$ 230,855	$ 318,621	$ 333,913	$ 274,361	$ 322,797	$ 335,912	$ 3,347,032	Welfare Warrants
628,800	601,630	581,040	606,958	631,079	634,908	7,102,739	Salaries
496,093	322,148	419,072	452,652	422,748	412,823	4,852,616	Employee Benefits
544,776	546,337	538,016	550,323	536,013	571,639	6,610,368	Vendor Payments
0	0	110,346	0	0	0	110,346	Loans to Hospitals*
0	0	0	0	0	0	919,171	Hospital Subsidy Payments
134,326	9,124	26,644	89,923	74,825	12,150	740,191	Transfer Payments
450,000	0	0	100,000	0	0	1,000,000	TRANs Pledge Transfer
0	0	0	0	0	0	0	Intrafund Repayment
$2,484,850	$1,797,861	$2,009,030	$2,074,217	$1,987,462	$1,967,432	$24,682,463	Total Disbursements
$ 487,594	**$ 241,237**	**$ (351,045)**	**$ 356,239**	**$1,003,462**	**$ 522,592**		**ENDING BALANCE**
$4,958,535	$3,361,610	$3,955,319	$7,718,067	$4,073,532	$1,512,177		Borrowable Resources (Avg. Balance)
$5,446,129	**$3,602,847**	**$3,604,274**	**$8,074,306**	**$5,076,994**	**$2,034,769**		**Total Cash Available**

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
AVERAGE DAILY BALANCES: Fiscal Year 2021-22 FORECAST
FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of $)

	July 2021	August 2021	September 2021	October 2021	November 2021	December 2021
PROPERTY TAX GROUP						
Tax Collector Trust Fund	$ 202,744	$ 111,063	$ 76,465	$ 430,329	$1,939,621	$2,962,903
Auditor Unapportioned Property Tax	223,227	175,455	130,298	255,441	748,426	2,295,875
Unsecured Property Tax	157,880	114,564	160,523	214,511	173,871	112,700
Miscellaneous Fees & Taxes	358	339	310	337	435	389
State Redemption Fund	31,039	63,457	65,547	64,248	45,033	37,337
Education Revenue Augmentation	11,341	68,395	0	212	23,567	609,543
State Reimbursement Fund	0	0	0	0	409	7,779
Vehicle License Fee Replacement Fund	0	9,410	152,793	152,793	153,402	178,436
Property Tax Rebate Fund	7,043	13,909	23,168	24,951	25,109	11,588
Utility User Tax Trust Fund	1,047	1,726	4,355	8,043	11,777	15,186
Subtotal	$ 634,679	$ 558,318	$ 613,459	$1,150,865	$3,121,650	$6,231,736
VARIOUS TRUST GROUP						
Departmental Trust Fund	$ 547,208	$ 634,034	$ 683,158	$ 699,275	$ 583,704	$ 619,229
Payroll Revolving Fund	66,359	74,233	64,562	64,453	69,088	69,370
Asset Development Fund	50,744	50,921	51,020	51,043	51,051	51,120
Productivity Investment Fund	10,627	10,405	10,247	9,511	8,690	8,124
Motor Vehicle Capital Outlays	597	575	575	599	700	700
Civic Center Parking	94	(42)	81	99	30	(33)
Reporters Salary Fund	246	259	545	511	442	477
Cable TV Franchise Fund	14,678	14,544	15,593	15,424	15,337	15,790
Megaflex Long-Term Disability	11,147	11,249	11,164	11,096	11,069	11,019
Megaflex Long-Term Disability & Health	13,568	13,658	13,756	13,836	13,933	14,014
Megaflex Short-Term Disability	68,767	69,511	70,199	70,749	71,291	71,673
Subtotal	$ 784,035	$ 879,347	$ 920,900	$ 936,596	$ 825,335	$ 861,483
HOSPITAL GROUP						
Harbor-UCLA Medical Center	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000
Olive View-UCLA Medical Center	1,000	1,000	1,000	1,000	1,000	1,000
LAC+USC Medical Center	1,000	1,000	1,000	1,000	1,000	1,000
Rancho Los Amigos Rehab Center	1,000	1,000	1,000	1,000	1,000	1,000
Subtotal	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000
GRAND TOTAL	**$1,422,714**	**$1,441,665**	**$1,538,359**	**$2,091,461**	**$3,950,985**	**$7,097,219**

Source: Los Angeles County Auditor-Controller

January 2022	February 2022	March 2022	April 2022	May 2022	June 2022	
						PROPERTY TAX GROUP
$1,196,933	$ 735,525	$1,293,353	$3,510,198	$1,279,943	$ 171,921	**Tax Collector Trust Fund**
1,489,530	1,053,878	983,089	2,175,696	901,732	196,509	**Auditor Unapportioned Property Tax**
113,357	106,275	90,931	69,804	65,329	134,687	**Unsecured Property Tax**
407	375	350	415	6,335	9,317	**Miscellaneous Fees & Taxes**
25,650	22,571	34,913	35,468	20,336	26,547	**State Redemption Fund**
475,419	215,903	122,672	376,143	247,399	177,113	**Education Revenue Augmentation**
18,078	923	923	1,877	20,116	11,831	**State Reimbursement Fund**
736,499	378,955	576,244	709,142	754,708	0	**Vehicle License Fee Replacement Fund**
13,737	27,356	10,078	13,614	8,564	0	**Property Tax Rebate Fund**
13,260	17,409	12,791	13,328	11,919	11,980	**Utility User Tax Trust Fund**
$4,082,870	$2,559,170	$3,125,344	$6,905,685	$3,316,381	$ 739,905	**Subtotal**
						VARIOUS TRUST GROUP
$ 628,153	$ 540,497	$ 585,345	$ 567,571	$ 515,641	$ 570,102	**Departmental Trust Fund**
70,403	84,186	65,592	65,457	68,599	54,169	**Payroll Revolving Fund**
51,279	51,302	51,316	51,364	51,141	46,226	**Asset Development Fund**
7,264	7,173	7,171	6,169	8,113	6,304	**Productivity Investment Fund**
654	647	647	647	611	6,304	**Motor Vehicle Capital Outlays**
100	106	119	253	84	150	**Civic Center Parking**
466	452	555	525	554	434	**Reporters Salary Fund**
15,824	15,604	15,930	16,079	14,763	13,658	**Cable TV Franchise Fund**
11,123	11,158	11,134	11,221	11,324	15,647	**Megaflex Long-Term Disability**
14,071	14,052	14,114	14,202	13,660	9,777	**Megaflex Long-Term Disability & Health**
72,328	73,263	74,052	74,894	68,661	45,501	**Megaflex Short-Term Disability**
$ 871,665	$ 798,440	$ 825,975	$ 808,382	$ 753,151	$ 768,272	**Subtotal**
						HOSPITAL GROUP
$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	**Harbor-UCLA Medical Center**
1,000	1,000	1,000	1,000	1,000	1,000	**Olive View-UCLA Medical Center**
1,000	1,000	1,000	1,000	1,000	1,000	**LAC+USC Medical Center**
1,000	1,000	1,000	1,000	1,000	1,000	**Rancho Los Amigos Rehab Center**
$ 4,000	$ 4,000	$ 4,000	$4,000	$4,000	$4,000	**Subtotal**
$4,958,535	**$3,361,610**	**$3,955,319**	**$7,718,067**	**$4,073,532**	**$1,512,177**	**GRAND TOTAL**

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE

The following is a summary of certain provisions of the Resolution and the Financing Certificate. This summary is not to be considered a full statement of the terms of the Resolution or the Financing Certificate and accordingly is qualified by reference thereto and is subject to the full text thereof. Except as otherwise defined herein, capitalized terms used in this Official Statement without definition have the respective meanings set forth in the Financing Certificate.

Resolution and Financing Certificate to Constitute Contract

In consideration of the purchase and acceptance of any and all of the Notes to be issued under the Resolution and the Financing Certificate by those who shall hold the same from time to time, the Resolution and the Financing Certificate shall be deemed to be and shall constitute a contract between the County and the Holders from time to time of the Notes. The pledge made in the Resolution and the Financing Certificate and the covenants and agreements set forth therein to be performed by and on behalf of the County shall be for the equal benefit, protection and security of the Holders of any and all of the Notes all of which shall be of equal rank without preference, priority or distinction of any of the Notes over any other thereof, except as expressly provided in or permitted by the Financing Certificate.

Covenants of the County

The County covenants under the Financing Certificate that it will not issue any notes, or otherwise incur any indebtedness, pursuant to the Act with respect to Fiscal Year 2021-22 in an amount which, when added to the interest payable thereon, shall exceed 85 percent of the estimated amount of the then-uncollected taxes, income, revenue, cash receipts, and other moneys of the County which will be available for the payment of said notes or other indebtedness and the interest thereon; provided, however, that to the extent that any principal of or interest on such notes or other indebtedness is secured by a pledge of the amount in any inactive or term deposit of the County, the term of which will terminate during said fiscal year, such principal and interest may be disregarded in computing said limit.

In order to maintain the exclusion from gross income for federal income tax purposes of interest on the Notes, the County covenants to comply with each applicable requirement of the Code (herein defined) necessary to maintain the exclusion of interest on the Notes from gross income for federal income tax purposes. In furtherance of the foregoing tax covenant, the County agrees to comply with the provisions of the Tax Certificate. The County shall make all calculations as provided in the Tax Certificate relating to any rebate of excess investment earnings on the Notes proceeds due to the United States Department of Treasury in a reasonable and prudent fashion and shall segregate and set aside the amounts such calculations indicate may be required to be paid to the United States Department of Treasury.

Notwithstanding any other provision of the Financing Certificate to the contrary, upon the County's failure to observe or refusal to comply with the foregoing tax covenants, the Holders, and any adversely affected former Holders, shall be entitled to the rights and remedies provided to Holders under the Financing Certificate.

Negotiability, Transfer and Exchange of the Notes

The Holders of the Notes evidenced by registered certificates may transfer or exchange such Notes upon the books maintained by the Note Registrar, in accordance with the Financing Certificate.

The County and the Paying Agent may deem and treat the Holder of any Note as the absolute owner of such Note, regardless of whether such Note is overdue, for the purpose of receiving payment thereof and for all other purposes, and all such payments so made to any such Holder or upon his or her order will satisfy and discharge the liability upon such Note to the extent of the sum or sums so paid, and neither the County nor the Paying Agent will be affected by any notice to the contrary. Cede & Co., as nominee of DTC, or such other nominee of DTC or any successor securities depository or the nominee thereof, will be the Holder of the Notes as long as the beneficial ownership of the Notes is held in book-entry form in the records of such securities depository. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM" attached hereto.

Permitted Investments

Moneys on deposit in the Notes Repayment Fund will be retained therein until applied to the payment of the principal of and interest on the Notes. Such amounts may not be used for any other purpose, although they may be invested in Permitted Investments, as defined in the Financing Certificate ("Permitted Investments"), as more fully described below:

(1) Obligations of, or guaranteed as to principal and interest by, the United States of America, or by any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States of America.

(2) Obligations of instrumentalities or agencies of the United States of America limited to the following: (a) the Federal Home Loan Bank Board; (b) the Federal Home Loan Mortgage Corporation; (c) the Federal National Mortgage Association; (d) Federal Farm Credit Bank; (e) Government National Mortgage Association; (f) Student Loan Marketing Association; and (g) guaranteed portions of Small Business Administration notes.

(3) Commercial Paper having original maturities of not more than 270 days, payable in the United States of America and issued by corporations that are organized and operating in the United States with total assets in excess of $500 million and having "A" or better rating for the issuer's long-term debt as provided by Moody's Investors Service, Inc. ("Moody's"), Standard & Poor's, a Standard & Poor's Financial Services LLC business ("S&P"), or Fitch Ratings ("Fitch") and "P-1", "A-1", "F1" or better rating for the issuer's short-term debt, as provided by Moody's, S&P, or Fitch, respectively. The maximum total par value may be up to 15% of the total amount held by the Treasurer in accordance with the Financing Certificate.

(4) The County Treasury Pool.

(5) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as "bankers' acceptances," having original maturities of not more than 180 days, with a maximum par value of 40% of the total amount held by the Treasurer in accordance with the Financing Certificate. The institution must have a minimum short-term debt rating of "A-1," "P-1," or "F1" by S&P, Moody's, or Fitch, respectively, and a long-term debt rating of no less than "A" by S&P, Moody's or Fitch.

(6) Shares of beneficial interest issued by diversified management companies, known as money market funds, registered with the U.S. Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 *et seq.*) and whose fund has received the highest possible rating from S&P and at least one other nationally recognized securities rating agency. The maximum par value may be up to 15% of the total amount held by the Treasurer in accordance with the Financing Certificate.

(7) Negotiable certificates of deposit issued by a nationally- or state-chartered bank or a state or federal association (as defined by Section 5102 of the California Financial Code) or by a state-licensed branch of a foreign bank, in each case which has, or which is a subsidiary of a parent company which has, obligations outstanding having a rating in the "A" category or better from S&P, Moody's or Fitch. The maximum par value may be up to 30% of the total amount held by the Treasurer in accordance with the Financing Certificate.

(8) Repurchase agreements which have a maximum maturity of 30 days and are fully secured at or greater than 102% of the market value plus accrued interest by obligations of the United States Government, its agencies and instrumentalities, in accordance with number (2) above. The maximum par value per issuer may not exceed $250,000,000 and the maximum total par value for all such agreements with funds held by the Treasurer under the Financing Certificate may not exceed $500,000,000.

(9) Investment agreements and guaranteed investment contracts with issuers having a long-term debt rating of at least "AA" or "Aa2" by S&P or Moody's, respectively.

Notwithstanding anything within the definition of Permitted Investments to the contrary, so long as S&P maintains a rating on the Notes, to the extent Pledged Revenues are invested in Permitted Investments described in paragraphs (3), (5), (7) or (9) above, such investments must be rated by S&P at the respective S&P ratings described therein.

Notes Repayment Fund Held by the Treasurer

Under the Resolution and the Financing Certificate, the County shall transfer to the Treasurer for deposit in the Notes Repayment Fund the Pledged Revenues as set forth in the Financing Certificate. The Pledged Revenues may be invested in Permitted Investments; provided, however, that such Pledged Revenues shall not be invested for a term that exceeds the term of the Notes. The Pledged Revenues shall be used to pay the Notes and the interest thereon when the same shall become due and payable and may not be used for any other purpose; provided that earnings on amounts in the Notes Repayment Fund shall be deposited as and when received into the General Fund. Any amounts remaining in the Notes Repayment Fund after repayment of all the Notes and the interest thereon shall be transferred to any account in the General Fund as the Treasurer or any designee may direct.

Supplemental Financing Certificates and Resolutions

The Financing Certificate and certain of the rights and obligations of the County and of the Holders of the Notes may be amended or supplemented pursuant to a supplemental financing certificate executed by the Treasurer in accordance with the provisions of the Financing Certificate (a "Supplemental Financing Certificate"), with the written consent of the Holders of at least a majority in principal amount of the Notes outstanding at the time such consent is given; provided, however, that if such supplement or amendment will, by its terms, not take effect so long as any Notes remain Outstanding, the consent of the Holders of such Notes will not be required. No such supplement or amendment shall (i) permit a change in the terms of maturity of the principal of any Notes or of the applicable interest rate thereon or a reduction in the principal amount thereof without the consent of all of the Holders of the affected Notes, or (ii) change the dates or amounts of the pledges set forth in the Financing Certificate with respect to the Notes, as set forth under "THE NOTES - Security for the Notes," without the consent of all of the Holders of the affected Notes, or (iii) reduce the percentage of the Holders required to approve such Supplemental Financing Certificate without the consent of all of the Holders of the affected Notes, or (iv) change or modify any of the rights or obligations of the Paying Agent without its written consent thereto.

Additionally, a resolution amending the Resolution (a "Supplemental Resolution") may be adopted, or a Supplemental Financing Certificate may be executed, without the consent of the Holders, (i) to add covenants and agreements to be observed by the County that are not contrary to or inconsistent with the Resolution or the Financing Certificate, (ii) to add to the limitations and restrictions to be observed by the County that are not contrary to or inconsistent with the Resolution or the Financing Certificate, (iii) to confirm as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by the Resolution or the Financing Certificate, of any moneys, securities or funds or to establish any additional funds or accounts to be held under the Resolution or the Financing Certificate, (iv) to cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution or the Financing Certificate, (v) to supplement or amend the Resolution or the Financing Certificate as required to maintain a rating for the Notes, or any portion thereof, from any rating agency, provided that the County obtains an opinion of Bond Counsel to the effect that such Supplemental Resolution or Supplemental Financing Certificate does not adversely affect the interests of the Holders, or (vi) to supplement or amend the Resolution or Financing Certificate in any other respect, provided that the County obtains an opinion of Bond Counsel to the effect that such Supplemental Resolution or Supplemental Financing Certificate does not adversely affect the interests of the Holders.

Events of Default

Any one or more of the following will constitute an "Event of Default" under the Resolution and the Financing Certificate:

(1) the County fails to make any payment of the principal of or interest on any Notes when and as the same become due and payable;

(2) the County fails to perform or observe any other of the covenants, agreements or conditions required to be performed or observed by the County pursuant to the Resolution, the Financing Certificate or the Notes and such default shall continue for a period of 60 days after written notice thereof to the County by the Holders of not less than 10 percent in principal amount of the Notes outstanding; or

(3) the County shall file a petition for relief under the federal bankruptcy laws.

Whenever any Event of Default shall have happened and shall be continuing, the Holders, and any adversely affected former Holders of the Notes, and their legal representatives, will be entitled to take any and all actions available at law or in equity to enforce the performance of the covenants in the Financing Certificate and in the Act. Nothing in the Financing Certificate will preclude an individual Holder from enforcing such Holder's rights to payment of principal of or interest on the Notes.

Payment of Unclaimed Moneys to County

Anything in the Financing Certificate to the contrary notwithstanding, any moneys held in trust for the payment and discharge of any of the Notes that remain unclaimed for a period of one year after the date when such Notes have become due and payable, if such moneys were so held at such date, or for one year after the date of deposit of such moneys if deposited after the date when such Notes became due and payable, will be repaid to the County, as its absolute property and free from trust, and the Holders may thereafter look only to the County for the payment of such Notes from lawfully available funds; provided, however, that before any such payment is made to the County, the County will create (and thereafter maintain until payment of all of the Notes) a record of the amount so repaid, and the County will cause to be published at least twice, at any interval of not less than seven days between publications, in *The Bond Buyer* and two other newspapers customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language and of general circulation, in Los

Angeles, California and in the Borough of Manhattan, City and State of New York, a notice that said moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than thirty days after the date of the first publication of such notice, the balance of such moneys then unclaimed will be returned to the County.

RISK FACTORS

The following factors, along with all other information in this Official Statement, must be considered by potential investors in evaluating the risks inherent in the purchase of the Notes. However, they do not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the Notes. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

The County's Fiscal Year 2021-22 Recommended Budget

The County's Fiscal Year 2021-22 Recommended Budget was based on a number of assumptions regarding both revenues and expenditures. The Fiscal Year 2021-22 Recommended Budget was approved by the Board of Supervisors on April 20, 2021. The Fiscal Year 2021-22 Recommended Budget equals approximately $36 billion and reflects an overall decrease of $2.1 billion from Fiscal Year 2020-21 and assumes a General Fund net County cost of $9.0 billion. Changes in various federal programs and legislation and further events related to the Pandemic could have a material effect on the County's budget. The County may make adjustments throughout the year as necessary to maintain a balanced budget, as required by the County Charter. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Budgetary Information – Fiscal Year 2021-22 Recommended Budget" attached hereto.

Financial Conditions in Local, State and National Economies

The financial condition of the County can be significantly affected by generally prevailing financial conditions in the local, State and national economies. The County receives a significant portion of its funding from the State. Decreases in the State's General Fund revenues may significantly affect appropriations made by the State to public agencies, including the County. There can be no assurances that the occurrence of a recession or otherwise declining conditions in the local, State or national economies will not materially adversely affect the financial condition of the County in the future. See also "THE NOTES – State of California Finances" herein and APPENDIX A - "COUNTY OF LOS ANGELES INFORMATION STATEMENT - Budgetary Information - Federal and State Funding" attached hereto.

COVID-19 and Related Impacts on the County

The outbreak of the Pandemic has had an adverse effect on, among other things, the national economy, the global supply chain, international travel and travel-related industries. The Pandemic has negatively affected the national and local economy and financial markets, and is expected to continue to negatively affect economic output worldwide and within the State and the County. Both the State and the County have taken actions designed to mitigate the spread of COVID-19, including requiring the temporary closure of non-essential businesses and indoor business operations. The re-opening of certain businesses is currently proceeding according to a phased re-opening plan implemented by the State. In December 2020, two vaccines for COVID-19 were approved for emergency use in the United States and vaccinations began in California. A third vaccine was approved for emergency use in February 2021.

The ongoing Pandemic and the actions taken by the federal government and the State government have had an immediate impact on County operations and finances, drastically increasing County expenditures and reducing revenues, although the County anticipates that a portion of these increased expenditures will be reimbursed with federal and State funding. See APPENDIX A - "COUNTY OF LOS ANGELES INFORMATION STATEMENT - Budgetary Information - Federal Budget Update" and " – 2021-22 State Budget" attached hereto. Other potential impacts to the County associated with the Pandemic include, but are not limited to, challenges to the public health infrastructure, increased expenditures including for public safety, and delayed receipt of tax revenues. Although various measures are being implemented to address the impacts of the Pandemic on the County's operations and finances, the County cannot predict the effectiveness and duration of these measures. The actual impact of the Pandemic on the County, its economy and its finances will depend on future events, including future events outside of the control of the County.

Cybersecurity

The County relies on a complex technology environment to conduct its operations. As a recipient and provider of personal, private and sensitive information, the County and its departments and offices face multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems. In May 2016, a phishing email attack occurred in which the perpetrator accessed usernames and passwords of County employees and caused a breach of information for over 750,000 individuals. The County's District Attorney Cyber Investigative Response Team found the perpetrator and criminal charges were filed. After the incident, the County created the Office of Privacy within the Chief Executive Office, Risk Management Branch. In collaboration with the Chief Information Security Officer, the Office of Privacy oversees and coordinates the privacy, security, and policies of the County that relate to personally identifiable and protected health information. The Office of Privacy works with other county offices and officials, including information security and law enforcement personnel and data experts, to protect confidential information from unauthorized disclosures and to comply with federal and State privacy and information technology security regulations and best practices.

In November 2018, the Board adopted revised Information Technology and Security Board Policies which set forth directives on best practices for use of the County's computer systems. These policies include an Information Security Policy, an Information Classification Policy, a Use of County Information Assets Policy, an Information Security Incident Reporting and Response Policy and an Information Technology Audit and Risk Assessment Policy. The County uses a risk-based approach to manage cybersecurity threats, which allows the County to evaluate the vulnerabilities of its systems and the threats posed thereto so that the County may timely react to and address each situation. The County also conducts cybersecurity awareness training as a component of its cyber liability insurance policy.

No assurances can be given that the County's security and operational control measures will be successful in guarding against any and each cyber threat and attack. The results of any attack on the County's computer and information technology systems could impact its operations and damage the County's digital networks and systems, and the costs of remedying any such damage could be substantial.

Climate Change

The change in the Earth's average atmospheric temperature, generally referred to as "climate change," is expected to, among other things, increase the frequency and severity of extreme weather events. Climate change may also be a factor in the increased incidence of wildfires in the County and elsewhere in the State. As greenhouse gas emissions continue to accumulate, climate change will intensify and increase the frequency of extreme weather events such as coastal storm surges, drought, wildfires, floods and heat waves; and raise sea levels along the coast.

In August 2019, the County adopted the "OurCounty Sustainability Plan". The OurCounty Sustainability Plan identifies actions local governments and stakeholders can take to enhance the well-being of all communities in the County while reducing damage to the natural environment and adapting to the changing climate. Ongoing priorities include programs designed to improve the health of community environments, funding buildings and infrastructure that support human health and resilience, programs that support equitable and sustainable land use and development without displacement of existing users, programs that support the transition to a green economy and a fossil fuel free economy in the County, and the sustainable production and consumption of resources.

The Los Angeles County Climate Action Plan ("LA County CAP") was adopted in 2020 and ties together existing climate change initiatives and provides a blueprint for carbon reductions in the County's unincorporated communities. Through the LA County CAP, the County has set a target of 2045 for achieving carbon neutrality in the County's unincorporated areas and maintaining net negative greenhouse gas emissions thereafter in accordance with statewide goals established in 2018.

The County cannot predict the timing, extent, or severity of climate change and its impact on the County's operations and finances. However, over time the costs could be significant and could have a material adverse effect on the County's finances by requiring greater expenditures to respond to the effects of climate change. Also, additional actions to address climate change may be necessary and the County can give no assurances regarding the impact of such actions on the County's operations and finances.

Enforceability of Remedies

The rights of the owners of the Notes are subject to the limitations on legal remedies against counties in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the owners of the Notes, and the obligations incurred by the County, may become subject to federal bankruptcy law and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against counties in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Notes to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

On January 24, 1996, the United States Bankruptcy Court for the Central District of California held in the case of *County of Orange v. Merrill Lynch* that a State statute providing for a priority of distribution of property held in trust conflicted with, and was preempted by, federal bankruptcy law. In that case, the court addressed the priority of the disposition of moneys held in a county investment pool upon bankruptcy of the county, but was not required to directly address the State statute that provides for the lien in favor of holders of tax and revenue anticipation notes. The County expects to be in possession of the Pledged Revenues, which will be set aside to repay the Notes, and such amounts will be held in the Notes Repayment Fund, a segregated account to be established and maintained by the County for the benefit of the owners of the Notes. The amounts in such segregated account will be invested for a period of time in the County Treasury Pool. In the event of a petition for the adjustment of County debts under Chapter 9 of the United States Bankruptcy Code, a court might hold that the owners of the Notes do not have a valid and prior lien on the pledged amounts where such amounts are deposited in the County Treasury Pool and may not provide the Note owners with a priority interest in such amounts. Such pledged amounts may not be available for payment of principal of and interest on the Notes unless the owners could "trace" the funds from the Notes Repayment Fund that have been deposited in the County Treasury Pool. There can be no assurance that the Owners could successfully so "trace" the pledged amounts.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), Bond Counsel to the County, based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. The amount treated as interest on the Notes and excluded from gross income may depend upon the taxpayer's election under Internal Revenue Notice 94-84. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX C – "PROPOSED FORM OF APPROVING OPINION OF BOND COUNSEL."

Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the "IRS") is studying whether the amount of the payment at maturity on debt obligations such as the Notes that is excluded from gross income for federal income tax purposes is (i) the stated interest payable at maturity, or (ii) the difference between the issue price of the Notes and the aggregate amount to be paid at maturity of the Notes (the "original issue discount"). For this purpose, the issue price of the Notes is the first price at which a substantial amount of the Notes is sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). Until the IRS provides further guidance, taxpayers may treat either the stated interest payable at maturity or the original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt debt obligations with a term that is not more than one year from the date of issue in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of the Notes original issue discount treatment is elected.

The Notes purchased, whether at original issuance or otherwise, for an amount higher than the principal amount payable at maturity ("Premium Notes") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a holder of the basis in Premium Notes, will be reduced by the amount of amortizable bond premium properly allocable to such holder of the Notes. Holders of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions, and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. The County has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Notes will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Notes being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Notes. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Notes may adversely affect the value of, or the tax status of interest on, the Notes. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

One of the covenants of the County referred to above requires the County to reasonably and prudently calculate the amount, if any, of excess investment earnings on the proceeds of the Notes which must be rebated to the United States, to set aside from lawfully available sources sufficient moneys to pay such amounts and to otherwise do all things necessary and within its power and authority to ensure that interest on the Notes is excluded from gross income for federal income tax purposes. Under the Code, if the County spends 100% of the proceeds of the Notes within six months after issuance, there is no requirement that there be a rebate of investment profits in order for interest on the Notes to be excluded from gross income for federal income tax purposes. The Code also provides that such proceeds are not deemed spent until all other available moneys (less a reasonable working capital reserve) are spent. The County expects to satisfy this expenditure test or, if it fails to do so, to make any required rebate payments from moneys received or accrued during Fiscal Year 2021-22. To the extent that any rebate cannot be paid from such moneys, California law is unclear as to whether such covenant would require the County to pay any such rebate. This would be an issue only if it were determined that the County's calculation of expenditures of Notes proceeds or of rebatable arbitrage profits, if any, was incorrect.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Notes may otherwise affect a holder of the Notes' federal, state or local tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the holder(s) of the Notes or the holder(s) of the Notes other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent holders from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the County, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The County has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the County or the holders of the Notes regarding the tax-exempt status of the Notes in the event of an audit examination by the IRS. Under current procedures, parties other than the County and its appointed counsel, including the holders of the Notes, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of the IRS's positions with which the County legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Notes, and may cause the County or the holders of the Notes to incur significant expense.

CERTAIN LEGAL MATTERS

Legal matters related to the authorization, issuance, sale and delivery of the Notes are subject to the approval of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. The approving opinion of Bond Counsel will be delivered with the Notes in substantially the form appearing in Appendix C hereto. Bond Counsel has undertaken no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the County by Hawkins Delafield & Wood LLP, Los Angeles, California, Disclosure Counsel, and County Counsel, and for the Underwriters by their counsel, Squire Patton Boggs (US) LLP, Los Angeles, California.

LEGALITY FOR INVESTMENT IN CALIFORNIA

Under the California Financial Code, the Notes are legal investments for commercial banks in the State, and under the California Government Code, the Notes are eligible to secure deposits of public moneys in the State.

FINANCIAL STATEMENTS

The financial statements of the County for the Fiscal Year ended June 30, 2020, pertinent sections of which are included in Appendix B to this Official Statement, have been audited by Macias Gini & O'Connell LLP (the "Independent Auditor"), certified public accountants, as stated in their report appearing in Appendix B attached hereto. See APPENDIX B – "COUNTY OF LOS ANGELES FINANCIAL STATEMENTS." The Independent Auditor has not consented to the inclusion of its report as Appendix B and has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made herein, and no opinion is expressed by the Independent Auditor with respect to any event subsequent to its report dated December 11, 2020.

RATINGS

Moody's, S&P and Fitch have given the Notes the ratings of "MIG 1," "SP-1+" and "F1+" respectively. Certain information was supplied by the County to the rating agencies to be considered in evaluating the Notes. Such ratings reflect only the views of the rating agencies, and are not a recommendation to buy, sell or hold any of the Notes. Any explanation of the significance of each such rating should be obtained from the rating agency furnishing the same at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041; Fitch Ratings, 33 Whitehall Street, New York, New York 10004. There can be no assurance that any such rating will remain in effect for any given period of time or that any such rating will not be revised downward or withdrawn entirely by the rating agency furnishing the same if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of ratings may have an adverse effect on the market price of the affected Notes.

LITIGATION

To the best knowledge of the County, no litigation is pending or threatened concerning the validity of the Notes. The County is routinely a party to various lawsuits and administrative proceedings. Summaries of certain pending legal proceedings or potential contingent liabilities are set forth in Appendix A attached hereto. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT". In the opinion of County Counsel, the outcome of the presently pending suits and claims will not materially impair the County's ability to repay the Notes.

MUNICIPAL ADVISOR

Omnicap Group LLC has served as Municipal Advisor to the County in connection with the issuance of the Notes. The Municipal Advisor has not been engaged, nor has it undertaken, to make an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained herein.

CONTINUING DISCLOSURE

Pursuant to the Continuing Disclosure Certificate dated the date of issuance of the Notes (the "Continuing Disclosure Certificate"), the County will covenant to provide, no later than ten business days after their occurrence, notice of the occurrence of the events set forth in Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system. Certain of the events set forth under Rule 15c2-12 do not apply to the Notes. See APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. These covenants have been made in order to assist the underwriters in complying with Rule 15c2-12.

The County did not timely file a notice of a rating upgrade with respect to the Community Facilities District No. 3 (Valencia/Newhall Area) of the County of Los Angeles, Improvement Area B Special Tax Refunding Bonds, Series 2011A. In addition, the notice of a rating upgrade with respect to the Los Angeles County Public Works Financing Authority, Lease Revenue Bonds, 2016 Series D (the "2016D Bonds") did not identify all of the applicable CUSIPs of this issue. The County filed a notice of the rating change with the applicable CUSIPs for the 2016D Bonds. Also, the annual report for Fiscal Year ending 2019 for the County's Community Facilities District No. 3, Area C Special Tax 2012A Bonds did not identify all applicable CUSIPs of this issue. The County filed this annual report with all applicable CUSIPs and a notice of failure to file the completed annual report.

UNDERWRITING

The Notes are being purchased for reoffering by UBS Financial Services Inc., as representative of itself, Morgan Stanley & Co. LLC, American Veterans Group, PBC, Samuel A. Ramirez & Co., Inc., and Stern Brothers & Co. (collectively, the "Underwriters"). The Underwriters have agreed to purchase the Notes at a purchase price of $1,038,674,308.44 (representing the principal amount of the Notes, plus original issue premium of $39,050,000.00, less Underwriters' discount of $375,691.56). The Contract of Purchase (the "Contract of Purchase") provides that the Underwriters will purchase all of the Notes if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the Contract of Purchase.

The Underwriters may offer and sell the Notes to certain dealers and others at prices lower than the public offering price stated on the cover page hereof. The offering price may be changed from time to time by the Underwriters.

The following paragraphs have been provided by the Underwriters:

UBS Financial Services Inc. ("UBS FSI"), an underwriter of the Notes, has entered into a distribution and service agreement with its affiliate UBS Securities LLC ("UBS Securities") for the distribution of certain municipal securities offerings. Pursuant to such agreement, UBS FSI will share a portion of its underwriting compensation with UBS Securities. UBS FSI and UBS Securities are each subsidiaries of UBS Group AG.

Morgan Stanley & Co. LLC, an underwriter of the Notes, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Notes.

American Veterans Group, PBC ("AVG"), one of the Underwriters of the Notes, has entered into a negotiated dealer agreement ("Dealer Agreement") with Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain fixed income securities offerings at the original issue prices. Pursuant to the Dealer Agreement (if applicable to this transaction), CS&Co. will purchase the Notes from AVG at the original issue price less a negotiated portion of selling concession applicable to any Notes that such firm sells.

Stern Brothers & Co., one of the Underwriters of the Notes, has entered into an agreement ("The Stern Brothers Agreement") with City National Securities, Inc. ("CNS") for the retail distribution of certain municipal securities offerings at the original issue price. Pursuant to Stern Brothers Agreement, Stern Brothers & Co. may sell the Notes to CNS and will share a portion of its selling concession compensation, if applicable.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The Underwriters and their affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the County for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the County or the State. The Underwriters and their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Notes. Quotations from and summaries and explanations of the Notes, the Resolution, the Financing Certificate and the statutes and documents contained herein do not purport to be complete, and reference is made to said documents and statutes for full and complete statements of their provisions.

The County regularly prepares a variety of reports, including audits, budgets, and related documents, as well as certain monthly activity reports. Such reports are not incorporated by this reference. Any Holder of a Note may obtain a copy of any such report, as available, from the County by contacting:

COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR
KENNETH HAHN HALL OF ADMINISTRATION, ROOM 432
500 WEST TEMPLE STREET
LOS ANGELES, CALIFORNIA 90012
(213) 974-7175

APPENDIX A

COUNTY OF LOS ANGELES INFORMATION STATEMENT

COUNTY OF LOS ANGELES

CALIFORNIA

THE COUNTY OF LOS ANGELES
Information Statement

Certain statements contained in this Appendix A are "forward-looking statements." Due to the nature of the current public health crisis related to the COVID-19 pandemic, no assurance can be given that any estimates of future impact discussed herein will be achieved, and actual results may differ materially from the potential impact described herein. In this respect, the words "estimate," "forecast," "project," "anticipate," "expect," "intend," "believe," "budget" and similar expressions are intended to identify forward-looking statements. All projections, forecasts, assumptions and other forward-looking statements in this Appendix A are expressly qualified in their entirety by this cautionary statement.

GENERAL INFORMATION

The County of Los Angeles (the "County") was established by an act of the California State Legislature on February 18, 1850 as one of California's original 27 counties. Located in the southern coastal portion of the State, the County covers 4,083 square miles and includes 88 incorporated cities as well as many unincorporated communities. With a population of 10.2 million in 2020, the County is the most populous of the 58 counties in California and has a larger population than 41 states.

As required by the County Charter, County ordinances, and State or Federal mandates, the County is responsible for providing government services at the local level for activities including public welfare, health and justice, the maintenance of public records, and administration of ad valorem taxes. The County provides services such as law enforcement and public works to cities within the County on a cost-recovery contract basis. The County also provides certain municipal services to unincorporated areas of the County and operates recreational and cultural facilities throughout the County.

COUNTY GOVERNMENT

The County is governed by a five-member Board of Supervisors (the "Board of Supervisors"), each of whom is elected by residents from their respective supervisorial districts to serve four-year terms, with the potential to serve two additional four-year terms if re-elected by voters. The other elected officials of the County are the Assessor, District Attorney and Sheriff. On March 5, 2002, County voters approved two charter amendments that introduced mandatory term limits for the elected officials of the County. As a result, each Supervisor is now limited to serving a maximum of three consecutive terms commencing as of December 2002.

On July 7, 2015, the Board of Supervisors approved a new governance structure, pursuant to which all non-elected department heads report directly to the Board of Supervisors, and all Deputy Chief Executive Officer ("CEO") positions were eliminated. County departments continue to report to the CEO for day-to-day operations, and for administrative and budget matters. The CEO continues to function as the Board of Supervisor's agent to manage countywide policy objectives and departmental performance management. The new governance structure is designed to streamline County governance by improving communications with County departments and facilitating more effective decision making in response to the Board of Supervisors' policy objectives.

From 2014 to 2020, the County experienced significant changes to its elected leadership on the Board of Supervisors. In December 2014, the previous Supervisors for the First District and the Third District reached their term limits, with their successors elected by voters in the November 2014 election. The current Supervisors for the First and Third Districts commenced their first terms in December 2014. In November 2016, voters elected new Supervisors to the Fourth District and the Fifth District, replacing the previous Supervisors who had reached their term limits. The new Supervisors for the Fourth and Fifth Districts commenced their first terms in December 2016. Voters elected a new Supervisor to the Second District in November 2020, replacing the previous Supervisor who termed out of office in December 2020.

COUNTY SERVICES

The vast majority of the County population resides in the 88 incorporated cities located within its boundaries. The County provides some municipal services to these cities on a contract basis under the Contract Services Plan. Established in 1954, this plan was designed to allow cities to contract for municipal services without incurring the cost of creating numerous city departments and facilities. Under the Contract Services Plan, the County will provide various municipal services to a city on a cost recovery basis at the same level of service as provided to the unincorporated areas or at a higher level of service that a city may choose.

Over one million people live in the unincorporated areas of the County. For the residents of these areas, the County Board of Supervisors functions as their "City Council," and County departments provide all of their municipal services, including law enforcement, fire protection, land use and zoning, building and business permits, road maintenance, animal care and control, and public libraries. Beyond the unincorporated areas, the County provides a wide range of services to all citizens who live within its boundaries.

Many of the County's core service functions are required by the County Charter, County ordinances, or by State or Federal mandate. State and Federal mandated programs, primarily related to social services and health care, are required to be maintained at certain minimum levels of service, which can limit the County's flexibility in providing these services.

Health and Welfare

Under State Law, the County is required to administer Federal and State health and welfare programs, and to fund a portion of the program costs with local revenues, such as sales and property taxes. Health care services are provided through a network of County hospitals and comprehensive health centers. In addition, the County provides public health, immunization, environmental and paramedic services, and is responsible for the design and establishment of the countywide emergency trauma network, which includes two medical centers operated by the County. The County also has responsibility for providing and partially funding mental health, drug and alcohol abuse prevention, and various other treatment programs. These services are provided at County facilities and through a network of contract providers.

While many of the patients receiving services at County facilities are indigent or covered by Medi-Cal (a State health insurance program), the County health care delivery system has been designed with the objective of providing quality health care services to the entire population. Through its affiliation with two medical schools and by operating its own school of nursing, the County Department of Health Services ("DHS") is a major provider of health care professionals throughout California.

Disaster Services

The County operates and coordinates a comprehensive disaster recovery network that is responsible for providing critical services in response to floods, fires, storms, earthquakes, and other emergency events, including the COVID-19 pandemic. Centralized command centers can be established at any Sheriff station or in mobile trailers throughout the County. To prevent floods and conserve water, the County maintains and operates a system of 14 major dams, 172 debris basins, an estimated 120,000 catch basins, 35 sediment placement sites, and over 3,399 miles of storm drains and channels. County lifeguards monitor 25 miles of beachfront and County rescue boats patrol 75 miles of coastline, including the Catalina Channel.

Public Safety

The County criminal justice network is primarily supported by local County revenue sources, State Public Safety sales tax revenue and fees from contracting cities. The Sheriff provides countywide law enforcement services and will perform specific functions requested by local police departments, including the training of thousands of police officers employed by the incorporated cities of the County. Specifically, the County provides training for narcotics, vice, homicide, consumer fraud, and arson investigations, as well as assistance in locating and analyzing crime scene evidence. The County also operates and maintains one of the largest jail systems in the United States, with an average daily inmate population of approximately 14,949 inmates. This number includes approximately 137 inmates who were serving their sentences outside of the jail in community-based programs.

General Government

The County is responsible for the administration of the property tax system, including property assessment, assessment appeals, collection of taxes, and distribution of property tax revenue to cities, agencies, special districts, and local school districts. Another essential general government service is the County's voter registration and election system, which provides services to an estimated 5.8 million registered voters and maintains approximately 4,257 voting precincts for countywide elections.

Culture and Recreation

Through a partnership with community leaders, non-profit organizations, volunteers and the private sector, the County operates the Music Center complex, which includes the Dorothy Chandler Pavilion, Mark Taper Forum, Ahmanson Theater, and the Walt Disney Concert Hall. The County also functions as the operator of the Hollywood Bowl, the John Anson Ford Theater, the Los Angeles County Museum of Art, the Museum of Natural History, and the George C. Page Museum.

The County manages over 182 parks and operates a network of regional recreational facilities, including Marina del Rey (a small craft harbor), 9 regional parks, 38 neighborhood parks, 20 community parks, 15 wildlife sanctuaries, 10 nature centers, 42 public swimming pools, over 240 miles of horse, biking and hiking trails, and 20 golf courses. The County also maintains botanical centers, including the Arboretum and Botanic Garden, the South Coast Botanic Garden, Descanso Gardens, and the Virginia Robinson Gardens, providing County residents with valuable environmental and educational resources.

EMPLOYEE RELATIONS/COLLECTIVE BARGAINING

The County has a total of approximately 110,499 budgeted positions with 88.1% of the workforce represented by sixty-two (62) separate collective bargaining units that are certified employee organizations. These organizations include the Services Employees International Union ("SEIU") Local 721, which includes twenty-four (24) collective bargaining units that represent 57.4% of County employees; the Coalition of County Unions ("CCU"), which includes thirty-three (33) collective bargaining units representing 29.0% of County employees; and the Independent Unions (the "Independent Unions"), which encompass five (5) collective bargaining units representing 1.7% of County employees. Under labor relations policy direction from the Board of Supervisors and Chief Executive Officer, the CEO Employee Relations Division is responsible for negotiating sixty-two (62) individual collective bargaining agreements for wages and salaries and an additional two (2) fringe benefit agreements with SEIU Local 721 and the CCU. The Independent Unions are covered by one of the two fringe benefit agreements.

The current Memoranda of Understanding ("MOUs") with the various collective bargaining units cover wages, salaries and fringe benefits. The MOUs have three-year terms and provide for a 7% cost of living increase over the term of the agreements, which have multiple expiration dates ranging from December 31, 2020 to September 30, 2021. Non-represented employees also received the 7% cost of living increase received by represented employees. In exchange for a significantly reduced County contribution to the fringe benefit allowance, employees received a 1% sustainability increase in January 1, 2020. Employees also received a 2.75% half-step sustainability increase effective January 1, 2021.

The County currently has two MOUs with the SEIU and the CCU covering fringe benefits. The fringe benefit MOUs with SEIU and CCU, which expire on September 30, 2021 and on June 30, 2021, respectively, increased the County contribution toward healthcare benefits slightly each year, with the most significant change being the institution of caps on the amount of unused County contribution returned to the employee as taxable cash. The monthly health insurance subsidy for eligible temporary and recurrent employees represented by CCU increased by 5.5% in 2019, 6% in 2020 and 6% in 2021. The SEIU agreement provided a one-time payment of $1,000 and the CCU agreement provided a one-time payment of $500 and a one-time increase of 8 hours of leave time for certain full-time permanent employees effective April 30, 2019.

Due to the agreements reached with SEIU and CCU, the Board of Supervisors approved comparable salary adjustments for most non-represented employees, except for the salaries of Tier 1 Management and Appraisal and Performance Plan participants, which include department heads.

In an effort to mitigate the budgetary impact caused by the COVID-19 pandemic, the Board of Supervisors approved a freeze on non-essential hiring, which remains intact, and a temporary suspension of the County's matching contribution to the Deferred Compensation and Thrift Plan and the 401(k) Savings Plan for non-represented employees and certain represented employees covered by the Flex and MegaFlex benefit plans. The suspension of the matching contributions became effective on May 1, 2020 and will last through Fiscal Year 2020-21.

The County is currently negotiating successor labor agreements as the 2018-2021 fringe and individual collective bargaining agreements have begun to expire. In the continuing effort to mitigate the budgetary impacts caused by the COVID-19 pandemic, the County successfully reached one-year "status quo" extensions with many of its public safety unions. The County intends to pursue the same one-year extensions with all remaining general service unions and will seek minimal adjustments to the fringe benefit agreements. The one-year extensions provide for no cost of living adjustments (COLA).

RETIREMENT PROGRAM

General Information

All permanent County employees of three-quarter time or more are eligible for membership in the Los Angeles County Employees Retirement Association ("LACERA"). LACERA was established in accordance with the County Employees Retirement Law of 1937 (the "Retirement Law") to administer the County's Employee Retirement Trust Fund (the "Retirement Fund"). LACERA operates as a cost-sharing multi-employer defined benefit plan for employees of the County, the Los Angeles Superior Court and four other participating agencies. The Superior Court and the other four non-County agencies account for approximately 4.9% of LACERA's total membership.

LACERA is governed by the Board of Retirement, which is responsible for the administration of the Retirement Fund, the retiree healthcare program, and the review and processing of disability retirement applications. The Board of Retirement is comprised of four positions appointed by the Board of Supervisors, two positions elected by general LACERA members, two positions (one active and one alternate) elected by LACERA safety members and two positions (one active and one alternate) elected by retired LACERA members. The County Treasurer and Tax Collector is required by law to serve as an ex-officio member of the Board of Retirement.

The LACERA plans are structured as "defined benefit" plans in which benefit allowances are provided based on salary, length of service, age and membership classification. Law enforcement officers, firefighters, foresters and lifeguards are classified as "safety" employees, with all other positions classified as "general" employees. County employees had the option to participate in a contribution based defined benefit plan or a non-contribution based defined benefit plan. In the contribution-based plans (Plans A, B, C, D & G), employees contribute a fixed percentage of their monthly earnings to LACERA based on rates determined by LACERA's independent actuary. The contribution rates depend upon age, the date of entry into the plan and the type of membership (general or safety). County employees who began their employment between January 4, 1982 and January 1, 2013 had the option to participate in Plan E, which is a non-contribution-based plan. The contribution-based plans (A through G) have higher monthly benefit payments for retirees compared to Plan E.

LACERA's total membership as of June 30, 2020 was 184,288, consisting of 100,108 active members, 68,012 retired members and beneficiaries and 16,168 vested former members. Of the 100,108 active members, 86,930 are general members in General Plans A through G, and 13,178 are safety members in Safety Plans A through C.

Of the 68,012 retired members, 54,693 are general members in General Plans A through G, and 13,319 are safety members in Safety Plans A, B and C. Beginning in 1977, both the General Plan A and the Safety Plan A were closed to new members. The County elected to close these plans in response to growing concerns regarding the future cost of Plan A benefits, which were considerably more generous than other plan options currently available to County employees.

As of June 30, 2020, approximately 46% of the total active general members were enrolled in General Plan D, and 70% of all active safety members were enrolled in Safety Plan B. The basic benefit structure of General Plan D is a "2.0% at 61" funding formula that provides for annual 2.0% increases in benefits, with no benefit reductions for members who retire at age 61 or older. For the Safety Plan B, the benefit structure is a "2.0% at 50" formula that provides benefit increases of 2.0% and no benefit reductions beginning at age 50. To illustrate the potential financial impact of the retirement benefit, a General Plan D member with 35 years of experience can retire at age 61 with benefits equal to approximately 70% of current salary; and a Safety Plan B member with 25 years of experience can retire at age 50 with benefits equal to approximately 50% of current salary.

2012 State Pension Reform

On September 12, 2012, the Governor signed AB 340 into law, which established the California Public Employees' Pension Reform Act of 2013 ("PEPRA") to govern pensions for public employers and public pension plans, effective January 1, 2013. For new employees hired on or after January 1, 2013, PEPRA includes pension caps, equal sharing of pension costs, changes to retirement age, and three-year final compensation provisions. For all employees, changes required by PEPRA include the prohibition of retroactive pension increases, pension holidays, and purchases of service credit.

PEPRA applies to all State and local public retirement systems, including county and district retirement systems created pursuant to the Retirement Law, independent public retirement systems, and to individual retirement plans offered by public employers. PEPRA only exempts the University of California system and certain charter cities and counties whose pension plans are not governed by State law. Because the County's retirement system is governed by the Retirement Law, LACERA is required to comply with the provisions of PEPRA.

As a result of PEPRA, the County implemented General Plan G and Safety Plan C for new hires, effective January 1, 2013. Based on the June 30, 2020 Actuarial Valuation (the "2020 Actuarial Valuation"), the total employer contribution rate for Fiscal Year 2021-22 for new employees hired on and after January 1, 2013 is 23.95% for General Plan G and 29.27% for Public Safety Plan C. The new employer contribution rates are lower than comparative rates of 24.04% for General Plan D participants and 32.70% for Public Safety Plan B participants. The basic benefit structure of Plan G using the PEPRA funding formula is "2.5% at 67" and provides for annual 2.0% cost of living adjustments during retirement, with no benefit reductions for members who retire at age 61 or older. For Safety Plan C, the benefit structure is a "2.7% at 57" formula that provides for annual 2.0% cost of living adjustments during retirement, with no benefit reductions beginning at age 50. Overall, the implementation of General Plan G and Safety Plan C is expected to result in a slight decrease to the total normal cost rate and an increase in the average member contribution rate, thus resulting in a decrease in the total employer contribution rate.

Contributions

Employers and members contribute to LACERA based on rates recommended by the independent actuary (using the Entry Age Normal Cost Funding Method) and adopted by the Board of Investments of LACERA (the "Board of Investments") and the County's Board of Supervisors. Contributory plan members are required to contribute between 5% and 15% of their annual covered salary. Employers and participating agencies are required to contribute the remaining amounts necessary to finance the coverage of their employees (members) through monthly or annual pre-funded contributions at actuarially determined rates. The annual contribution rates are based on the results of investments and various other factors set forth in the actuarial valuations and investigations of experience, which are described below.

Investment Policy

The Board of Investments has exclusive control of all Retirement Fund investments and has adopted an Investment Policy Statement. The Board of Investments is comprised of four active and retired members and four public directors appointed by the Board of Supervisors. The County Treasurer and Tax Collector serves as an ex-officio member. The Investment Policy Statement establishes LACERA's investment policies and objectives and defines the principal duties of the Board of Investments, investment staff, investment managers, master custodian, and consultants.

Actuarial Valuation

The Retirement Law requires the County to contribute to the Retirement Fund on behalf of employees using rates determined by the plan's independent actuary, which is currently Milliman Consultants and Actuaries ("Milliman"). Such rates are required under the Retirement Law to be calculated at least once every three years. LACERA presently conducts valuations on an annual basis to assess changes in the Retirement Fund's portfolio.

When measuring assets to determine the unfunded actuarial accrued liability ("UAAL"), which is defined as the actuarial accrued liability ("AAL") minus the actuarial value of the assets of LACERA at a particular valuation date, the Board of Investments has elected to "smooth" gains and losses to reduce the potential volatility of its funding requirements. If in any fiscal year, the actual investment return on the Retirement Fund's assets is lower or higher than the current actuarial assumed rate of return, the shortfall or excess is smoothed, or spread, over a multi-year time period. The impact of this valuation method will result in "smoothed" assets that are lower or higher than the market value of assets depending on whether the remaining amount to be smoothed is either a net gain or a net loss. In December 2009, the Board of Investments adopted the Retirement Benefit Funding Policy (the "2009 Funding Policy"). As a result of the 2009 Funding Policy the smoothing period to account for asset gains and losses increased from three years to five years.

In addition to annual actuarial valuations, LACERA requires its actuary to review the reasonableness of the economic and non-economic actuarial assumptions every three years. This review, commonly referred to as the Investigation of Experience, is accomplished by comparing actual results during the preceding three years to what was expected to occur according to the actuarial assumptions. On the basis of this review, the actuary recommends whether any changes in the assumptions or methodology would allow a more accurate projection of total benefit liabilities and asset growth.

UAAL and Deferred Investment Returns

In December 2019, Milliman released the 2019 Investigation of Experience for Retirement Benefit Assumptions (the "2019 Investigation of Experience"). The 2019 Investigation of Experience provided the basis for Milliman's recommended changes to the actuarial assumptions in the June 30, 2019 Actuarial Valuation (the "2019 Actuarial Valuation"). The key actuarial assumptions proposed by Milliman included a reduction in the assumed investment rate of return from 7.25% to 7.00%; no changes in the assumed rates for wage growth and price inflation (currently at 3.25% and 2.75%, respectively); and a change in the mortality rates based on the public plan specific tables published in 2019 by the Society of Actuaries Retirement Plan Experience Committee. Milliman also recommended a change to the current 30-year layered amortization methodology used to fund future unanticipated changes in unfunded liabilities, such as assumption changes or actuarial gains and losses, to a maximum of 22 years. In January 2020, the Board of Investments approved Milliman's recommended changes to the actuarial assumptions and methodology changes, with the resulting increase in the employer contribution rate to be phased in over a three-year period beginning in Fiscal Year 2020-21.

For the 2019 Actuarial Valuation, LACERA reported a rate of return on Retirement Fund assets of 5.5%, which was lower than the 7.25% assumed rate of return. With the five-year smoothing process, the actuarial value of Retirement Fund assets increased by $2.384 billion or 4.3% from $55.233 billion to $57.617 billion as of June 30, 2019. The 2019 Actuarial Valuation reported that the AAL increased by $6.108 billion to $74.635 billion, and the UAAL increased by $3.724 billion to $17.018 billion from June 30, 2018 to June 30, 2019. The Funded Ratio as of June 30, 2019 decreased to 77.2% from the prior year Funded Ratio of 80.6%.

The 2019 Actuarial Valuation provided the basis for establishing the contribution rates effective July 1, 2020. The County's required contribution rate increased from 20.91% to 22.59% of covered payroll in Fiscal Year 2020-21. The components of the 1.68% increase in the employer contribution rate include a 3.29% cost increase from the changes in actuarial assumptions and methodology changes (as described above), and a 0.58% increase from the recognition of current and prior years' actuarial investment losses, which were partially offset by a 2.19% cost reduction due to the three-year phase-in of the actuarial assumption and methodology changes. The remaining 2.19% cost increase from the actuarial assumption and methodology changes will be phased-in in Fiscal Years 2021-22 and 2022-23, resulting in higher employer contribution rates. If the three-year phase-in had not been adopted by the Board of Investments, the employer contribution rate for Fiscal Year 2020-21 would have been 24.78%.

The 2019 Actuarial Valuation did not include $94.601 million of net deferred investment gains that will be partially recognized over the next four fiscal years. If the actual market value of Retirement Fund assets was used as the basis for the valuation, the Funded Ratio would have been 77.3% as of June 30, 2019, and the required County contribution rate would have been 22.51% for Fiscal Year 2019-20.

For the 2020 Actuarial Valuation, LACERA reported a rate of return on Retirement Fund assets of 1.8%, which was lower than the 7.0% assumed rate of return. With the five-year smoothing process, the actuarial value of Retirement Fund assets increased by $2.146 billion or 3.7% from $57.617 billion to $59.763 billion as of June 30, 2020. The 2020 Actuarial Valuation reported that the AAL increased by $3.639 billion to $78.275 billion, and the UAAL increased by $1.494 billion to $18.512 billion from June 30, 2019 to June 30, 2020. The Funded Ratio as of June 30, 2020 decreased to 76.3% from the prior year Funded Ratio of 77.3%.

The 2020 Actuarial Valuation provides the basis for establishing the contribution rates effective July 1, 2021. The County's required contribution rate will increase from 22.59% to 24.64% of covered payroll in Fiscal Year 2021-22. The components of the 2.05% increase in the employer contribution rate include a 1.25% cost increase from the deferred recognition of actuarial assumptions and methodology changes implemented with the 2019 Actuarial Valuation (as described above) and other related changes, a 0.58% increase from the recognition of current and prior years' actuarial investment losses, and a 0.22% increase from current actuarial changes reflected in the 2020 Actuarial Valuation. If the three-year phase-in had not been adopted by the Board of Investments, the employer contribution rate for Fiscal Year 2021-22 would have been 25.74%.

The 2020 Actuarial Valuation does not include $1.838 billion of net deferred investment losses that will be partially recognized over the next four fiscal years. If the actual market value of Retirement Fund assets was used as the basis for the valuation, the Funded Ratio would have been 74.0% as of June 30, 2020, and the required County contribution rate would have been 26.15% for Fiscal Year 2021-22.

For the nine months ended March 31, 2021, LACERA reported a preliminary net gain on Retirement Fund assets of 18.4%, which is above the actuarial assumed investment rate of return of 7.0%.

An eight-year history of the County's UAAL is provided in Table 1 ("Retirement Plan UAAL and Funded Ratio"), and a summary of investment returns for the prior eight years is presented in Table 2 ("Investment Return on Retirement Plan Assets") at the end of this Information Statement section.

Pension Funding

Since Fiscal Year 1997-98, the County has funded 100% of its annual actuarially required contribution to LACERA. In Fiscal Years 2017-18, 2018-19, and 2019-20, the County's total contributions to the Retirement Fund were $1.499 billion, $1.636 billion, and $1.767 billion, respectively. For Fiscal Year 2020-21, the County is estimating retirement contribution payments to LACERA of $1.979 billion, which would represent a 12.04% or $212.6 million increase from Fiscal Year 2019-20. For Fiscal Year 2021-22, the County is projecting retirement contribution payments to LACERA of $2.216 billion.

A summary of actual and projected County pension payments to LACERA for the eight-year period ending June 30, 2021 is presented in Table 3 ("County Pension and OPEB Payments") at the end of this Information Statement section.

STAR Program

The Supplemental Targeted Adjustment for Retirees program ("STAR Program") is a discretionary program that provides a supplemental cost-of-living increase from excess earnings to restore retirement allowances to 80% of the purchasing power held by retirees at the time of retirement. As of June 30, 2020, $614 million was available in the STAR Program Reserve to fund future benefits. Under the 2009 Funding Policy, the entire STAR Program Reserve was included in the Retirement Fund's valuation assets. However, there is no corresponding liability for any STAR Program benefits in the 2020 Actuarial Valuation that may be granted in the future. If the STAR Program Reserve was excluded from the valuation assets, the County's required contribution rate would have increased by 0.51% for Fiscal Year 2021-22, and the Funded Ratio would have decreased by 0.7% to 75.6% as of June 30, 2020.

Pension Accounting Standards

In June 2012, the Governmental Accounting Standards Board ("GASB") issued new statements to replace the previous pension accounting and reporting requirements for defined pension benefit plans such as LACERA, and employers such as the County. GASB Statement No. 67, Financial Reporting for Pension Plans, replaced the requirements of GASB Statement No. 25 and is focused on pension plan administrators such as LACERA. GASB 67 was implemented with the issuance of LACERA's Fiscal Year 2013-14 financial statements and expanded the pension-related note disclosures and supplementary information requirements.

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, replaced the requirements of GASB Statement No. 27 and is focused on employers that provide defined pension benefits such as the County. GASB 68 was implemented with the issuance of the County's Fiscal Year 2014-15 financial statements. Although GASB 68 does not materially affect the existing process for calculating the UAAL, it requires the County to recognize its proportionate share of LACERA's Net Pension Liability directly on the Statement of Net Position (government-wide balance sheet). The requirement to recognize a liability in the financial statements represented a significant and material change from the previous standards, which only required the disclosure of such amounts in the notes to the financial statements. GASB 68 also includes additional reporting requirements, which have expanded the pension-related note disclosures and supplementary information requirements.

The GASB 68 pension standards are only applicable to the accounting and reporting for pension benefits in the County's financial statements. Accordingly, there will be no impact on the County's existing statutory obligations and policies to fund pension benefits. For the Fiscal Year ended June 30, 2020 the County reported a Net Pension Liability of $11.561 billion, which represents a $1.216 billion or 11.8% increase from the $10.345 billion Net Pension Liability reported as of June 30, 2019.

Other Postemployment Benefits (OPEB)

LACERA administers a retiree health care benefits program for retirees under an agreement with the County. The program includes medical, dental, vision and life insurance benefit plans for over 88,000 retirees or survivors and their eligible dependents. The Board of Retirement reserves the right to amend or revise the medical plans and programs under the retiree health program at any time. County payments for postemployment benefits are calculated based on the employment service credit of retirees, survivors, and dependents. For eligible members with 10 years of service credit, the County pays 40% of the health care plan premium. For each year of service credit beyond 10 years, the County pays an additional 4% of the plan premium, up to a maximum of 100% for a member with 25 years of service credit.

The County reached an agreement with CCU and SEIU to add a new tier of retiree healthcare benefits for employees who began County service on or after July 1, 2014. Under the new agreement, the County will provide paid medical coverage at the retiree only premium level and not at the current level of full family coverage. The retiree will have the option to purchase coverage for dependents, but the County will only provide a financial subsidy to the retiree. In addition, Medicare-eligible retirees will be required to enroll in Medicare, with the County subsidy based on a Medicare supplement plan. The same vesting rights and years of service crediting formula of 40% after 10 years and 100% after 25 years will continue to apply to the new tier. The agreement will not affect current retirees or current employees hired prior to July 1, 2014. The new retiree healthcare benefit tier is projected to save an estimated $840 million over the next 30 years and reduce the unfunded liability for retiree healthcare by 20.8%. The agreement was approved by the Board of Retirement and by the Board of Supervisors in June 2014.

In May 2012, the Board of Supervisors approved the establishment of a tax-exempt OPEB trust pursuant to a Trust and Investment Services Agreement (the "OPEB Trust") between LACERA and the County. In accordance with the OPEB Trust, the LACERA Board of Investments will function as the trustee and investment manager, and the Board of Supervisors will have exclusive discretion over the amount of contributions and/or transfers the County may invest or allocate to the OPEB Trust. In Fiscal Year 2012-13, the County transferred $448.8 million from the County Contribution Credit Reserve maintained with LACERA for the initial funding of the OPEB Trust. The transfer from the County Contribution Credit Reserve represented the accumulated balance of the County's proportionate share of excess earnings distributions from the Retirement Fund from Fiscal Years 1994 through 1998.

On June 22, 2015, the Board of Supervisors approved a multi-year plan to begin pre-funding the County's unfunded OPEB liability (the "OPEB Pre-funding Plan"). The OPEB Pre-funding Plan requires the County to reach full funding of the OPEB annual required contribution ("ARC") by incrementally increasing the annual contribution to the OPEB Trust. The County intends to comply with the OPEB Pre-funding Plan by incrementally increasing its OPEB funding by approximately $60 million per year, which includes an annual $25 million increase in the Net County Cost ("NCC") contribution from the General Fund and a $35 million annual increase funded by subvention revenue. In Fiscal Years 2017-18, 2018-19, and 2019-20, the County contributed $120.8 million, $182.9 million, and $246.2 million, respectively, to the OPEB Trust in excess of the pay as you go amounts. The County intends to contribute $309.4 million and $372.2 million in excess of the pay as you go amounts in Fiscal Years 2020-21 and 2021-22, respectively. Based on current projections for the OPEB Pre-funding Plan, the OPEB ARC will be fully funded by Fiscal Year 2027-28. As of March 31, 2021 the balance of the OPEB Trust was $1.989 billion.

Investment Policy

The LACERA Board of Investments has exclusive control of all OPEB Trust Fund investments and has adopted an Investment Policy Statement. The Board of Investments is comprised of four active and retired members and four public directors appointed by the Board of Supervisors. The County Treasurer and Tax Collector serves as an ex-officio member. The Investment Policy Statement establishes LACERA's investment policies and objectives and defines the principal duties of the Board of Investments, investment staff, investment managers, master custodian, and consultants.

OPEB Accounting Standards

In June 2015, GASB issued Statement No. 74 and Statement No. 75, which replaced previous OPEB accounting and reporting requirements for entities that administer OPEB plans (LACERA) and employers (the County).

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, replaced the requirements of GASB Statement No. 43 and is focused on the OPEB plan administrator (LACERA). GASB 74 was implemented with the issuance of LACERA's Fiscal Year 2016-17 financial statements and expanded the required OPEB-related note disclosures and supplementary information.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, replaced the requirements of GASB Statement No. 45 and is focused on employers (the County) providing defined OPEB benefits. GASB 75 was implemented with the issuance of the County's Fiscal Year 2017-18 financial statements. Although GASB 75 did not materially affect the existing process which computes the County's UAAL, it did require the County to recognize the full amount of net OPEB liabilities directly on the Statement of Net Position (government-wide balance sheet). The net OPEB liability is the difference between the total OPEB liability (the present value of projected OPEB benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) held by LACERA to pay OPEB benefits. There are also new requirements which expanded the existing OPEB-related note disclosures and supplementary information.

The requirement from GASB 75 to recognize the full amount of net OPEB liabilities in the financial statements is a substantive and material change to the previous standards. Prior accounting standards only required recognition of OPEB liabilities to the extent that OPEB funding was less than the actuarially determined amount. As of June 30, 2020, the County's Statement of Net Position recognized $24.828 billion of OPEB liabilities which represented a $1.237 billion or 5.24% increase from the $23.591 billion OPEB liability reported as of June 30, 2019. The revised GASB OPEB standards are only applicable to accounting and reporting for OPEB benefits in the County's financial statements. Accordingly, there is no impact on the County's existing statutory obligations and policies to fund the OPEB benefits.

OPEB Actuarial Valuation

In order to comply with the requirements of GASB 74 and GASB 75, LACERA engaged Milliman to complete actuarial valuations of OPEB liabilities for the LACERA plans. In their OPEB valuations, Milliman has provided a determination of the AAL for LACERA's health, dental, vision and life insurance benefit plans. The County's members comprise approximately 95% of LACERA's retiree population and the County is responsible for this percentage of OPEB costs. The 5% of LACERA retirees who do not contribute to the County's OPEB liability are predominantly members of the Los Angeles Superior Court. The demographic and economic assumptions used in the OPEB valuations are modeled on the assumptions used by LACERA for its pension program. The healthcare cost assumptions are based on discussions with other consultants and actuaries used by the County, LACERA and labor groups.

OPEB Contributions

In Fiscal Years 2017-18, 2018-19, and 2019-20, the total pay as you go payments from the County to LACERA for retiree health care benefits were $559.2 million, $604.6 million, and $634.8 million, respectively. For Fiscal Year 2020-21, payments to LACERA for OPEB are estimated to increase by $36.4 million or 5.7% to $671.1 million from Fiscal Year 2019-20. For Fiscal Year 2021-22, the County is projecting pay as you go payments to LACERA of $695.3 million.

Long-Term Disability Benefits

In addition to its Retiree Healthcare Plan, the County administers a Disability Benefits Plan ("DBP") that is separate from LACERA. The DBP covers employees who become disabled as a direct result of an injury or disease while performing assigned duties. Generally, the long-term disability plans included in the DBP provide employees with a basic monthly benefit of between 40% and 60% of such employee's monthly compensation, commencing after 6 months of disability. The benefits under these plans normally terminate when the employee is no longer totally disabled or turns age 65, whichever occurs first. The health plans included in the DBP generally cover qualified employees who are sick or disabled and provide for the payment of a portion of their medical premiums.

The County has determined that the liability related to long-term disability benefits is an additional OPEB liability, which is reported as a component of the Net OPEB Liability in the Comprehensive Annual Financial Report. In Fiscal Years 2017-18, 2018-19 and 2019-20, the County made total DBP payments of $41.1 million, $41.6 and $42.6 million, respectively. For Fiscal Years 2020-21 and 2021-22, the County is projecting total DBP payments of $42.1 million and $46.0 million, respectively. As of June 30, 2020, the County's total net OPEB liability of $25.922 billion includes $24.828 billion for retiree healthcare and $1.094 billion for long-term disability benefits.

LITIGATION

The County is routinely a party to various lawsuits and administrative proceedings. The following are summaries of certain pending legal proceedings or potential contingent liabilities, as reported by the Office of the County Counsel. A further discussion of certain legal matters that directly affect the budget and the revenue generating powers of the County is provided in the Budgetary Information section of Appendix A.

Wage and Hour Cases

In 2017, a federal collective action complaint (*Trina Ray v. Los Angeles County Department of Public Social Services* was filed against the County in connection with alleged violations of the Fair Labor Standards Act (the "FLSA"). The complaint relates to an alleged failure to pay overtime compensation to individuals providing assistance under the State and County's In-Home Supportive Services Program ("IHSS"). On August 24, 2020, plaintiffs filed a motion for partial summary judgment. On October 27, 2020, the court found as a matter of law that the County is not an employer of IHSS providers and granted summary judgment in favor of the County. On November 23, 2020, plaintiffs filed an appeal with the Ninth Circuit Court of Appeals. The County believes that the appeals court decision will likely favor the County.

In December 2018, a proposed class action lawsuit was filed by Rolinda Sotomayor, alleging unpaid compensation for time worked and overtime compensation that was wrongfully withheld. The plaintiff, a custody assistant for the Sheriff's Department, specifically alleges she and others have not been paid properly for the "donning and doffing" of their uniforms at work. This case was never certified as a collective action and was dismissed by the court in September 2020. The time for plaintiff to file a notice of appeal has expired.

In February 2019, a proposed class action lawsuit was filed by Paul Randal James, alleging that LAC+USC Medical Center failed to pay the State-mandated minimum wage for all hours worked. On August 28, 2019, the court entered judgment in favor of the County with nothing owed to the plaintiff. An appeal was filed by the plaintiff but later dismissed.

In March 2019, the Service Employees International Union, Local 721 filed a lawsuit seeking to enforce an October 2018 arbitrator's decision against the County holding that certain classes of Eligibility Workers in the Department of Public Social Services were not properly paid "bonus pay" going back to 2004. Legal arguments have been submitted and the court will hear plaintiffs' motion to confirm arbitration award on July 28, 2021. Based on preliminary estimates, the County may face a potential liability of $15 million.

Public Safety Cases

In 2010, a lawsuit was filed *(Amador v. Baca, et. al.)* claiming that the County and the Sheriff's Department violated the constitutional rights of female inmates through the use of unlawful strip searches. In November 2016, the court certified two classes and three subclasses of female inmates who were searched between 2008 and 2015. In June 2017, the court ruled that the conditions under which the searches occurred rendered them unconstitutional. The class has approximately 87,937 members. The County reached a $53 million settlement as part of an agreement filed with the court on July 16, 2019. The court granted final approval of the settlement on August 11, 2020. One of the class members filed an appeal which has delayed payment of the first installment. The appeal is pending before the United States Supreme Court and the County is awaiting the Court's ruling. The County anticipates that the settlement will be paid in three installments twelve months apart. The first installment will be paid sometime in Fiscal Year 2020-21 or Fiscal Year 2021-22. Any amounts not claimed by class members will revert back to the County to be used for specific jail-related programs agreed to by the parties.

A lawsuit was filed in October 2012, and subsequently certified as a class action (*Roy v. County of Los Angeles*), alleging that plaintiffs were unlawfully detained by County jail personnel after U.S. Immigration and Customs Enforcement (ICE) placed immigration holds on them. The parties reached a settlement in the amount of $14 million, for which the court granted preliminary approval on November 25, 2020. A hearing on the final approval of the settlement is scheduled for November 19, 2021. The County anticipates that the settlement will be paid in Fiscal Year 2021-22.

On April 29, 2020, a proposed class-action lawsuit was filed (*Rodney Cullors, et al. v. County of Los Angeles, et al.*) over alleged failures to adequately safeguard the health and safety of inmates in County jails during the COVID-19 pandemic. Plaintiffs demand that the Sheriff implement procedures to protect inmates from contracting COVID-19 while in custody and to comply with guidelines issued by public health agencies including the Centers for Disease Control and Prevention. Plaintiffs also seek release of all inmates and pre-trial detainees who are at heightened risk in the event of infection due to age and/or underlying medical conditions. Prior to the lawsuit's filing, the Sheriff's Department had decreased the inmate population by approximately 30% since February 28, 2020. On May 5, 2020, the court denied plaintiffs' request for a temporary restraining order and preliminary injunction. The parties are in settlement discussions and a status conference is set for August 19, 2021. The case is in the early stages and the potential liability is unknown at this time.

In September 2019, a lawsuit was filed (Hernandez et al. v. County of Los Angeles, et al.) by eight Sheriff's Department deputies alleging that they were retaliated against and harassed by other deputies who are members of the "Banditos" gang. The claims include California Fair Employment and Housing Act retaliation, harassment, and hostile work environment; Labor Code retaliation; assault and battery; intentional infliction of emotional distress; and negligent hiring, training, supervision, and retention. Plaintiffs have also alleged that the County has engaged in civil rights violations by permitting "a larger pattern of tolerance and endorsement of unconstitutional and unlawful conduct of deputies." Plaintiffs brought in the American Civil Liberties Union Foundation of Southern California and filed a third amended complaint. Plaintiffs recently filed a fourth amended complaint adding numerous Sheriff's Department deputies as defendants and the County is preparing a demurrer. Discovery in the matter is proceeding. An initial mediation session was held in late September 2020, with another additional mediation session likely to be scheduled in the fall of 2021. Further mediation sessions are anticipated in the following months. The case is still in the pleading stages and the potential liability is unknown at this time.

In February 2020, a Federal civil rights lawsuit was filed arising out of the fatal deputy-involved shooting of Marco A. Vazquez, Jr. on October 6, 2019. Plaintiffs are the decedent's parents, widow and five children. The lawsuit alleges that decedent's death was a result of excessive use of force by Sheriffs' Department deputies and the County's failure to treat his serious mental health problems. The case has been stayed since March 18, 2020, pending completion of review by the District Attorney's Office. On April 10, 2021, the court granted the parties' stipulation allowing the County 21 days after the court issues an order lifting the stay to respond to the plaintiffs' complaint. The case has been stayed with no discovery conducted. Given the preliminary nature of the proceedings, the potential liability is unknown at this time.

On August 31, 2020, the parents of Andres Guardado, an 18-year old who was fatally shot by Sheriff's Department deputies in June 2020, filed a wrongful death lawsuit (*Elisa Guardado and Cristobal Edgardo Guardado, et al., v. County of Los Angeles, et al.*) against the Sheriff's Department, the County, and deputies Miguel Vega and Chris Hernandez, alleging that the deputies used unreasonable and excessive force in fatally shooting Mr. Guardado. Plaintiffs also allege that the Sheriff's Department failed to properly train and supervise the deputies involved. The case is in the pleading stages and the County filed a request for stay due to the ongoing criminal investigation. This case was recently transferred to a new judge and all dates in the case were taken off the calendar. Given the preliminary nature of the proceedings, the potential liability is unknown at this time.

In August 2020, a proposed class action was filed (*Krizia Berg et al. v. County of Los Angeles, et al.*) by individuals involved in recent protests against police violence. Plaintiffs allege civil rights violations based on excessive force/false arrest and improper use of "less-lethal force" by Sheriff's Department deputies. Plaintiffs are seeking injunctive relief prohibiting use of "less-lethal" force on protestors as well as damages. On October 8, 2020, the district court denied plaintiffs' ex parte application for a temporary restraining order without prejudice. The court set a briefing schedule for a motion for preliminary injunction. The briefing was completed on October 30, 2020, and the parties are awaiting the court's ruling. On October 21, 2020, the plaintiffs filed a first amended complaint. The case is in the discovery phase and the potential liability is unknown at this time.

On September 17, 2020, Vanessa Bryant, widow of Kobe Bryant, filed a lawsuit (*Vanessa Bryant v. County of Los Angeles, et al.*) alleging that eight Sheriff's Department deputies took and shared unauthorized photos of victims' remains from the helicopter crash that killed her husband, their daughter, and seven others. Ms. Bryant seeks damages for and alleges violations of her civil rights and for intentional infliction of emotional distress, invasion of privacy, failure to prevent personnel from taking unauthorized photos, and failure to adequately investigate the deputies' misconduct. On December 28, 2020, the court denied the County's motion to dismiss the Sheriff's Department as a defendant, but granted the motion to dismiss Sheriff Villanueva from the case. On March 17, 2021, the plaintiff filed a first amended complaint adding the Fire Department and four named Sheriff's Department deputies as defendants. On April 30, 2021, the County filed an answer to plaintiff's first amended complaint. A mediation has been scheduled for June 2021. Three other plaintiffs who had family members perish in the same crash have also filed lawsuits against the County. These cases will be assigned to the same judge. The case is in the discovery phase and the potential liability is unknown at this time.

In December 2019, a federal lawsuit was filed by the family of Tristan Beaudette alleging that the County's negligence resulted in his wrongful death on June 22, 2018, when he was fatally shot by a gunman at Malibu Creek State Park. Plaintiffs allege that the public was not warned of previous unsolved shooting incidents that occurred between November 2016 and June 2018, at or adjacent to Malibu Creek State Park. On April 23, 2021, the court sustained the County's demurrer with leave to amend. The County is waiting for plaintiffs to file an amended complaint. This matter is currently set for trial in March 2022. The case is in the early stages and the potential liability is unknown at this time.

Social Services Cases

In July 2019, *Victor Avalos v. County of Los Angeles* was filed, arising out of the child abuse-related death of a minor in Lancaster, California in June 2018. The plaintiffs, consisting of the child's father and six surviving half-siblings are suing several defendants, alleging that the Department of Children and Family Services violated various mandatory duties and failed to take the children into protective custody at an earlier point in time. The County participated in mediation efforts in 2019 and 2021 but did not reach a resolution. The case is currently in the discovery phase. The plaintiffs are seeking $75 million in damages, however the County expects its apportionment of liability, if any, to be substantially less.

In August 2020, *Evangelina Hernandez et. al. v. County of Los Angeles* was filed, arising out of the child-abuse related death of a four-year old boy in Palmdale, California in July 2019. The Plaintiffs (the child's great-grandmother and three surviving siblings) have sued two named defendants and allege that the Department of Children and Family Services failed to follow court orders, adequately investigate alleged abuse and take the child into protective custody. The County participated in early mediation efforts in January 2021 but did not reach a resolution. The County anticipates plaintiffs will seek $40-50 million in damages, however the County expects its apportionment of liability, if any, to be substantially less.

Tax Cases

In July 2019, *Aaron Esquenazi, et al. v County of Los Angeles* was filed, alleging that plaintiffs were wrongfully subjected to the utility user tax ("UUT") which only applies to the unincorporated areas of the County. Plaintiffs seek class certification and a UUT refund for all taxpayers who reside in incorporated cities. The case is in the discovery phase and a class certification hearing is scheduled for August 12, 2021. The potential liability is unknown at this time.

Other Cases

On March 10, 2020, a lawsuit was filed by LA Alliance for Human Rights against the City of Los Angeles (the "City") and the County alleging that the City and the County have not taken adequate action to address the homelessness problem in Los Angeles. Initially, the parties agreed to stay formal litigation in an effort to negotiate a settlement. On June 18, 2020, the court approved an agreement between the City and the County to fund housing/shelter and services for a segment of the homeless population in the City of Los Angeles. The City agreed to provide 6,700 new beds within 18 months to house or shelter people experiencing homelessness within 500 feet of freeway overpasses, underpasses and ramps within the City, and prioritize those who are 65 years and older and other vulnerable populations. To assist in funding these placements, the County has paid the City $53 million for Fiscal Year 2020-21 and will contribute up to $60 million a year for the following four years, depending on the number of beds maintained by the City. The next payment of up to $60 million is due by July 1, 2021. The County agreed to pay the City a one-time bonus of $8 million if the City provided 5,300 new beds by April 16, 2021. The City reported that it has created the 5,300 beds, and the Auditor Controller's Office is in the process of verifying the number of beds reported by the City. The parties were not able to reach a settlement and the district court lifted the stay of formal litigation in April 2021. On April 20, 2021, the district court issued a preliminary injunction against the City and County to house all people experiencing homelessness in Skid Row within 180 days and to provide funding for additional supportive services and operations countywide, among other things. The City, County, and intervenors filed appeals of the district court's preliminary injunction, which are currently set to be heard by the Ninth Circuit in July 2021. The County presently estimates that it may cost $448 million if the County is required to comply with the district court's April 20, 2021 preliminary injunction, which may require a reduction of services and employee layoffs. On May 26, 2021, the district court held a hearing to determine the progress of the agreement between the City and County regarding the 6,700 new beds the City is to provide. The district court postponed a decision on whether to issue another preliminary injunction to order the City and County to urgently house all those experiencing homelessness living near the freeways, pending further information. A status conference regarding progress on the agreement between the City and the County is scheduled for August 26, 2021. The parties will continue to work towards resolving the lawsuit.

In October 2019, a lawsuit was filed against the County by Stephen Adamus and two other employees in the County Assessor's office. Plaintiffs allege their duties were taken from them and two were transferred in retaliation for complaining about and refusing to participate in the Assessor's Office alleged practice of allowing tax exemptions for entities and individuals who did not qualify for them due to their affiliations with politicians and/or people who had contributed to their campaigns. On April 2, 2021, the County filed a motion for a judgment on the pleadings based on plaintiffs' retaliation claims being time-barred as a matter of law. A hearing on the motion for judgment on the pleadings was scheduled for May 12, 2021 but a written ruling has not been issued. The case is in the early stages and the County is unable to determine the potential liability at this time.

In December 2017, the County filed an eminent domain action, *County of Los Angeles v. 8400 S. Vermont Avenue*, to condemn 16 parcels for the Vermont and Manchester Transit Priority Joint Development Project. The County was successful in the taking of the property, but the defendant contested whether the County had provided just compensation. The County has valued the property at $18 million. The defendants' most recent settlement demand is $34.75 million. The potential liability is estimated to range from $10-20 million above the $18 million previously deposited by the County. The matter is currently set for trial on September 21, 2021.

In April 2018, two purported class-action lawsuits—*Ocana v. Renew Financial Holdings, Inc. et al.* and *Nemore v. Renovate America, Inc., et al.*—were filed against the County and the two contractors administering the County's residential Property Assessed Clean Energy Program (the "PACE Program"). The County's PACE Program allows participating homeowners to finance energy-efficient upgrades to their homes through an assessment against their properties that is collected on their annual property tax bills. The lawsuits allege the County and its third-party administrators for the PACE Program (Renew Financial Holdings and Renovate America) engaged in financial elder abuse by approving elderly property owners for PACE assessments who did not have the financial ability to repay the assessments, thus putting them at risk of defaulting and potentially subjecting their properties to foreclosure. The lawsuits seek cancellation of assessments. Both class actions have been consolidated and the County's motion to strike the class allegations remains pending. After successful demurrers, the plaintiffs are only asserting cancellation of taxes against the County. If the court certifies the class, the potential overall liability is estimated at $500 million with Renovate America's portion being approximately $350 million. The program administrators are contractually obligated to indemnify the County and provide for its defense, however Renovate America is now in bankruptcy proceedings. The County does not expect any liability from these cases to materially adversely affect its financial condition.

In December 2020, the Coalition of County Unions filed a petition for writ of mandate (*Coalition of County Unions et al. v. Board of Supervisors et al.*) alleging that Measure J, a charter amendment approved by County voters in the November 3, 2020 General Election requiring the County to set aside at least 10% of the "locally generated unrestricted revenues in the general fund (Net County Cost)" for Direct Community Investment and Alternatives to Incarceration, violates the State's County Budget Act and California Constitution because voters lack authority to amend the County Charter. The lawsuit alleges that Measure J unlawfully delegates away Board authority, and impermissibly restricts the authority of future Boards. The lawsuit seeks to prevent the County from complying with Measure J and a declaration it is invalid and unenforceable. The hearing on the writ is scheduled for June 15, 2021. Measure J allows the set aside to be phased in over the next three fiscal years (July 1, 2021 to June 30, 2024). The County anticipates that approximately $100 million dollars will be set aside during

Fiscal Year 2021-22. The County does not expect any liability from this case to materially adversely affect its financial condition.

Pending Litigation

There are a number of other lawsuits and claims pending against the County. In the opinion of the County Counsel, such suits and claims that are presently pending will not impair the ability of the County to make debt service payments or otherwise meet its outstanding lease or debt obligations.

TABLE 1: RETIREMENT PLAN UAAL AND FUNDED RATIO
(in thousands)

Actuarial Valuation Date	Market Value of Plan Assets	Actuarial Value of Plan Assets	Actuarial Accrued Liability	UAAL	Funded Ratio
06/30/2013	$41,773,519	$39,932,416	$53,247,776	$13,315,360	74.99%
06/30/2014	47,722,277	43,654,462	54,942,453	11,287,991	79.45%
06/30/2015	48,818,350	47,328,270	56,819,215	9,490,945	83.30%
06/30/2016	47,846,694	49,357,847	62,199,214	12,841,367	79.35%
06/30/2017	52,743,651	52,166,307	65,310,803	13,144,496	79.87%
06/30/2018	56,299,982	55,233,108	68,527,354	13,294,246	80.60%
06/30/2019	58,294,837	57,617,288	74,635,840	17,018,552	77.20%
06/30/2020	58,510,408	59,762,991	78,275,175	18,512,184	76.35%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2020.

TABLE 2: INVESTMENT RETURN ON RETIREMENT PLAN ASSETS
(in thousands)

Fiscal Year	Market Value of Plan Assets	Market Rate of Return	Funded Ratio Based on Market Value
2012-13	$41,773,519	12.1%	77.6%
2013-14	47,722,277	16.8%	86.0%
2014-15	48,818,350	4.3%	85.0%
2015-16	47,846,694	1.1%	76.1%
2016-17	52,743,651	12.7%	80.0%
2017-18	56,299,982	9.0%	81.3%
2018-19	58,294,837	5.5%	77.3%
2019-20	58,510,408	1.8%	76.3%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2020.

TABLE 3: COUNTY PENSION AND OPEB PAYMENTS
(in thousands)

	Payments to LACERA				
Fiscal Year	Retirement Fund	OPEB (PAYGO)	OPEB (Prefund)	OPEB Disability	Total Retirement & OPEB Payments
2014-15	$1,430,462	$450,202	$0	$39,920	$1,920,584
2015-16	1,383,897	507,698	72,489	37,597	2,001,681
2016-17	1,334,825	529,074	61,145	38,778	1,963,822
2017-18	1,499,212	559,233	120,796	41,141	2,220,382
2018-19	1,635,719	604,665	182,851	41,626	2,464,861
2019-20	1,766,735	634,752	246,197	42,567	2,690,251
2020-21	1,979,380 *	671,150 *	309,402 *	42,051	3,001,983 *
2021-22	2,216,142 *	695,303 *	372,238 *	46,023 *	3,329,706 *

Source: Milliman Actuarial Valuations (of LACERA), Los Angeles County Comprehensive Annual Financial Reports and the Los Angeles County Chief Executive Office.
* Estimated

COUNTY OF LOS ANGELES

CALIFORNIA

BUDGETARY INFORMATION

COUNTY BUDGET PROCESS

The County is required by California State Law to adopt a balanced budget by October 2nd of each year. The CEO of the County prepares a preliminary forecast of the County budget based on the current year budget, the State budget, and other projected revenue and expenditure trends. Expanding on this forecast, the CEO prepares a target County budget for the ensuing fiscal year, and projected resources are tentatively allocated to the various County programs and services.

The CEO normally presents the Recommended County Budget to the Board of Supervisors in April. The Board of Supervisors is required to adopt a Recommended Budget no later than June 30th. If a final County Budget is not adopted by June 30th, the appropriations approved in the Recommended Budget, with certain exceptions, become effective for the new fiscal year until the final budget is approved.

The CEO generally recommends revisions to the County Budget after adoption of the final State budget to align County expenditures with approved State funding. After conducting public hearings and deliberating on the details of the budget, the Board of Supervisors is required to adopt the Final County Budget by October 2nd of each year.

Throughout the remainder of the fiscal year, the Board of Supervisors approves various adjustments to the Final County Budget to reflect changes in appropriation requirements and funding levels. The annual revenues from the State and Federal governments are generally allocated pursuant to formulas specified in State and Federal statutes. For budgetary or other reasons, such statutes are often subject to change that may affect the level of County revenues and budgetary appropriations.

COUNTY BUDGET OVERVIEW

The County Budget is comprised of eight fund groups through which the County's resources are allocated and controlled. These groups include the General Fund and Hospital Enterprise Fund (which represents the General County Budget), Special Revenue Funds, Capital Project Special Funds, Special District Funds, Other Enterprise Funds, Internal Service Fund, and Agency Fund.

The General County Budget accounts for approximately 77.7% of the Fiscal Year 2021-22 Recommended Budget (the "2021-22 Recommended Budget") and appropriates funding for programs that are provided on a mostly county-wide basis (e.g., health care, welfare, and detention facilities), municipal services to the unincorporated areas not otherwise included in a special district, and certain municipal services to various cities on a contract fee-for-service basis (e.g., law enforcement, planning and engineering).

Special Revenue Funds represent approximately 10.1% of the 2021-22 Recommended Budget and are used to account for the allocation of revenues that are restricted to defined purposes, such as public library operations, road construction and maintenance programs, specific automation projects and Measure H – Los Angeles County Plan to Prevent and Combat Homelessness.

Capital Project Special Funds account for approximately 0.9% of the 2021-22 Recommended Budget and provide funding for the acquisition or construction of major capital facilities that are not financed through other funding sources.

Special District Funds, which account for approximately 7.9% of the 2021-22 Recommended Budget, are separate legal entities funded by specific taxes and assessments. These districts provide public improvements and/or services benefiting targeted properties and residents. Special Districts are governed by the Board of Supervisors and include, among others, Flood Control, Garbage Disposal, Sewer Maintenance and Regional Park and Open Space Districts. The remaining fund groups, Other Enterprise, Internal Services and Agency Funds account for 3.4% of the 2021-22 Recommended Budget.

CONSTITUTIONAL PROVISIONS AFFECTING TAXES AND APPROPRIATIONS

Proposition 13

Article XIIIA of the California Constitution limits the taxing powers of California public agencies. Article XIIIA provides that the maximum ad valorem tax on real property cannot exceed 1% of the Full Cash Value of the property, and effectively prohibits the levying of any other ad valorem property tax except for taxes required to pay debt service on voter-approved general obligation bonds. Full Cash Value is defined as the County Assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.

The Full Cash Value is subject to annual adjustment to reflect inflation at a rate not to exceed 2%, or a reduction as shown in the consumer price index (or comparable local data), or a decline in property value caused by damage, destruction or other factors. The foregoing limitation does not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on certain types of indebtedness approved by the voters.

Article XIIIB of the California Constitution limits the amount of appropriations by local governments to "Proceeds of Taxes." The County's appropriation limit for Proceeds of Taxes for Fiscal Year 2020-21 is $28,220,342,782. The Adopted Budget includes proceeds from taxes of $10,367,643,000, which is substantially below the statutory limit.

Proposition 62

Proposition 62, a 1986 ballot initiative that amended the California Constitution, requires voter approval of all new taxes or any increases to local taxes. A challenge to taxes subject to Proposition 62 may only be made for those taxes collected beginning one year before a claim is filed. Such a claim is a necessary prerequisite to the filing of a lawsuit against a public entity in California.

Proposition 218

Proposition 218, a 1996 ballot initiative that added Articles XIIIC and XIIID to the California Constitution, established the following requirements on all taxes and property-related assessments, fees, and charges:

- precluded special purpose districts or agencies, including school districts, from levying general taxes;
- precluded any local government from imposing, extending or increasing any general tax unless such tax is approved by a majority of the electorate;
- precluded any local government from imposing, extending or increasing any special purpose tax unless such tax is approved by two-thirds of the electorate; and
- ensured that voters may reduce or repeal local taxes, assessments, or fees through the initiative process.

An Appellate Court decision determined that Proposition 218 did not supersede Proposition 62. Consequently, voter approval alone may not be sufficient to validate the imposition of general taxes adopted, increased or extended after January 1, 1995.

Proposition 218 also expressly extends to voters the power to reduce or repeal local taxes, assessments, and fees through the initiative process, regardless of the date such charges were imposed. SB 919, the Proposition Omnibus Implementation Act, was enacted in 1997 to prescribe specific procedures and parameters for local jurisdictions to comply with Proposition 218. SB 919 states that the initiative power provided for in Proposition 218 shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after November 6, 1998, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights protected by the United States Constitution.

In the 2006 case of *Bighorn-Desert View Water Agency v. Virjil (Kelley)*, the State Supreme Court suggested that the initiative power under Proposition 218 is not free of all limitations and could be subject to restrictions imposed by the Contract Clause of the United States Constitution. No assurance can be given, however, that voters in the County will not, in the future, approve an initiative that reduces or repeals local taxes, assessments, fees or charges that are deposited into the County's General Fund. In addition, "fees" and "charges" are not defined by Article XIIIC or SB 919, and the scope of the initiative power under Article XIIIC could include all sources of General Fund revenue not received from or imposed by the Federal or State government or derived from investment income.

Proposition 1A 2004

Proposition 1A 2004, approved by the voters in November 2004, amended the State Constitution by limiting the State's authority to reduce local sales tax rates or alter their method of allocation, shift property tax revenues from local governments to schools or community college districts, or decrease Vehicle License Fee ("VLF") revenues without providing replacement funding. Proposition 1A 2004 further amended the State Constitution by requiring the State to suspend State laws that create unfunded mandates in any year that the State does not fully reimburse local governments for their costs to comply with such mandates. Pursuant to Proposition 1A 2004, the State can no longer reallocate local property tax revenues without triggering a constitutional obligation to repay the local taxing agencies within three years. The State is further prohibited from reallocating local property tax revenues on more than two occasions within a ten-year period.

Proposition 26

On November 2, 2010, voters approved Proposition 26, which amended the State Constitution to expand the definition of a tax so that certain fees and charges imposed by the State and local governments will now be subject to approval by two-thirds of each house of the State Legislature or approval by local voters, as applicable. Proposition 26 requires a two-thirds approval by each house of the State Legislature to enact new laws that increase taxes on any taxpayer and repealed State laws that were in conflict with the measure, unless they were approved again by two-thirds of each house of the State Legislature.

Future Initiatives

Propositions 13, 62, 218, 1A 2004 and 26 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, further affecting County revenues or the County's ability to expend revenues.

FEDERAL AND STATE FUNDING

A significant portion of the County budget has historically been comprised of revenues received from the Federal and State governments. As indicated in the table "Historical Appropriations by Fund" at the end of this Budgetary Information section of Appendix A, $4.842 billion of the $28.098 billion 2021-22 Recommended Budget is received from the Federal government and $7.282 billion is funded by the State. The remaining $15.974 billion of County revenues are generated from property taxes and a variety of other sources. The fact that 43% of General County Budget funding is provided by the State and Federal government illustrates the County's significant reliance on outside funding sources.

Federal Budget Update

In calendar year 2020, five coronavirus (COVID-19) relief bills were signed into law, providing significant funding and resources to state and local governments to respond to the COVID-19 pandemic. Together, these bills provided funding and other assistance that have enabled the County to deliver essential services to respond to the public health emergency. The Federal funding includes a direct allocation to the County of $1.057 billion in funding from the Coronavirus State and Local Fiscal Recovery Fund (the "CRF"), which was a component of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") signed into law in March 2020; funding for COVID-19 testing, contact tracing, and vaccine distribution; assistance to hospitals and healthcare facilities; emergency food assistance; and emergency housing and homeless assistance. Additionally, these measures provided economic assistance directly to residents, businesses and agencies in the form of small business assistance, direct Economic Impact Payments, an extension of unemployment benefits, funding to child care providers, and aid for schools.

Pursuant to the *Consolidated Appropriations Act of 2020* (H.R. 133), the County secured a delay in the scheduled reductions for Medicaid Disproportionate Share Hospital (DSH) payments through Federal Fiscal Year ("FFY") 2023. If these cuts were to have taken effect, the County would have lost approximately $100.0 million in FFY 2020 revenue and double this amount in FFY 2021. Reductions in DSH allotments have been delayed by Congress multiple times since 2014 and no reductions in DSH funding have yet occurred. The County will continue to advocate with Congress at the appropriate time for further delays in DSH reductions as the delay period approaches expiration.

The Consolidated Appropriations Act of 2020 also included a technical correction concerning the applicability of the 6.2% Federal Medical Assistance Percentage ("FMAP") rate increase included in the *Families First Coronavirus Response Act* for states and localities, including the County, that had administered their child welfare programs under a Title IV-E waiver. Regular appropriations for FFY 2021 generally provided level or slightly increased funding for continuing programs of interest to the County as well as containing other important programmatic changes advocated by the County, such as the preservation of the Land Mobile Radio spectrum for first responders.

In calendar year 2021, President Joseph R. Biden signed into law H.R. 1319, *the American Rescue Plan Act* (the "ARP Act"), the sixth measure to provide COVID-19 relief to state and local governments. The $1.9 trillion ARP Act included a number of the County's Federal legislative priorities, including the County's top priority of additional direct funding for local governments. The ARP Act includes $350.0 billion of funding for the CRF, which provides $65.1 billion directly to counties based on each county's population relative to the population of all counties. The County expects to receive approximately $1.9 billion from the ARP Act, of which $975.0 million has been received to date.

The ARP Act also provides important flexibility regarding the use of funds for state and local governments compared to the CRF monies from the CARES Act. Counties have until December 31, 2024 to spend the funds for costs incurred for the following purposes:

- respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses and nonprofits, or aid to impacted industries such as tourism, travel and hospitality;

- provide premium pay to eligible workers of the county that are performing essential work, or to provide grants to eligible employers that have eligible workers who perform essential work;

- address reductions 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; or

- to make necessary investments in water, sewer or broadband infrastructure.

Of additional significance to the County, the Biden Administration issued an executive action on January 21, 2021 to increase the Federal share of pandemic-related disaster assistance to 100 percent retroactive to January 20, 2020. This includes eligible work under existing COVID-19 policies, such as increasing medical capacity, non-congregate sheltering and emergency food distribution. For projects that have already been approved, no further action will be required by applicants, as the Federal Emergency Management Agency (FEMA) will amend existing awards to adjust the Federal match upwards to 100 percent.

On April 9, 2021, the Biden Administration released the $1.52 trillion discretionary Budget Request for FFY 2022. The Budget Request proposes $769.0 billion in non-defense discretionary funding in FFY 2022, a 16 percent increase from the FFY 2021 enacted level, restoring it to 3.3 percent of the Gross Domestic Product. This Budget Request highlights investments in health and public health, climate change, housing/homelessness, education, justice/civil rights, and immigration.

STATE BUDGET PROCESS

Over the past twenty-five years, the State budget has experienced broad fluctuations as the State responded to the economic recession of the early 1990's, the economic recovery later in the same decade, the 2001 and 2008 recessions and subsequent recoveries, and the current financial crisis caused by the COVID-19 pandemic. With the steady improvement in the State economy since the 2008 recession and the passage of Proposition 30 in the November 2012 election (and the subsequent extension by voters with the passage of Proposition 55 in November 2016), the State experienced significant improvement to its budget stability and overall financial condition, and is in a historically stronger position to manage the fiscal impact of the current recession caused by the COVID-19 pandemic. The State's budgetary decisions in response to the COVID-19 pandemic will have a significant financial and programmatic impact on counties, cities, and other local jurisdictions.

Fiscal Year 1991-92 Realignment Program

In Fiscal Year 1991-92, the State and county governments collectively developed a program realignment system (the "1991-92 Realignment Program") that removed State funding for certain health and welfare programs and provided counties with additional flexibility to administer such programs. Under the 1991-92 Realignment Program, certain health and welfare services are funded by a 0.5% increase in sales taxes and increased vehicle license fees. Since counties receive their share of the funding for health and welfare programs under a fixed formula prescribed by State law, the flow of funds is no longer subject to the State budget process. If sales tax and vehicle license fee revenues are not realized as expected, county governments will still maintain responsibility for the management and cost of such programs.

On June 27, 2013, Governor Brown signed into law AB 85, which provides a mechanism for the State to redirect certain 1991-92 Realignment Program health care funding to social service programs. With California electing to implement a state-run Medicaid expansion pursuant to the Affordable Care Act, the State anticipates that the cost to counties for providing health care services to the indigent population will decrease as this population becomes eligible for coverage through Medi-Cal or the State-run health insurance exchange. The impact of the AB 85 legislation to the County is discussed in further detail in the Health Services Budget section.

Public Safety Realignment

The approval of the Public Safety Realignment Act of 2011 (AB 109) transferred responsibility for the custody and supervision of specific low-level inmates and parolees from the California Department of Corrections and Rehabilitation to counties.

Funding for AB 109 is financed by redirecting 1.0625% of State sales tax revenue and a portion of Vehicle License Fee revenues from the State to the counties. In November 2012, California voters passed Proposition 30, which authorized a constitutional amendment prohibiting the State Legislature from removing AB 109 funding.

Redevelopment Agencies

Effective February 1, 2012, and pursuant to Assembly Bill x1 26 ("ABx1 26"), redevelopment agencies throughout the State were abolished and prohibited from engaging in future redevelopment activities. ABx1 26 requires successor agencies to take over from the former redevelopment agencies and perform the following functions:

- Continue making payments on existing legal obligations without incurring any additional debt.
- Wind down the affairs of the former redevelopment agencies and return the funds of liquidated assets to the county Auditor-Controller, who will in turn distribute these funds to the appropriate local taxing entities.

Under ABx1 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 to be distributed as property tax revenue to the appropriate local taxing entities, including the County. Prior to their dissolution, the estimated annual tax increment to fund redevelopment agencies in the County General Fund was approximately $453.0 million in Fiscal Year 2009-10. In Fiscal Years 2016-17, 2017-18, 2018-19, and 2019-20, the County General Fund received $175.2 million, $201.9 million, $243.2 million, and $232.5 million of residual taxes, respectively. The budget and estimated residual tax revenue for FY 2020-21 is $266.2 million. The 2021-22 Recommended Budget includes a projected $263.0 million of residual tax revenue for the General Fund.

The County's direct involvement in redevelopment activities was limited to unincorporated areas of the County and to a small number of projects. The successor agency for these activities is the Los Angeles County Development Authority. The dissolution of County related projects has not had a material impact, if any, on the financial condition of the County.

2020-21 STATE BUDGET

On June 29, 2020, Governor Newsom signed two State budget bills (SB 74 and AB 89), along with eighteen budget trailer bills, that together, constitute the Fiscal Year 2020-21 State Budget Act (the "2020-21 State Budget Act"). The 2020-21 State Budget Act projected a beginning fund balance from Fiscal Year 2019-20 of $1.972 billion, total revenues and transfers of $137.719 billion, total expenditures of $133.900 billion, and a year-end fund balance of $5.791 billion for Fiscal Year 2020-21. Of the projected year-end fund balance, $3.175 billion would be allocated to the Reserve for Liquidation of Encumbrances and $2.616 billion would be deposited to the Special Fund for Economic Uncertainties.

The 2020-21 State Budget Act was prepared based on the assumption of a significant negative economic and budgetary impact from the COVID-19 pandemic. To address the projected $54.3 billion deficit, the 2020-21 State Budget Act generated $10.6 billion from program expansion cancellations, lower health and human services caseload projections, and higher revenue assumptions; reflected $10.1 billion in Federal funds; included $9.3 billion in borrowing, transfers and deferrals; drew down $7.8 billion from the Budget Stabilization Account (Rainy Day Fund) and $450.0 million from the Safety Net Reserve; generated $4.4 billion in new revenues; and included $11.1 billion in reductions and deferrals that would be restored if at least $14.0 billion in Federal funds were received by October 15, 2020. If the State received a lower Federal funding amount (between $2.0 billion and $14.0 billion), the reductions and deferrals would be partially restored.

The items in the 2020-21 State Budget Act that are of major interest to the County include the following:

Realignment Revenue Backfill for Counties. Provides $1.0 billion in State funding to counties to backfill reduced 1991 and 2011 Realignment revenues. Of this amount, $750.0 million is currently available. The remaining $250.0 million is subject to the Federal trigger funding and will be made available if sufficient Federal funds are received by October 2020. The 2020-21 State Budget Act requires counties to prioritize funding to support entitlement programs and programs that serve vulnerable populations, including young offenders in the criminal justice system. The California Department of Finance, in consultation with the California State Association of Counties, will develop a countywide allocation schedule to distribute the funds.

Federal CARES Act Funding. Provides $1.289 billion to counties to be used for homelessness, public health, public safety, and other services to combat the COVID-19 pandemic, which would be allocated based on population, while considering any prior direct allocation of CARES Act funding; and $500.0 million to cities for homelessness, public health, public safety, and other services to combat the COVID-19 pandemic including, $225.0 million to cities with a population greater than 300,000 that did not receive a direct allocation from the CARES Act and $275.0 million to cities with a population of less than 300,000.

Public Health. Provides $5.7 billion to respond directly to the COVID-19 pandemic, including funding for personal protective equipment necessary to reopen the economy, hospital surge preparation, and other expenditures to support at-risk populations.

Health and Human Services. Expands Medi-Cal eligibility for seniors and preserves optional benefits; maintains In-Home Support Services service hours at current year levels; maintains CalWORKs eligibility and grant levels and extends the time limit for aid to adult recipients from 48 months to 60 months.

Project Roomkey. Provides $550.0 million of CARES Act funding for the acquisition and/or rehabilitation of motels, hotels, or hostels; master leasing of properties; acquisition of other sites and assets; conversion of units from nonresidential to residential; purchase of affordability covenants and restrictions for units; and the relocation costs for individuals who are being displaced as a result of the rehabilitation of existing units. An additional $50.0 million will be provided to Project Roomkey, to be dispersed through the Multifamily Housing Program to fund the acquisition, conversion, rehabilitation, and operating subsidies for hotels, motels, and other properties to provide housing for people experiencing homelessness or at-risk of becoming homeless.

Homelessness Programs and Services. Provides $300.0 million in State funding for homelessness, of which $80.0 million will be allocated to counties, $90.0 million to Continuums of Care, and $130.0 million to cities with a population of 300,000 or more as of January 1, 2020.

Infill Infrastructure Grant Program. Maintains $203 million of funding for the Infill Infrastructure Grant Program of 2019, using Federal funding should the State receive an additional $14.0 billion of flexible Federal funding by October 15, 2020. This program supports the development of additional housing by providing for the construction, rehabilitation, demolition, relocation, preservation, and acquisition of infrastructure that supports housing development.

Housing Counseling and Legal Aid. Allocates $331.0 million to the National Mortgage Settlement Trust Fund, of which $300.0 million would be designated for housing counseling and mortgage relief and $31.0 million for tenant legal aid.

Community Corrections Performance Incentive Grant. Allocates $112.7 million of statewide funding for the Community Corrections Performance Incentive Grant, which provides county probation departments with performance-based funding to reduce the number of adult felony probationers going to State prison. The County is projected to receive approximately $37.4 million of funding in Fiscal Year 2020-21, which is comparable to the current fiscal year appropriation.

Proposition 57 of 2016. Provides $12.9 million of statewide funding for county probation departments to manage the temporary increase in the Post Release Community Supervision (PRCS) population as a result of Proposition 57. The County is projected to receive approximately $3.4 million of Proposition 57 funding in Fiscal Year 2020-21.

CalFresh Program. Provides $74.2 million in State funding for CalFresh county administration support to reflect revised caseload estimates, and $27.5 million to improve program efficiency.

California Disaster Assistance Act (CDAA). Provides $100.8 million in increased funding to repair, restore, or replace public real property damaged or destroyed by a disaster or to reimburse local governments for eligible costs associated with emergency activities undertaken in response to a state of emergency proclaimed by the Governor.

Community Power Resiliency. Provides $50.0 million in one-time State funding for Community Power Resiliency to support additional preparedness measures that bolster community resiliency. Local governments, including cities, counties, and special districts, are eligible to receive funding.

Elections Funding. Provides $35.0 million of State funding for the November 2020 election and adopts language for a mechanism to provide additional funding for increased costs, if adequately justified. The Secretary of State has the authority to spend $65.5 million of additional Federal funds for the implementation of State mandates in the Help America Vote Act of 2002 as it relates to the Consolidated Appropriations Act of 2020 and the CARES Act due to the COVID-19 pandemic.

2021-22 State Budget

On January 8, 2021, Governor Newsom released his Fiscal Year 2021-22 Proposed State Budget (the “Proposed State Budget”). The Proposed State Budget projects a beginning fund balance from Fiscal Year 2020-21 of $12.203 billion, total revenues and transfers of $158.370 billion, total expenditures of $164.515 billion, and a year-end fund balance of $6.058 billion for Fiscal Year 2021-22. Of the projected year-end fund balance, $3.175 billion would be allocated to the Reserve for Liquidation of Encumbrances and $2.883 billion would be deposited to the Special Fund for Economic Uncertainties. The Proposed State Budget continues to provide for a deposit into the State’s Budget Stabilization Account (Rainy Day Fund), which would bring its balance to $15.574 billion. The Proposed State Budget also allocates $2.988 billion to the Public School System Stabilization Account and $450.0 million to the Safety Net Reserve.

On May 14, 2021, Governor Newsom released the Fiscal Year 2021-22 May Budget Revision (the “May Budget Revision”). The May Budget Revision projects a beginning fund balance from Fiscal Year 2020-21 of $27.435 billion, total revenues and transfers of $175.921 billion, total expenditures of $196.795 billion, and a year-end fund balance of $6.561 billion for Fiscal Year 2021-22. Of the projected year-end fund balance, $3.175 billion would be allocated to the Reserve for Liquidation of Encumbrances and $3.386 billion would be deposited to the Special Fund for Economic Uncertainties. The May Budget Revision continues to provide for a deposit into the State’s Budget Stabilization Account (Rainy Day Fund), which would bring its balance to $15.939 billion. The May Budget Revision also allocates $4.601 billion to the Public School System Stabilization Account and $450.0 million to the Safety Net Reserve.

The May Budget Revision reflects the significant improvement in the State financial outlook since the outbreak of the COVID-19 pandemic, including an increase in available resources to fund State expenditures of $63.665 billion compared to the 2020-21 State Budget Act. The May Budget Revision reflects the Governor’s $100.0 billion California Comeback Plan, which is composed of comprehensive strategies and major investments to ensure the State fully recovers from the COVID-19 pandemic.

The items in the May Budget Revision that are of major interest to the County include the following:

Emergency Rental Assistance. Includes statutory amendments to maximize the use of available Federal funds for rental, utilities, and housing-related expenses, including assisting low-income renters to pay 100% of back rent, as well as prospective rental payments for several months. In total, the State and local entitlement jurisdictions received $5.2 billion in Federal rental relief.

Utility Assistance. Provides $2.0 billion to help individuals and families pay overdue water and utility bills.

Mortgage Assistance. Provides $1.0 billion in Federal funds for additional mortgage assistance, principal reductions, and qualified housing-related charges to provide housing stability.

Housing Production. Provides $1.75 billion in one-time Federal funds to help support affordable housing projects and produce more than 6,300 units.

Promoting Homeownership. Provides $100.0 million in one-time Federal funds to CalHFA to expand its First Time Homebuyer Assistance Program, which helps first-time homebuyers with making a down payment, securing a loan, and paying closing costs on a new home.

Project Homekey. Provides $7.0 billion to fund additional Homekey acquisitions to expand the portfolio of housing, including behavioral health continuum infrastructure and housing for low-income seniors.

Ending Family Homelessness. Provides $2.75 billion over two years to invest in new rental support, housing and shelter resources to achieve an end to family homelessness within five years.

New Initiative to Clean and Revitalize Neighborhoods. Provides $1.5 billion to clean public spaces near highways and revitalize neighborhoods with public arts and cultural projects. This program will create an estimated 15,000 jobs, including low-barrier jobs for at-risk youth, veterans, those released from incarceration, and people experiencing or exiting homelessness.

COVID-19 Funding. Provides $407.9 million in one-time funding from the State General Fund in Fiscal Year 2021-22 to continue COVID-19 related activities and fund related contracts and purchases by the California Department of Corrections and Rehabilitation, such as testing, cleaning, and personal protective equipment.

2011 Public Safety Realignment. Estimates that the Community Corrections Subaccount base will increase from $1.366 billion in Fiscal Year 2020-21 to $1.5 billion in Fiscal Year 2021-22.

Local Jail Funding. Provides $98.3 million in estimated funding from the State General Fund for additional reimbursement to county sheriffs and corrections departments through June 30, 2021, and $97.5 million in Fiscal Year 2021-22 to help offset the cost of suspending the intake and/or transfer of inmates to State prisons to reduce the risk of COVID-19 in the State prison system.

Fines and Fees. Provides $300.0 million in one-time Federal funding from the ARP Act to support additional relief for low-income Californians in the form of a debt forgiveness program to eliminate debt owed on existing fines and fees for traffic and non-traffic infraction tickets issued between January 1, 2015 and June 30, 2021.

Incompetent to Stand Trial Facility Infrastructure. Provides $250.0 million in additional one-time funding from the State General Fund to the County-supported $750.0 million Behavioral Health Continuum Infrastructure proposal included in the Proposed State Budget, which will provide competitive grants for increased infrastructure targeted to justice-involved individuals with a serious mental illness who are deemed incompetent to stand trial.

Statewide Initiative to Reduce Pretrial Detention. Provides $140.0 million in funding from the State General Fund in Fiscal Year 2021-22 and $70.0 million in ongoing funding to expand a pretrial pilot program funded with one-time resources in the 2019 State Budget Act.

Proposition 47 Savings. Provides $116.2 million in savings from Proposition 47 to be allocated according to the formula outlined in the initiative, which requires 65% to be allocated for grants to public agencies to support various recidivism reduction programs, 25% for grants to support truancy and dropout prevention programs, and 10% for grants for victims' services.

COVID-19 Funding. Provides $1.08 billion for COVID-19 response funding to support testing and laboratory operations, vaccination, medical surge capacity, contact tracing management, and other State operational needs.

Behavioral Health System for Children and Youth. Provides $1.0 billion from ARP Act funding in Fiscal Year 2021-22, $1.7 billion ($1.3 billion from the ARP Act and $300.0 million from the State General Fund) and $100.0 million from the Federal Trust Fund in Fiscal Year 2022-23, and $431.0 million ($300.0 million from the State General Fund) of ongoing funding for the Children and Youth Behavioral Health Initiative.

ARP Act - Coronavirus State and Local Fiscal Recover Funds for Public Health Impacts. Provides $4.9 billion for State and local emergency response to COVID-19 and the state's public health infrastructure including public hospitals, health systems, and residential care facilities.

Support for Public Hospitals and Health Systems. Provides $300.0 million in one-time Coronavirus Fiscal Recovery Fund to help public health care systems cover costs associated with critical care delivery needs provided during and beyond the pandemic.

Medi-Cal Providing Access and Transforming Health Payments (PATH). Provides $200.0 million ($100.0 million from the State General Fund) to build capacity for effective pre-release care for justice-involved populations to enable coordination with justice agencies and Medi-Cal coverage of services 30 days prior to release.

Golden State Stimulus II. Expands the Golden State Stimulus to provide tax refunds to middle-class families that make an adjusted $75,000 or less including undocumented taxpayers filing taxes with ITIN numbers. The proposal includes $600 in one-time stimulus payments to all taxpayers filing a 2020 tax year return with adjusted gross income of $75,000 or less who did not already receive a Golden State Stimulus; $500 in one-time stimulus payments to all taxpayers with adjusted gross income of $75,000 or less with a dependent on the return; and $500 in one-time stimulus payments to all ITIN taxpayers with adjusted gross income of $75,000 or less and a dependent.

Small Business Grants and Cultural Institutions. Provides $1.5 billion in federal ARP Act funds for three additional rounds of grants to provide relief to more small businesses.

County-supported High Road Training Partnerships (HRTP). Provides $90.0 million for the Workforce Board to fund additional HRTP opportunities.

CalWORKs. Provides $8.5 billion of funding in Fiscal Year 2021-22, for CalWORKs programs and $1.7 billion for other programs including Child Care, Child Welfare Services, Foster Care, Department of Developmental Services programs, the Statewide Automated Welfare System, Work Incentive Nutritional Supplement, California Community Colleges Child Care and Education Services, Cal Grants, and the Department of Child Support Services.

In-Home Supportive Services (IHSS). Provides $17.2 billion (including $5.5 billion from the State General Fund) for the IHSS program in Fiscal Year 2021-22 to support an average monthly statewide caseload of 590,293.

County Medi-Cal Administration Funding. Provides $73.0 million (including $36.5 million from the State General Fund) of one-time funding in Fiscal Year 2021-22 and Fiscal Year 2022-23 to resume annual Medi-Cal redeterminations upon conclusion of the Federal public health emergency and continuous coverage requirement.

Community Care Expansion Program. Provides $500.0 million in both Fiscal Years 2021-22 and 2022-23 to fund the construction, acquisition and/or rehabilitation of adults and seniors in care facilities who are homeless or at risk of becoming homeless.

Transitional Kindergarten. Provides funding for a proposed phase in of universal transitional kindergarten over a four-year period, including $900.0 million of funding from the State General Fund in Fiscal Year 2022-23, growing to $2.7 billion in Fiscal Year 2024-25 to expand access to transitional kindergarten for four-year old children; $380.0 million in Proposition 98 funding in Fiscal Year 2022-23, growing to $740.0 million in Fiscal Year 2024-25, to provide one additional certificated or classified staff person in each transitional kindergarten classroom; and $250.0 million in one-time Proposition 98 funds repurposed for planning and implementation grants for all local educational agencies.

COVID-19 Funding. Provides $579.0 million in one-time Coronavirus Response and Relief Supplemental Appropriations (CRRSA) funds for various initiatives.

Broadband. Proposes $7.0 billion over three years, utilizing a combination of funding from the Federal Government and the State General Fund to expand broadband infrastructure, increase affordability, and enhance access to high-speed broadband internet service.

State Highway Rehabilitation and Local Roads and Bridges. Provides $2.0 billion in funding through 2028 to support the advancement of priority State Highway Operation and Protection Program (SHOPP) projects, Interregional Transportation Improvement Program (ITIP) projects, and local road and bridge projects.

Priority Transit and Rail Projects. Provides $1.0 billion in funding from the State General Fund for statewide transit and rail projects that improve rail and transit connectivity between State and regional/local services.

Los Angeles Olympics. Provides $1.0 billion in funding from the State General Fund to deliver critical projects in time for the 2028 Olympic Games.

Water Infrastructure and Drought Response. Provides $5.1 billion in funding for immediate drought response and long-term water resilience investments to address immediate, emergency needs, build regional capacity to endure drought and safeguard water supplies for communities, the economy and the environment. This funding will include a combination of State, federal and bond funding.

County-supported Zero Emission Vehicle Acceleration. Provides $826.0 million in additional investments that accelerate the State toward meeting climate and transportation goals. Combined, the Proposed State Budget and the May Budget Revision include $1.8 billion of funding in Fiscal Year 2021-22, and $3.2 billion over the next three-years for zero emission vehicle investments.

California Disaster Assistance Act (CDAA). Provides $100.0 million in one-time funding from the State General Fund to increase the amount of funding available through the CDAA, which is used to repair, restore, or replace public real property damaged or destroyed by a disaster or to reimburse local governments for eligible costs associated with emergency activities undertaken in response to a state of emergency proclaimed by the Governor.

RECENT COUNTY BUDGETS

General County Budgets have reflected a conservative approach and have sought to maintain a stable budgetary outlook in an uncertain fiscal environment. As a result of the 2020 economic downturn caused by the COVID-19 pandemic, the County experienced a budget deficit as sales tax-based revenues declined. The economic downturn resulted in an estimated $355.9 million NCC budget gap in Fiscal Year 2020-21 and a projected $50 million NCC budget gap in FY 2021-22. NCC is the portion of the County's budget that is financed with County discretionary funding (also known as locally generated revenues).

In order to manage the Fiscal Year 2020-21 budget gap, the County utilized a combination of ongoing structural changes including departmental budget curtailments which resulted in the elimination of 2,586 budgeted positions, the temporary suspension of the deferred compensation contribution match for non-represented employees, and the suspension of Management Appraisal and Performance Plan Tier I salaries and employee benefits increases. The County did not implement any layoffs or furloughs. To close the Fiscal Year 2021-22 NCC budget gap of $50 million, the County is using one-time funding rather than implementing departmental curtailments. By the time any curtailments could be implemented, the County will have received funding from the ARP Act, and will likely see increased revenue consistent with current forecasts and projections.

Property Tax Revenue

Property tax revenue represents the largest source of ongoing discretionary revenue for the County. The reliability of property tax revenue is due in large part to Proposition 13, which helps insulate the County from the cyclical nature of the real estate market. Proposition 13 limits the growth of assessed valuations and allows for reassessments when a property is sold or when new construction occurs. Assessed valuation can also be adjusted for inflation or deflation. As a result of Proposition 13, there is a significant amount of "stored" home value appreciation that is not reflected on the property tax rolls, which helped to offset a significant decrease in property values during the 2008 economic downturn.

To illustrate this point, average median home prices in the County declined by 48% from their peak value in August 2007 ($562,346) to a low in January 2012 ($290,015), but the net revenue-producing value of the property tax roll (the "Net Local Roll") decreased by only 0.51% and 1.87% in Fiscal Years 2009-10 and 2010-11, respectively. After the economic downturn in 2008, and the subsequent recovery in the real estate market, the County has experienced ten consecutive years of steady growth in assessed valuation, with increases in the Net Local Roll of 1.36%, 2.20%, 4.66%, 5.47%, 6.13%, 5.58%, 6.04%, 6.62%, 6.25%, and 5.97% in Fiscal Years 2011-12 through 2020-21, respectively.

For Fiscal Year 2020-21, the Assessor reported a Net Local Roll of $1.7 trillion, which represents an increase of 5.98% or $95.9 billion from Fiscal Year 2019-20. The Fiscal Year 2020-21 Net Local Roll represents the largest revenue-producing valuation in the history of the County, and the tenth consecutive year of assessed valuation growth. The largest factors contributing to the increase in assessed valuation are transfers in ownership ($49.6 billion), an increase in the consumer price index ($30.8 billion), and new construction ($13.4 billion). The increase in the Net Local Roll is the result of continued strength in the real estate market and relatively high demand for new construction prior to the COVID-19 pandemic. The impact of the COVID-19 pandemic on the 2021 Assessment Roll continues to be evaluated. Preliminary information indicates lower than anticipated growth primarily due to declines in the consumer price index.

For the Fiscal Year 2020-21 tax roll, the Assessor estimates that approximately 9.4% of all single-family residential parcels, 9.9% of all residential income parcels and 12.9% of commercial-industrial parcels are 1975 base-year parcels, which indicates a significant amount of stored value that can be realized on future tax rolls when these parcels are sold and re-assessed at higher values.

With the downturn in the real estate market caused by the 2008 recession, the County Assessor initiated Proposition 8 reviews of 791,000 parcels. As a result of the Assessor's proactive approach to Proposition 8 reviews, the valuations of 552,000 parcels sold during the height of the real estate market were adjusted downward to reflect current market values at the time of the review. The lower valuations helped to insulate the County from future reductions in the Net Local Roll if these properties were re-sold at lower market values. In response to the improvement in the real estate market, and beginning with the Fiscal Year 2008-09 Assessment Roll, the Assessor initiated a review of the 552,000 parcels to determine if the reductions in assessed value were still warranted under Proposition 13. Based on this review, the Assessor has fully restored approximately 502,000 parcels to their Proposition 13 base year value, with 50,000 parcels still eligible for potential restorations in value.

On May 14, 2021, the Assessor released the Assessment Roll Forecast for Fiscal Year 2021-22. The Assessment Roll Forecast reflects a 3.75% or $63.8 billion increase from Fiscal Year 2020-21, resulting in a projected Net Local Roll of approximately $1.76 trillion for Fiscal Year 2021-22. The primary factors driving the increase in the Net Local Roll are property transfers ($44.1 billion) and a 0.93% increase in the consumer price index ($16.4 billion). The projected increase in the Net Local Roll reflects mixed results regarding the performance of the real estate market during the COVID-19 pandemic. Real estate sales were sluggish in the first half of 2020 but recovered as stay-at-home orders eased in the second half of the year. Although some commercial properties experienced a decline in value, median home prices increased to record highs in the current fiscal year as a result of low interest rates and strong demand, especially at the higher end of the market. The Assessor is scheduled to release the final Assessment Roll for Fiscal Year 2021-22 in July 2021.

FISCAL YEAR 2020-21 FINAL ADOPTED BUDGET

The Fiscal Year 2020-21 Final Adopted Budget (the "2020-21 Final Adopted Budget") was approved by the Board of Supervisors on September 29, 2020. The 2020-21 Final Adopted Budget appropriated $38.234 billion, which reflects a $2.179 billion or 6.0% increase in total funding requirements from the Fiscal Year 2019-20 Final Adopted Budget. The General County Budget (General Fund and Hospital Enterprise Fund) appropriated $29.272 billion, which represents a $1.347 billion or 4.8% increase from the Fiscal Year 2019-20 Final Adopted Budget. The 2020-21 Final Adopted Budget appropriated $8.962 billion for Special Funds/District, reflecting a $0.831 billion or 10.2% increase from the Fiscal Year 2019-20 Final Adopted Budget.

The primary changes to the ongoing NCC component of the 2020-21 Final Adopted Budget are outlined in the following table.

Fiscal Year 2020-21 NCC Budget Changes

Public Assistance Changes	$47,212,000
Unavoidable Cost Increases	
Salaries and Employee Benefits	174,841,000
Pension Costs	72,523,000
Prefund Retiree Healthcare Benefits	25,000,000
Various Maintenance of Effort	5,306,000
Program Changes	
Public Safety Programs	10,082,000
Debt Service	2,937,000
All Other Program Changes	31,531,000
Fiscal Policies	
Appropriation for Contingency	(15,662,000)
Deferred Maintenance	7,058,000
Total Net County Cost Increases	**360,828,000**
Revenue Changes	
Property Taxes	291,256,000
Property Taxes - CRA Dissolution Residual	21,875,000
Public Safety Sales Tax	(109,097,000)
1991 Realignment - Sales Tax (RST)	(75,755,000)
1991 RST State Backfill	55,731,000
1991 Realignment - Vehicle License Fee	5,750,000
1991 Realignment - VLF Backfill	2,301,000
Interest Earnings	(67,203,000)
Deed Transfer Tax	(14,224,000)
Departmental Revenue	(72,788,000)
Sheriff - Trial Court Security	(28,159,000)
Sheriff - Trial Court Security State Backfill	10,509,000
Various Other Revenue Changes	(15,230,000)
Total Locally Generated Revenue	**4,966,000**
Total NCC Budget Gap	**(355,862,000)**
Net Curtailments/Reductions	(369,039,000)
Deferred Compensation Suspension	(57,790,000)
MAPP Tier I COLA Suspension	(1,533,000)
Program Changes	12,500,000
Unavoidable Cost Increase	60,000,000
Total NCC Budget Gap Solutions	**(355,862,000)**
Total Surplus / (Deficit)	$ -

Public Assistance Change

The increase in funding for Public Assistance in the 2020-21 Final Adopted Budget is primarily due to funding increases for In-Home Supportive Services Program, General Relief, Kinship Guardianship Assistance Payment Program, as well as Foster Care, Adoptions and Emergency Assistance programs. The increases are partially offset by a reduction in CalWORKs caseload and a decrease in other Public Assistance programs.

Unavoidable Cost Increases

Salaries and Employee Benefits - Unavoidable cost increases are primarily the result of approved salaries and employee benefit increases, and expected salary and benefit increases that are subject to negotiations with the County's collective bargaining units.

Pension Costs - Reflects adjustments for the Fiscal Year 2020-21 employer contribution retirement rates based upon the June 30, 2019 actuarial valuation of retirement benefits.

Prefund Retiree Healthcare Benefits – The 2020-21 Final Adopted Budget appropriated $309.4 million in pre-funding contributions to the OPEB Trust Fund, which is comprised of $125.0 million in NCC and $184.4 million in projected subvention revenue received from Federal, State and other local government entities. This is the sixth year of a multi-year plan approved by the Board of Supervisors on June 22, 2015 that is expected to incrementally increase the prefunding of retiree healthcare benefits on an annual basis.

Program Changes

The 2020-21 Final Adopted Budget included $44.6 million of adjustments to various County programs, including increases for public safety, social services and health and mental services.

Fiscal Policies

The balance of the County's Rainy Day Fund for Fiscal Year 2020-21 is $695.9 million, which is approximately 9.8% of ongoing discretionary revenues. As part of the 2020-21 Final Adopted Budget $22.1 million was set aside in Appropriations for Contingencies, which reflected 10% of new ongoing discretionary revenues. The 2020-21 Final Adopted Budget also included a $7.1 million allocation for deferred maintenance needs.

Revenue Changes

The 2020-21 Final Adopted Budget included a $291.3 million increase in property tax revenues based, which was based on the Assessor's May 2020 forecast projecting a 5.25% increase in the Net Local Roll for Fiscal Year 2020-21. The 2020-21 Final Adopted Budget also included a $21.9 million increase in the property tax residual from the dissolution of redevelopment agencies.

The COVID-19 pandemic has had a significant impact on the global economy. Stay-at-home orders and social distancing requirements led to non-essential businesses closures, record unemployment, and a steep decline in consumer spending. Based upon this, the County included decreases in several revenue sources that are impacted by decreased spending in the local economy. The 2020-21 Final Adopted Budget included projected decreases in Proposition 172 Public Safety sales tax revenue, 1991 Realignment sales tax revenue, and deed transfer tax revenue, partially offset with the addition of State Realignment backfill revenues. The 2020-21 Final Adopted Budget also included decreases in interest earnings, departmental revenue, and other revenue changes.

NCC Budget Gap Solutions

The program changes and projected revenue decreases in the 2020-21 Final Adopted Budget resulted in a $356 million NCC budget gap. In order to address the budget gap, the County utilized a combination of ongoing structural changes including $369.0 million in departmental curtailments, $57.8 million from the temporary suspension of the deferred compensation contribution match for non-represented employees, and $1.5 million in the suspension of Management Appraisal and Performance Plan Tier I salaries and employee benefits increases. These reductions were partially offset by $72.5 million in unavoidable cost increases and program changes.

FISCAL YEAR 2021-22 RECOMMENDED BUDGET

The 2021-22 Recommended Budget was presented to the Board of Supervisors on April 20, 2021. The 2021-22 Recommended Budget appropriates $36.183 billion, which reflects a $2.1 billion or 5.4% decrease in total funding requirements from the 2020-21 Final Adopted Budget. The General County Budget (General Fund and Hospital Enterprise Fund) appropriates $28.098 billion, which represents a $1.174 billion or 4.0% decrease from the 2020-21 Final Adopted Budget. The 2021-22 Recommended Budget appropriates $8.086 billion for Special Funds/District, reflecting an $ 876 million or 9.8% decrease from the Fiscal Year 2020-21 Final Adopted Budget.

The primary changes to the ongoing NCC component of the 2021-22 Recommended Budget are outlined in the following table.

Fiscal Year 2021-22 Recommended NCC Budget Changes

Public Assistance Changes	$56,987,000
Unavoidable Cost Increases	
Salaries and Employee Salaries	146,645,000
Pension Costs	73,492,000
Prefund Retiree Healthcare Benefits	25,000,000
Various Maintenance of Effort Requirements	4,427,000
Program Changes	
Affordable Housing & Economic Dev.	10,000,000
Debt Service	10,942,000
Measure J	100,000,000
All Other Programs	15,649,000
Fiscal Policies	
Appropriation for Contingency	1,651,000
Deferred Maintenance	5,000,000
Total Net County Cost Increases	**449,793,000**
Revenue Changes	
Property Taxes	210,218,000
Property Taxes - CRA Dissolution Residual	(3,180,000)
Public Safety Sales Tax	135,462,000
1991 Realignment - Sales Tax (RST)	90,421,000
1991 Realignment - Vehicle License Fee	9,579,000
1991 RST State Backfill	(55,731,000)
1991 Realignment - VLF State Backfill	(2,301,000)
Interest Earnings	(5,700,000)
Deed Transfer Tax	11,224,000
Various Revenue Changes	9,801,000
Total Locally Generated Revenue	**399,793,000**
Total Projected Budget Gap	**$(50,000,000)**

Public Assistance Change

The increase in funding for Public Assistance in the 2021-22 Recommended Budget is primarily due to funding increases for the In-Home Supportive Services Program, General Relief, Kinship Guardianship Assistance Payment Program, as well as Foster Care, Adoptions and Emergency Assistance programs.

Unavoidable Cost Increases

Salaries and Employee Benefits - Unavoidable cost increases are primarily the result of approved salaries and employee benefit increases.

Pension Costs - Reflects adjustments for the Fiscal Year 2021-22 employer contribution retirement rates based upon the June 30, 2020 actuarial valuation of retirement benefits.

Prefund Retiree Healthcare Benefits – The 2021-22 Recommended Budget appropriated $372.2 million in pre-funding contributions to the OPEB Trust Fund, which is comprised of $150.0 million in NCC and $222.2 million in projected subvention revenue to be received from Federal, State and other local government entities. This is the seventh year of a multi-year plan approved by the Board of Supervisors on June 22, 2015 that is expected to incrementally increase the prefunding of retiree healthcare benefits on an annual basis.

Program Changes

The 2021-22 Recommended Budget included $136.6 million of adjustments to various County programs, including $100 million in funding set aside for Measure J, as well as increases for public safety and social services programs.

Measure J – Community Investment and Alternatives to Incarceration (ATI)

On November 3, 2020, County voters approved Measure J, which requires that by June 30, 2024, no less than ten percent of the County's locally generated unrestricted revenues in the General Fund be allocated annually to address the impact of racial injustice within the County's criminal justice systems. The measure prohibits using these funds for carceral systems and law enforcement agencies. The ten percent allocation is to be implemented over three years, with the full set-aside amount to be phased in over three fiscal years. The 2021-22 Recommended Budget sets aside $100 million as the first-year funding for Measure J.

Fiscal Policies

The balance of the County's Rainy Day Fund as of the 2021-22 Recommended Budget is $695.9 million, which represents approximately 9.5% of ongoing discretionary revenues. As part of the 2021-22 Recommended Budget, $23.8 million was set aside in Appropriations for Contingencies, which reflects 10% of new ongoing discretionary revenues. The 2021-22 Recommended Budget also includes a $5 million allocation for deferred maintenance needs.

Revenue Changes

The 2021-22 Recommended Budget includes a $210.2 million increase in property tax revenues based upon a preliminary projected growth rate of 3.59% in Assessment Roll. The 2021-22 Recommended Budget includes a $3.2 million decrease in property tax residual from the dissolution of redevelopment agencies. Based on current trends and a survey of local economic forecasts, the County has assumed an increase in its overall statewide sales tax projection for the 2021-22 Recommended Budget. Based on the growth rate, the County is projecting a $135.5 million increase in Proposition 172 Public Safety sales tax revenue. The 2021-22 Recommended Budget also includes projected net increases in Realignment sales tax revenue and Realignment vehicle license fee revenue, as well as increases in deed transfer tax revenue, and other revenue changes. The 2021-22 Recommended Budget also includes a projected $5.7 million decrease in interest earnings from the County Treasury Pool due to lower interest rates.

NCC Budget Gap

The 2021-22 Recommended Budget cost increases resulted in a $50 million NCC budget gap. The County is closing the gap through the use of one-time funding rather than implementing departmental curtailments. By the time any curtailments could be implemented, the County will have funding from the ARP Act and will likely see increased revenue consistent with applicable forecasts and projections.

HEALTH SERVICES BUDGET

The Department of Health Services ("DHS") provides vital inpatient acute care through four hospitals: LAC+USC Medical Center, Harbor-UCLA Medical Center, Olive View-UCLA Medical Center and Rancho Los Amigos National Rehabilitation Center. Two of the hospitals, LAC+USC Medical Center and Harbor-UCLA Medical Center, operate trauma centers and emergency rooms; Olive View-UCLA Medical Center provides emergency room services; and Rancho Los Amigos National Rehabilitation Center operates as an acute rehabilitation facility. Outpatient services are provided at all four hospitals as well as multiple other facilities, including one outpatient center, one regional health center, six comprehensive health centers, sixteen community health centers, and over 100 contracted Community Partner clinics located throughout the County. DHS also manages the emergency medical services system for the entire County. In collaboration with the University of Southern California and the University of California at Los Angeles, the County provides training for approximately 1,700 physician residents on an annual basis.

As a safety net provider, the County is the medical provider of last resort for indigent County residents. Historically, the cost of providing health services exceeds the combined total of DHS revenues, which requires annual subsidies from the County General Fund. DHS has been able to limit these subsidies by developing new revenue sources, implementing operational efficiencies, and using one-time reserve funds.

Health System Funding

The 2015 Section 1115 Hospital Financing Waiver (the "2015 Waiver") was set to expire on December 31, 2020. However, in consideration of the impact to health care systems from the COVID-19 pandemic, the Federal Centers for Medicaid and Medicare Services ("CMS") granted a request from the California Department of Health Care Services' ("DHCS") for a one-year extension through December 31, 2021. The one-year extension of the 2015 Waiver does not include the Public Hospital Redesign and Incentives in Medi-Cal ("PRIME") program, which expired on June 30, 2020, as PRIME was incorporated into Medi-Cal Managed Care's Quality Incentive Payment ("QIP") program effective July 1, 2020. Moving PRIME into Medi-Cal Managed Care resulted in an increase in FMAP funding and increased revenue to DHS.

Also not included in the one-year extension is funding for the Safety Net Care Pool ("SNCP") which was part of the Global Payment Program ("GPP") under the 2015 Waiver. The funding for SNCP expired on June 30, 2020. DHCS is requesting CMS to reinstate SNCP funding back to July 1, 2020 and continue funding throughout the one-year extension period ending December 31, 2021. A decision from CMS is currently pending.

DHCS is currently working on the next Hospital Financing Waiver demonstration project. DHCS will continue advancing the State's goal of improving health outcomes in a cost-effective manner for Medicaid and other low-income populations under the California Advancing & Innovating Medi-Cal ("CalAIM") initiative. In general, CalAIM services build on the whole person care approach, which was included in the 2015 Waiver to address the clinical and non-clinical circumstances of high-need patients whose poor health outcomes may be at least partly caused by unmet social needs, such as homelessness. DHCS had planned to seek implementation of the CalAIM initiative in January 2021 but delayed the start due to the impact of the COVID-19 pandemic. DHCS is now seeking an effective date of January 1, 2022 for the CalAIM demonstration project.

As part of CalAIM, DHCS is requesting a five-year renewal of GPP, which was included in the 2015 Waiver. DHCS is also requesting a renewal and amendment to expand its Section 1915(b) waiver to further integrate California's Medi-Cal managed care system. Under CalAIM, expanded services to some of DHS' most vulnerable populations, such as the uninsured, would become reimbursable under the combined waiver authorities. Another component of the proposal would cover funding for targeted services, such as medication and telehealth visits provided to County jail inmates covered by Medi-Cal 30 days prior to their release. An additional funding opportunity for DHS is the proposed Providing Access and Transforming Health Program (the "PATH") program. The PATH Program would provide additional resources for capacity building, infrastructure, interventions, and other services.

Medi-Cal Capitation Revenue

Medi-Cal rules require that eligibility for beneficiaries must be redetermined on an annual basis. In response to the COVID-19 pandemic, Governor Gavin Newsom issued an executive order on March 17, 2020 that suspended the Medi-Cal redetermination requirement during the "State of Emergency" he declared on March 4, 2020. The redetermination moratorium allows many more beneficiaries to retain their Medi-Cal eligibility.

As a result of the redetermination moratorium, there has been a significant increase in Medi-Cal managed care members assigned to DHS. Since the moratorium was declared, DHS' assigned members have increased by over 50,000. The increase in assigned members has resulted in a significant increase in Medi-Cal capitation revenues. While the State of Emergency order continues, DHS expects that the high number of members assigned to DHS will continue. However, when the redetermination requirement is reinstated, DHS expects a steady decline in members along with the associated capitation revenues.

COVID-19 Funding

DHS received approximately $315.0 million from the U.S. Department of Health and Human Services' Provider Relief Fund to cover increased expenditures and lost revenues related to COVID-19. Pending further guidance from CMS on the required methodology for determining increased expenditures and lost revenues, DHS has placed this revenue in a trust fund. Once clarification is received from CMS, the allowable amounts will be moved from the trust fund to the DHS budget.

Assembly Bill 85

Assembly Bill ("AB") 85 was enacted as part of the State's implementation of the Affordable Care Act ("ACA") in 2014. Under AB 85, the State's funding mechanism for county health care and human services programs, which had been in place since the 1991-92 Realignment Program, was revised to account for the expected reduction in unreimbursed services for DHS patients pursuant to implementation of the ACA. AB 85 uses a formula to determine the amount of State realignment funds provided to a county that will be redirected to fund social service programs. The County's funding formula is unique in that it uses the entire DHS budget to determine if there are "excess" funds that must be returned to the State.

The amount of revenue redirection is reconciled to the formula two years after the close of each respective fiscal year. If there are “excess” funds determined by the funding formula, the sharing ratio for the excess revenue is 80% State and 20% County. The current projected redirection amounts for Fiscal Years 2018-19, 2019-20 and 2020-21 are $266.5 million, $78.3 million and $0, respectively. The County will continue to work with the State to evaluate and update the redirection numbers and close out each fiscal year by the scheduled due dates.

In addition, AB 85 established a Maintenance of Effort (“MOE”) funding requirement for an annual County General Fund contribution based on Fiscal Year 2012-13 funding levels, with increases to the MOE of one percent each subsequent fiscal year. The initial MOE funding requirement for Fiscal Year 2013-14 was $323.0 million. The MOE funding requirement for Fiscal Year 2020-21 is $349.8 million. The MOE provides a stable and ongoing source of funding for DHS from the County General Fund.

General Fund Contributions

The Fiscal Year 2020-21 NCC contribution to DHS is $967.9 million, as shown in the chart below. The NCC contribution to DHS is comprised of multiple components, including the AB 85 MOE, other General Fund resources for specific programs, VLF Realignment Revenue, and Tobacco Settlement Revenue. The additional funding from the County General Fund for DHS programs related to correctional health services and other programs represents a strategic initiative by the Board of Supervisors to transfer specific services previously provided by other County departments to DHS, and is not related to cost increases as the result of budgetary pressures from DHS' operations.

DHS NCC Contribution
FY 2020-21 Final Adopted Budget
($ in millions)

		Amount
County General Fund - AB 85 MOE	$	353.3
County General Fund - Correctional Health [(A)]		360.7
County General Fund - Specific Programs [(B)]		15.8
Vehicle License Fees Realignment		279.5
Tobacco Settlement Revenue		65.3
Transfers to Other Budget Units [(C)]		(28.0)
Total	$	1,046.6

(A) Reflects the transfer of Correctional Health Services from the Sheriff and the Department of Mental Health to DHS, which was finalized in May 2017.

(B) Includes funding for Board initiatives, such as homeless services and health care for Probation youth.

(C) Includes the transfer for the In-Home Supportive Services Provider Health Care Plan.

General Fund Advances and Cash Flow

The County maintains separate Enterprise Funds to account for hospital services in various regions of the County, commonly referred to as the Hospital Funds. The County's General Fund provides cash advances to each of the Hospital Funds to provide for the net cash flow requirements of County hospitals. On a daily basis, the County reviews the cash inflows and outflows of the Hospital Funds and adjusts the amount of advances in order to provide the Hospital Funds with a minimal daily cash position of approximately $10.0 million.

The Federal and State governments are the primary sources of revenue for the Hospital Funds. As of June 30, 2020, the balance of General Fund cash advances to the Hospital Funds was $65.2 million, which is a decrease of $551.8 million from the June 30, 2019 balance of $617.0 million. The balance as of March 31, 2021 has been reduced to $0. The County is currently estimating the June 30, 2021 balance of General Fund cash advances to the Hospital Funds will remain at $0.

The improvement in cash balances over the last several years has occurred as DHS worked with the State to expedite payments for new revenue programs, including the QIP and the Enhanced Payment Program (“EPP”). For Program Year 2019-20 and going forward, payments are expected within 12 months after year-end, which will improve cash flow and eliminate the need to establish long-term receivables.

In addition to the funding sources described above, the County's General Fund also provides cash advances to the Hospital Funds for certain long-term receivables that are owed by the State to the hospitals. The receivables are associated with the Cost Based Reimbursement Clinics (“CBRC”) program. Although the CBRC receivables are reliable assets, the collection process is contingent upon annual audits by the State. As of June 30, 2020, the total estimated receivable balance is $55.6 million. The County has recognized an equivalent reserve against the fund balance associated with the CBRC receivable since it is not currently available to fund the County's budgetary requirements. The CBRC receivable balance for Fiscal Year 2020-21 will be determined during the fiscal year-end closing process.

Managed Care

The EPP establishes a pool to supplement the base rates received by public hospitals through their Medi-Cal managed care contracts. Although DHS currently estimates the net revenue for EPP to be approximately $622.1 million for Fiscal Year 2019-20 and $620.6 million for Fiscal Year 2020-21, the methodology for drawing down the EPP funds is still pending CMS approval.

The QIP program provides value-based payments for the achievement of clinically established quality measures for Medi-Cal managed care enrollees. CMS has approved four years of QIP with an annual cost of living adjustment. The net revenue for QIP is estimated to be approximately $126.7 million for Fiscal Year 2019-20 and $347.3 million for Fiscal Year 2020-21. The QIP revenue significantly increased from the prior fiscal year due to the incorporation of PRIME into Medi-Cal managed care, effective July 1, 2020. However, the methodology and the rates for determining how the funds will be allocated among the State's public hospitals has not been approved by CMS. With final approval by CMS still pending, the estimated revenues for the EPP and QIP Programs could change materially.

DHS Reserve Funds

In Fiscal Year 2019-20, DHS closed with a Fund Balance of $1.293 billion. Of this amount, approximately $229.7 million with respect to the EPP, QIP and CBRC payments for Fiscal Years 2017-18 through 2019-20 was established as a long-term receivable and reserved in a separate account until the payments are collected. The remaining estimated Fund Balance of $1.063 billion is available to fund DHS operations and balance its budget in the future, as needed. Most of the $229.7 million receivable balance has been collected in Fiscal Year 2020-21, and the associated long-term receivable will be removed during the fiscal year-end closing process.

Harbor-UCLA Medical Center

On November 10, 2020, the Board of Supervisors approved the Harbor-UCLA Medical Center Replacement Project (the "Harbor-UCLA Replacement Project"). The Harbor-UCLA Replacement Project, with an estimated cost of $1.6 billion, consists of the construction of an acute care inpatient tower, an outpatient treatment building, and other supporting buildings and structures. The cost of this project will be shared between DHS (90%) and the Department of Mental Health (10%), whose share will fund the construction of psychiatric emergency services and psychiatric inpatient beds. The Harbor-UCLA Replacement Project is expected to be completed by the end of 2027. In order to fund the equipment needed for the new hospital facility, DHS is planning to set up an Accumulative Capital Outlay ("ACO") fund in the amount of $145.0 million, using a portion of its Fund Balance.

Tobacco Settlement Revenue

In November 1998, the attorneys general of 46 states (including the State of California) and other territories reached agreement with the then four largest United States tobacco manufacturers to settle more than forty pending lawsuits brought by these public entities. The Master Settlement Agreement (the "MSA") requires the tobacco companies to make payments to the states in perpetuity, with the payments totaling an estimated $206 billion through 2025. California will receive 12.76%, or approximately $25.0 billion of the total settlement. In accordance with the terms of the MSA, the annual Tobacco Settlement Revenues ("TSRs") are subject to numerous adjustments, offsets and recalculation. While the County's share of the State settlement was initially expected to average approximately $100 million per year, the actual amount of TSRs received by the County has fluctuated significantly from year to year. Factors that impact the annual payments to the State include actions of the Federal government, overall declines in smoking participation rates, reduction in cigarette sales and declining market share among the participating manufacturers in the MSA, lawsuits, tobacco company bankruptcies, and various adjustments under the terms of the MSA.

In February 2006, the County issued $319.8 million in tax-exempt Tobacco Settlement Asset-Backed Bonds (the "2006 Tobacco Bonds"). The 2006 Tobacco Bonds are secured and payable from 25.9% of the County's TSRs beginning in 2011, which represented the initial year for the payment of debt service on the 2006 Tobacco Bonds. The proceeds from the sale of the 2006 Tobacco Bonds were used to finance a portion of the construction costs related to the LAC+USC Medical Center, as well as to partially insure against the risk of a significant reduction of the County's ongoing TSRs as a result of the various factors described above.

On June 10, 2020, the County issued $349.6 million of 2020 Tobacco Settlement Bonds to fully refund the 2006 Tobacco Bonds. The transaction, which is described in further detail in the Debt Summary Section of Appendix A, resulted in significant interest cost savings to the County and mitigated the risk of future default that existed with the 2006 Tobacco Bonds.

To date there have been multiple legal challenges to the MSA under a variety of claims, including claims on anti-trust and Commerce Clause grounds. None of these lawsuits has been successful or resulted in the termination of the original agreement. However, previous actions by certain participating manufacturers have reduced the settlement funding received by the State and may adversely impact future payments. Given the terms of the MSA, the fiscal impact to the County of future protests and payment adjustments to the MSA cannot be predicted at this time.

Neither the MSA nor the Memorandum of Understanding restricts the use of the County's settlement funds to any specific purpose. Proceeds received by the County from the settlement have been deposited in the County's General Fund and unused amounts have been set aside as obligated fund balance Committed for Health Services-Tobacco Settlement. In Fiscal Year 2020-21, the County received $80.8 million in TSRs from the participating manufacturers. The distribution of TSRs to the County are net of the 25.9% of TSRs pledged for the repayment of the 2020 Tobacco Settlement Bonds, which have been deposited with a trustee to pay the annual debt service.

BUDGET TABLES

The 2021-22 Recommended Budget is supported by $6.577 billion in property tax revenue, $4.842 billion in Federal funding, $7.282 billion in State funding, $56 million in cancelled obligated fund balance, $1.539 billion in Fund Balance and $7.802 billion from other funding sources.

County of Los Angeles: General County Budget
Historical Appropriations by Fund
(in thousands)

Fund	Final 2017-18	Final 2018-19	Final 2019-20	Final 2020-21	Recommended 2021-22
General Fund	$ 20,856,959	$ 22,476,283	$ 23,925,116	$ 25,468,803	$ 24,049,706
Hospital Enterprise Fund	3,466,796	3,222,338	3,999,868	3,803,498	4,048,301
Total General County Budget	**$ 24,323,755**	**$ 25,698,621**	**$ 27,924,984**	**$ 29,272,301**	**$ 28,098,007**

County of Los Angeles: General County Budget
Historical Funding Requirements and Revenue Sources

	Final 2017-18	Final 2018-19	Final 2019-20	Final 2020-21	Recommended 2021-22
Requirements					
Social Services	$ 7,200,237	$ 7,308,903	$ 7,752,983	$ 8,298,441	$ 7,903,682
Health	8,040,428	8,790,802	9,877,992	10,438,420	10,364,039
Justice	5,823,573	6,019,196	6,234,098	6,308,501	6,293,476
Other	3,259,517	3,579,720	4,059,911	4,226,939	3,536,810
Total	**$ 24,323,755**	**$ 25,698,621**	**$ 27,924,984**	**$ 29,272,301**	**$ 28,098,007**
Revenue Sources					
Property Taxes	$ 5,331,727	$ 5,676,729	$ 6,043,773	$ 6,371,071	$ 6,577,330
State Assistance	6,290,778	6,545,048	6,937,808	7,146,855	7,282,405
Federal Assistance	4,931,647	4,977,992	4,996,732	5,633,127	4,842,117
Other	7,769,603	8,498,852	9,946,671	10,121,248	9,396,155
Total	**$ 24,323,755**	**$ 25,698,621**	**$ 27,924,984**	**$ 29,272,301**	**$ 28,098,007**

County of Los Angeles: General County Budget
Historical Summary of Funding Requirements by Budgetary Object and Available Financing
(in thousands)

	Final 2017-18	Final 2018-19	Final 2019-20	Final 2020-21	Recommended 2021-22
Financing Requirements					
Salaries & Employee Benefits	$ 12,254,330	$ 12,983,488	$ 13,871,307	$ 14,252,672	$ 14,670,048
Services & Supplies	8,511,618	9,346,135	9,929,569	10,457,231	9,880,047
Other Charges	4,483,734	4,746,295	5,800,116	6,178,632	5,747,870
Capital Assets	951,628	1,160,603	1,198,684	1,432,583	1,032,706
Other Financing Uses	723,265	734,824	1,003,163	1,186,455	903,341
Appropriations for Contingencies	29,754	38,067	37,775	22,113	23,764
Interbudget Transfers[1]	(1,678,129)	(1,918,739)	(2,433,320)	(2,581,864)	(2,298,761)
Gross Appropriation	$ 25,276,200	$ 27,090,673	$ 29,407,294	$ 30,947,822	$ 29,959,015
Less: Intrafund Transfers	1,259,379	1,588,349	1,697,201	1,883,836	1,891,008
Net Appropriation	$ 24,016,821	$ 25,502,324	$ 27,710,093	$ 29,063,986	$ 28,068,007
Provision for Obligated Fund Balance					
General Reserve	$ -	$ -	$ -	$ -	$ -
Other	16,093	-	-	3,400	-
Assigned for Rainy Day Funds	39,000	46,810	39,000	53,450	-
Committed Fund Balance	251,841	149,487	175,891	151,465	30,000
Total Financing Requirements	**$ 24,323,755**	**$ 25,698,621**	**$ 27,924,984**	**$ 29,272,301**	**$ 28,098,007**
Available Financing					
Fund Balance	$ 1,982,626	$ 1,929,332	$ 2,089,840	$ 2,196,874	$ 1,539,159
Cancel Provision for Obligated Fund Balance	348,499	279,525	614,950	482,861	56,081
Property Taxes: Regular Roll	5,271,414	5,615,854	5,989,000	6,316,080	6,522,182
Supplemental Roll	60,313	60,875	54,773	54,991	55,148
Revenue	16,660,903	17,813,035	19,176,421	20,221,495	19,925,437
Total Available Financing	**$ 24,323,755**	**$ 25,698,621**	**$ 27,924,984**	**$ 29,272,301**	**$ 28,098,007**

[1] This amount includes certain non-program expenditures and revenues that are included in the budget for accounting purposes. Failure to exclude such amounts, totaling $2.3 billion in 2021-22, from the above table would give the impression that there are more resources than are actually available and artificially inflate General County appropriations

Source: Chief Executive Office

COUNTY OF LOS ANGELES
GENERAL COUNTY BUDGET
COMPARISON OF 2020-21 FINAL ADOPTED BUDGET TO 2021-22 RECOMMENDED BUDGET
Net Appropriation: By Function
(In thousands)

Function		2020-21 Final (1)		2021-22 Recommended (2)		Difference	Percentage Difference
REQUIREMENTS							
General							
General Government	$	1,507,356.0	$	1,321,636.0	$	(185,720.0)	-12.32%
General Services		883,926.0		1,017,866.0		133,940.0	15.15%
Public Buildings		1,406,267.0		1,020,012.0		(386,255.0)	-27.47%
Total General	$	3,797,549.0	$	3,359,514.0	$	(438,035.0)	-11.53%
Public Protection							
Justice	$	5,794,341.0	$	5,783,359.0	$	(10,982.0)	-0.19%
Other Public Protection		210,954.0		137,157.0		(73,797.0)	-34.98%
Total Public Protection	$	6,005,295.0	$	5,920,516.0	$	(84,779.0)	-1.41%
Health and Sanitation		10,382,122.0		10,317,922.0		(64,200.0)	-0.62%
Public Assistance		8,256,305.0		7,880,024.0		(376,281.0)	-4.56%
Recreation and Cultural Services		396,567.0		369,516.0		(27,051.0)	-6.82%
Education		48,530.0		41,246.0		(7,284.0)	-15.01%
Insurance and Loss Reserve		155,505.0		155,505.0		-	0.00%
Provision for Obligated Fund Balance		208,315.0		30,000.0		(178,315.0)	-85.60%
Appropriations for Contingencies		22,113.0		23,764.0		1,651.0	7.47%
Total Requirements	**$**	**29,272,301.0**	**$**	**28,098,007.0**	**$**	**(1,174,294.0)**	**-4.01%**
AVAILABLE FUNDS							
Property Taxes	$	6,371,071.0	$	6,577,330.0	$	206,259.0	3.24%
Fund Balance		2,196,874.0		1,539,159.0		(657,715.0)	-29.94%
Cancelled Prior-Year Reserves		482,861.0		56,081.0		(426,780.0)	-88.39%
Intergovernmental Revenues							
State Revenues							
In-Lieu Taxes	$	390,345.0	$	401,881.0	$	11,536.0	2.96%
Homeowners' Exemption		19,000.0		19,000.0		-	0.00%
Public Assistance Subventions		1,066,187.0		1,061,394.0		(4,793.0)	-0.45%
Other Public Assistance		2,483,310.0		2,659,551.0		176,241.0	7.10%
Public Protection		1,332,916.0		1,437,533.0		104,617.0	7.85%
Health and Mental Health		1,497,889.0		1,536,420.0		38,531.0	2.57%
Capital Projects		311,358.0		137,117.0		(174,241.0)	-55.96%
Other State Revenues		45,850.0		29,509.0		(16,341.0)	-35.64%
Total State Revenues	$	7,146,855.0	$	7,282,405.0	$	135,550.0	1.90%
Federal Revenues							
Public Assistance Subventions	$	2,933,777.0	$	2,763,223.0	$	(170,554.0)	-5.81%
Other Public Assistance		449,383.0		232,504.0		(216,879.0)	-48.26%
Public Protection		130,957.0		77,036.0		(53,921.0)	-41.17%
Health and Mental Health		1,806,375.0		1,712,260.0		(94,115.0)	-5.21%
Capital Projects		221,741.0		2,570.0		(219,171.0)	-98.84%
Other Federal Revenues		90,894.0		54,524.0		(36,370.0)	-40.01%
Total Federal Revenues	$	5,633,127.0	$	4,842,117.0	$	(791,010.0)	-14.04%
Other Governmental Agencies		79,184.0		80,272.0		1,088.0	1.37%
Total Intergovenmental Revenues	$	12,859,166.0	$	12,204,794.0	$	(654,372.0)	-5.09%
Fines, Forfeitures and Penalties		143,587.0		143,677.0		90.0	0.06%
Licenses, Permits and Franchises		57,570.0		60,107.0		2,537.0	4.41%
Charges for Services		5,377,806.0		5,976,302.0		598,496.0	11.13%
Other Taxes		185,235.0		203,580.0		18,345.0	9.90%
Use of Money and Property		147,939.0		145,475.0		(2,464.0)	-1.67%
Miscellaneous Revenues		554,410.0		376,403.0		(178,007.0)	-32.11%
Operating Contribution from General Fund		895,782.0		815,099.0		(80,683.0)	-9.01%
Total Available Funds	**$**	**29,272,301.0**	**$**	**28,098,007.0**	**$**	**(1,174,294.0)**	**-4.01%**

(1) Reflects the 2020-21 Final Adopted General County Budget approved by the Board of Supervisors on September 29, 2020
(2) Reflects the 2021-22 Recommended General County Budget approved by the Board of Supervisors on April 20, 2021

COUNTY OF LOS ANGELES
FINAL ADOPTED BUDGET 2020-21 GENERAL COUNTY BUDGET (1)
Net Appropriation: By Fund and Function
(In thousands)

Function	General Fund	Hospital Enterprise Fund	Total General County
REQUIREMENTS			
General			
General Government	$ 1,507,356.0	$ -	$ 1,507,356.0
General Services	883,926.0	-	883,926.0
Public Buildings	1,406,267.0	-	1,406,267.0
Total General	$ 3,797,549.0	$ -	$ 3,797,549.0
Public Protection			
Justice	$ 5,794,341.0	$ -	$ 5,794,341.0
Other Public Protection	210,954.0	-	210,954.0
Total Public Protection	$ 6,005,295.0	$ -	$ 6,005,295.0
Health and Sanitation	$ 6,578,624.0	$ 3,803,498.0	$ 10,382,122.0
Public Assistance	8,256,305.0	-	8,256,305.0
Recreation and Cultural Services	396,567.0	-	396,567.0
Education	48,530.0	-	48,530.0
Insurance and Loss Reserve	155,505.0	-	155,505.0
Provision for Obligated Fund Balance	208,315.0	-	208,315.0
Appropriation for Contingency	22,113.0	-	22,113.0
Total Requirements	**$ 25,468,803.0**	**$ 3,803,498.0**	**$ 29,272,301.0**
AVAILABLE FUNDS			
Property Taxes	$ 6,371,071.0	$ -	$ 6,371,071.0
Fund Balance	2,196,874.0	-	2,196,874.0
Cancel Provision for Obligated Fund Balance	298,693.0	184,168.0	482,861.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	$ 390,345.0	$ -	$ 390,345.0
Homeowners' Exemption	19,000.0	-	19,000.0
Public Assistance Subventions	1,066,187.0	-	1,066,187.0
Other Public Assistance	2,483,310.0	-	2,483,310.0
Public Protection	1,332,916.0	-	1,332,916.0
Health and Mental Health	1,454,113.0	43,776.0	1,497,889.0
Capital Projects	311,358.0	-	311,358.0
Other State Revenues	45,850.0	-	45,850.0
Total State Revenues	7,103,079.0	43,776.0	7,146,855.0
Federal Revenues			
Public Assistance Subventions	$ 2,933,777.0	$ -	$ 2,933,777.0
Other Public Assistance	449,383.0	-	449,383.0
Public Protection	130,957.0	-	130,957.0
Health and Mental Health	1,805,452.0	923.0	1,806,375.0
Capital Projects	221,741.0	-	221,741.0
Other Federal Revenues	90,894.0	-	90,894.0
Total Federal Revenues	$ 5,632,204.0	$ 923.0	$ 5,633,127.0
Other Governmental Agencies	79,184.0	-	79,184.0
Total Intergovenmental Revenues	$ 12,814,467.0	$ 44,699.0	$ 12,859,166.0
Fines, Forfeitures and Penalties	143,587.0	-	143,587.0
Licenses, Permits and Franchises	57,444.0	126.0	57,570.0
Charges for Services	3,116,954.0	2,260,852.0	5,377,806.0
Other Taxes	185,235.0	-	185,235.0
Use of Money and Property	147,171.0	768.0	147,939.0
Miscellaneous Revenues	137,307.0	417,103.0	554,410.0
Operating Contribution from General Fund	-	895,782.0	895,782.0
Total Available Funds	**$ 25,468,803.0**	**$ 3,803,498.0**	**$ 29,272,301.0**

(1) Reflects the 2020-21 Final Adopted General County Budget approved by the Board of Supervisors on September 29, 2020

COUNTY OF LOS ANGELES
RECOMMENDED BUDGET 2021-22 GENERAL COUNTY BUDGET (1)
Net Appropriation: By Fund and Function
(In thousands)

Function	General Fund	Hospital Enterprise Fund	Total General County
REQUIREMENTS			
General			
General Government	$ 1,321,636.0	$ -	$ 1,321,636.0
General Services	1,017,866.0	-	1,017,866.0
Public Buildings	1,020,012.0	-	1,020,012.0
Total General	$ 3,359,514.0	$ -	$ 3,359,514.0
Public Protection			
Justice	$ 5,783,359.0	$ -	$ 5,783,359.0
Other Public Protection	137,157.0	-	137,157.0
Total Public Protection	$ 5,920,516.0	$ -	$ 5,920,516.0
Health and Sanitation	$ 6,269,621.0	$ 4,048,301.0	$ 10,317,922.0
Public Assistance	7,880,024.0	-	7,880,024.0
Recreation and Cultural Services	369,516.0	-	369,516.0
Education	41,246.0	-	41,246.0
Insurance and Loss Reserve	155,505.0	-	155,505.0
Provision for Obligated Fund Balance	30,000.0	-	30,000.0
Appropriation for Contingency	23,764.0	-	23,764.0
Total Requirements	**$ 24,049,706.0**	**$ 4,048,301.0**	**$ 28,098,007.0**
AVAILABLE FUNDS			
Property Taxes	$ 6,577,330.0	$ -	$ 6,577,330.0
Fund Balance	1,539,159.0	-	1,539,159.0
Cancel Provision for Obligated Fund Balance	56,081.0	-	56,081.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	$ 401,881.0	$ -	$ 401,881.0
Homeowners' Exemption	19,000.0	-	19,000.0
Public Assistance Subventions	1,061,394.0	-	1,061,394.0
Other Public Assistance	2,659,551.0	-	2,659,551.0
Public Protection	1,437,533.0	-	1,437,533.0
Health and Mental Health	1,495,093.0	41,327.0	1,536,420.0
Capital Projects	137,117.0	-	137,117.0
Other State Revenues	29,509.0	-	29,509.0
Total State Revenues	7,241,078.0	41,327.0	7,282,405.0
Federal Revenues			
Public Assistance Subventions	$ 2,763,223.0	$ -	$ 2,763,223.0
Other Public Assistance	232,504.0	-	232,504.0
Public Protection	77,036.0	-	77,036.0
Health and Mental Health	1,711,337.0	923.0	1,712,260.0
Capital Projects	2,570.0	-	2,570.0
Other Federal Revenues	54,524.0	-	54,524.0
Total Federal Revenues	$ 4,841,194.0	$ 923.0	$ 4,842,117.0
Other Governmental Agencies	80,272.0	-	80,272.0
Total Intergovenmental Revenues	$ 12,162,544.0	$ 42,250.0	$ 12,204,794.0
Fines, Forfeitures and Penalties	143,677.0	-	143,677.0
Licenses, Permits and Franchises	59,981.0	126.0	60,107.0
Charges for Services	3,021,218.0	2,955,084.0	5,976,302.0
Other Taxes	203,580.0	-	203,580.0
Use of Money and Property	144,707.0	768.0	145,475.0
Miscellaneous Revenues	141,429.0	234,974.0	376,403.0
Operating Contribution from General Fund	-	815,099.0	815,099.0
Total Available Funds	**$ 24,049,706.0**	**$ 4,048,301.0**	**$ 28,098,007.0**

(1) Reflects the 2021-22 Recommended General County Budget approved by the Board of Supervisors on April 20, 2021

COUNTY OF LOS ANGELES
CALIFORNIA

PROPERTY TAX RATE, VALUATION AND LEVY

Taxes are levied each fiscal year on taxable real and personal property located in the County as of the preceding January 1st. Upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a "floating lien date"). For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property and property secured by a lien on real property which is sufficient, in the opinion of the Assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situs" growth in assessed value (new construction, change of ownership, and inflation) prorated among the jurisdictions which serve the tax areas where the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than citywide special districts.

PAYMENT DATES AND LIENS

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, with a ten percent penalty assessed to any delinquent payments. Any property on the secured roll with delinquent taxes as of July 1 is declared tax defaulted. Such property taxes may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and a redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the County Treasurer and Tax Collector.

Property taxes on the unsecured roll are due as of the January 1st lien date and become delinquent, if unpaid, by August 31st. A ten percent penalty attaches to delinquent property taxes on the unsecured roll, and an additional penalty of one and one-half percent per month begins to accrue on November 1st. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the taxpayer.

Property owners who were unable to pay their property taxes by the April 10, 2020 deadline due to the COVID-19 pandemic may apply to have their late payment penalties cancelled. The California Revenue and Taxation Code (R&TC) grants the Treasurer and Tax Collector the authority to cancel payment penalties in limited circumstances.

Beginning April 11, 2020, the Treasurer and Tax Collector began accepting requests for a property tax penalty cancellation related to COVID-19. To apply for this penalty cancellation, property owners must complete and submit a penalty cancellation request with a brief statement of how the public health emergency impacted their ability to make a timely property tax payment.

LARGEST TAXPAYERS

The twenty largest taxpayers in the County included on the Fiscal Year 2020-21 secured property tax roll, and the approximate amounts of their aggregate levies for all taxing jurisdictions within the County are shown below. Property owned by the twenty largest taxpayers had a full cash value of $50,524,605,944, which constitutes only 3.07% of the total full cash value for the entire County.

Taxpayer	Total Tax Levy 2020-21
SOUTHERN CALIFORNIA EDISON CO	$ 132,320,824
MAGUIRE PROPERTIES	46,629,270
DOUGLAS EMMETT RESIDENTIAL	45,942,470
SOUTHERN CALIFORNIA GAS COMPANY	43,221,877
TISHMAN SPEYER / ARCHSTONE SMITH / ASN	35,675,341
PINCAY RE LLC LESSOR	34,823,831
EQR / ERP LIMITED	34,714,669
NBCUNIVERSAL CAHUENGA LLC	32,082,191
CHEVRON USA INC / TEXACO / UNOCAL	31,216,319
TESORO REFINING AND MARKETING CO	28,910,410
PROLOGIS / AMB	25,418,008
ESSEX PORTFOLIO LP	18,673,519
DE PARK AVENUE LLC	16,861,963
TORRANCE LOGISTICS COMPANY LLC	16,440,885
PHILLIPS 66	14,713,173
REXFORD INDUSTRIAL	14,362,656
CENTURY CITY MALL LLC	13,158,862
KAISER FOUNDATION HOSPITALS	12,825,728
PACIFIC BELL TELEPHONE COMPANY	12,198,585
WESTFIELD TOPANGA OWNERS LP	12,038,880
	$ 622,229,461

Total may not add due to rounding.
Source: Los Angeles County Treasurer and Tax Collector

PROPERTY TAXATION AND COLLECTIONS

The table on the following page compares the full cash values, property tax levies and collections from Fiscal Years 2016-17 through 2020-21.

COUNTY OF LOS ANGELES
COMPARISON OF FULL CASH VALUE
PROPERTY TAXATION AND COLLECTIONS
FISCAL YEARS 2016-17 THROUGH 2020-21

Fiscal Year	Full Cash Value (1)	General Fund Secured Property Tax Levies	General Fund Secured Property Tax Collections (2)	Current Collection As a Percent of Levies %
2016-17	$1,287,688,313,197	$3,134,636,611	$3,097,916,528	98.83%
2017-18	1,366,276,412,160	3,316,064,682	3,277,406,885	98.83%
2018-19	1,456,853,755,643	3,524,838,020	3,476,693,412	98.63%
2019-20	1,549,271,724,044	3,748,846,036	3,664,667,048	97.75%
2020-21	1,643,560,494,991	3,962,227,751	3,873,257,353 (3)	97.75%

(1) Full cash values reflect the equalized assessment roll as reported in August of each year; mid-year adjustments are reflected in the following year's values. Incremental full cash values of properties within project areas designated by successor redevelopment agencies are excluded. See "Successor Redevelopment Agencies".
(2) Reflects collection within the fiscal year originally levied.
(3) Preliminary estimate based on Fiscal Year 2020-21 collections.

SUCCESSOR REDEVELOPMENT AGENCIES

Pursuant to ABX1 26, all redevelopment agencies were dissolved effective February 1, 2012. ABX1 26 prohibited redevelopment agencies from engaging in new business, provided for their eventual wind down and dissolution, and required that successor agencies be created to take over from the former agencies. Any tax increment remaining after the payment of enforceable legal obligations, pass-through payments and limited administrative costs will be distributed as property tax revenue to the appropriate taxing entities, including the County. Prior to their dissolution, the estimated annual tax increment to fund redevelopment agencies in the County was approximately $453.0 million. A more detailed discussion of the redevelopment agency dissolution is provided in the Budgetary Information section of this Appendix A.

The following table shows full cash value increments and total tax allocations to community redevelopment agencies for Fiscal Years 2016-17 through 2020-21.

COMMUNITY REDEVELOPMENT AGENCY (CRA)
PROJECTS IN THE COUNTY OF LOS ANGELES
FULL CASH VALUE AND TAX ALLOCATIONS
FISCAL YEARS 2016-17 THROUGH 2020-21

Fiscal Year	Full Cash Value Increments (1)	Total Tax Allocations (2)
2016-17	$184,568,536,419	$1,539,743,198
2017-18	197,952,598,205	1,716,496,079
2018-19	214,839,204,602	1,856,196,192
2019-20	220,959,568,982	2,006,676,731
2020-21	238,966,302,250	1,729,543,756 (3)

(1) Equals the full cash value for all redevelopment project areas above their base year valuations. This data represents growth in full cash values which generates tax revenues for use by former community redevelopment agencies and their successor agencies created under ABX1 26.
(2) Includes actual cash revenues collected by the County and subsequently paid to redevelopment agencies, which includes incremental growth allocation, debt service, mid-year changes and Supplemental Roll.
(3) Total CRA Tax Allocations from November 2020 through April 2021.

CASH MANAGEMENT PROGRAM

County General Fund expenditures tend to occur in level amounts throughout the fiscal year. Conversely, receipts from the two largest sources of County revenue follow an uneven pattern, primarily as a result of unpredictable delays in payments from other governmental agencies and the significant amount of secured property tax revenue received close to the December and April due dates for the first and second installments, respectively.

As a result of the uneven pattern of revenue receipts, the General Fund cash balance prior to Fiscal Year 1977-78 had typically been negative for most of the year and had been covered in part by interfund borrowings pursuant to Section 6 of Article XVI of the California Constitution. "Interfund borrowing" is borrowing from specific funds of other governmental entities whose funds are held in the County Treasury. Because such borrowings caused disruptions in the General Fund's management of pooled investments, beginning in 1977, the County eliminated the practice of interfund borrowing and replaced it with a program to manage its cash flow needs by issuing tax and revenue anticipation notes (TRANs) for the General Fund and by using intrafund borrowing.

The use of "intrafund borrowing" for General Fund purposes represents borrowing against funds that are held in trust by the County. Such funds, with the exception of the Hospital Enterprise Funds, are held by the County on a pre-apportionment basis until they are eventually distributed to County operating funds (such as the General Fund) or other governmental agencies. All intrafund borrowings used for General Fund purposes, and all notes issued in connection with the County's cash management program have been repaid in accordance with their required maturity dates.

2020-21 Tax and Revenue Anticipation Notes

Pursuant to California law and a resolution adopted by the Board of Supervisors on June 9, 2020, the County issued the 2020-21 TRANs with an aggregate principal amount of $1,200,000,000 due on June 30, 2021. The 2020-21 TRANs are general obligations of the County attributable to Fiscal Year 2020-21 and are secured by a pledge of certain unrestricted taxes, income, revenue, cash receipts and other moneys which will be received by, or accrue to the County in Fiscal Year 2020-21, and are lawfully available for the payment of current expenses and other obligations of the County.

Under the Resolution and Financing Certificate executed by the Treasurer and Tax Collector, the County pledged to deposit sufficient revenues into a Repayment Fund during Fiscal Year 2020-21 for the purpose of repaying the 2020-21 TRANs on the June 30, 2021 maturity date. The deposits to the Repayment Fund have been made in accordance with the following schedule:

COUNTY OF LOS ANGELES
2020-21 TAX AND REVENUE ANTICIPATION NOTES
SCHEDULE OF DEPOSITS TO REPAYMENT FUND*

Deposit Date	Deposit Amount
December, 2020	$540,000,000
January, 2021	540,000,000
April, 2021	166,666,667
Total	$1,246,666,667

* Includes $1,200,000,000 of 2020-21 TRANs principal and 4.00% interest.

The County has always maintained full compliance with its deposit obligations with respect to its TRANs program. The following table illustrates the unrestricted General Fund receipts collected on a cash flow basis from Fiscal Year 2015-16 to Fiscal Year 2019-20.

COUNTY OF LOS ANGELES
GENERAL FUND
UNRESTRICTED GENERAL FUND RECEIPTS (in thousands)

	2015-16	2016-17	2017-18	2018-19	2019-20
Property Taxes	$ 4,806,915	$ 5,077,037	$ 5,391,435	$ 5,863,749	$ 6,114,118
Other Taxes	215,228	225,297	224,051	237,801	217,568
Licenses, Permits and Franchises	58,908	60,487	62,683	63,675	69,060
Fines, Forfeitures and Penalties	182,298	178,105	178,502	182,212	195,093
Investment and Rental Income	165,037	178,804	232,312	279,386	247,094
State In-Lieu Taxes	356,888	303,768	205,293	174,428	339,802
State Homeowner Exemptions	19,892	19,673	19,312	18,797	18,536
Charges for Current Services	1,597,095	1,792,303	1,801,784	1,937,848	2,301,629
Other Revenue*	685,637	746,748	620,557	1,057,288	1,106,808
TOTAL UNRESTRICTED RECEIPTS	$ 8,087,898	$ 8,582,222	$ 8,735,929	$ 9,815,184	$ 10,609,708

Detail may not add due to rounding.
Source: Los Angeles County Chief Executive Office
* Includes Tobacco Settlement Revenue

Intrafund and Interfund Borrowing

To the extent necessary, the County intends to use intrafund (and not interfund) borrowing to cover its General Fund cash needs, including projected year-end cash requirements. If the County determines that it is necessary to utilize interfund borrowing, then such borrowing may not occur after the last Monday in April of each fiscal year and must be repaid before any other obligation of the County. The County does not intend to engage in interfund borrowing for the General Fund.

Funds Available for Intrafund Borrowing

After the tax and revenue anticipation note proceeds are utilized, the General Fund may borrow from three fund groups to meet its cash flow needs. The most significant group is the Property Tax Group, which consists of collected property taxes that are awaiting apportionment. The great majority of these amounts will be distributed to other governmental agencies such as school districts.

The second most significant borrowing source includes the various Trust Group funds. The largest of these funds is the Departmental Trust Fund, which consists of various collections, such as court fines and other revenues, awaiting distribution. The majority of these funds will eventually be distributed to entities outside the County. Also included in this group is the Payroll Revolving Fund, which is used as a clearing account for County payroll operations and has a cash balance that consists exclusively (except for a small portion related to the County Superior Court) of advances from funds included in the General County Budget.

The last fund group consists of the Hospital Enterprise Funds. The balances in these funds are different from those in the Property Tax Group and Trust Group in that the Hospital Enterprise Funds are included in the General County Budget. Furthermore, these funds are considered as part of the General Fund for purposes of sizing the County's annual TRANs financing.

The Hospital Enterprise Funds generally represent working capital advances from the General Fund and cash generated from the County hospitals. At year-end, the remaining balances are transferred back to the General Fund.

The average daily balances shown for these intrafund sources are not necessarily indicative of the balances on any given day. The balances in certain funds, such as those in the Property Tax Group, can fluctuate significantly throughout the month. The General Fund cash balance also fluctuates during the month, with the third week being the lowest and month-end the highest due to the timing of revenue deposits from the State and the receipt of welfare advances on the last business day of the month.

The legality of the County's practice of intrafund borrowing was decided and affirmed by the California Court of Appeals in May 1999, in the case entitled *Stanley G. Auerbach et al v. Board of Supervisors of the County of Los Angeles et al*.

The tables at the end of this Financial Summary Section provide a monthly summary of the funds available to the County for intrafund borrowing in Fiscal Year 2018-19 and Fiscal Year 2019-20.

General Fund Cash Flow Statements

The Fiscal Year 2018-19 and Fiscal Year 2019-20 General Fund Cash Flow Statements are provided at the end of this Financial Summary Section. In Fiscal Year 2018-19, the County had an ending General Fund cash balance of $1.952 billion. In Fiscal Year 2019-20, the County had an ending General Fund cash balance of $1.914 billion.

COUNTY POOLED SURPLUS INVESTMENTS

The Treasurer and Tax Collector has delegated authority to invest funds on deposit in the County Treasury Pool (the "Treasury Pool"). As of March 31, 2021, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

Local Agency		Invested Funds (in Billions)
County of Los Angeles and Special Districts	$	16.971
Schools and Community Colleges		17.208
Independent Public Agencies		4.020
Total	$	38.199

Of these entities, the discretionary participants accounted for 9.59% of the total Treasury Pool.

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on March 9, 2021, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments (the Investment Report) summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors. According to the Investment Report dated April 30, 2021, the book value of the Treasury Pool as of March 31, 2021 was approximately $38.198 billion and the corresponding market value was approximately $37.748 billion.

The County maintains a strong system of internal controls for monitoring the cash accounting and investment process. The Treasurer's Internal Controls Branch (ICB) operates independently from the Investment Office and reconciles cash and investments to fund balances on a daily basis. ICB staff also reviews each investment trade for accuracy and compliance with the Board of Supervisor's adopted Investment Policy. On a quarterly basis, the County's external independent auditor (the "External Auditor") reviews the cash and investment reconciliations for completeness and accuracy, and reviews investment transactions to ensure compliance with the Investment Policy.

The following table identifies the types of securities held by the Treasury Pool as of March 31, 2021:

Type of Investment	% of Pool
Certificates of Deposit	9.03
U.S. Government and Agency Obligations	56.83
Bankers Acceptances	0.00
Commercial Paper	33.87
Municipal Obligations	0.08
Corporate Notes & Deposit Notes	0.19
Repurchase Agreements	0.00
Asset Backed Instruments	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of March 31, 2021, approximately 40% of the investments mature within 60 days, with an average of 990 days to maturity for the entire portfolio.

The County complements its conservative investment policies with a well-established practice of market research and due diligence. The Treasury Pool did not experience a single investment loss as a result of the global financial crisis in Fiscal Year 2008-09. Furthermore, the County has never purchased any structured investment vehicles nor any securities with material exposure to sub-prime mortgages.

FINANCIAL STATEMENTS-GAAP BASIS

Since Fiscal Year 1980-81, the County has prepared its general purpose financial statements in conformity with Generally Accepted Accounting Principles (GAAP) for State and local governments, with annual audits performed by independent certified public accountants.

The basic financial statements for the Fiscal Year ended June 30, 2020, and the unmodified opinion of Macias Gini & O'Connell LLP are attached hereto as Appendix B. Since 1982, the County Comprehensive Annual Financial Reports have received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.

The County budget for the upcoming fiscal year is prepared in accordance with the County Budget Act prior to the issuance of GAAP financial statements for the current fiscal year. The 2020-21 Final Adopted Budget included an available General Fund balance of $2,196,874,000 as of June 30, 2020.

The amounts presented for the General Fund in accordance with GAAP are based on the modified accrual basis of accounting and differ from the amounts presented on the budgetary basis of accounting. The major areas of difference are described 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 cancelled or otherwise made available are recorded as changes in fund balance from other financing sources.

- Under the budgetary basis of accounting, 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.

- 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 a one -year period after the fiscal 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 No. 6.

- In conjunction with the sale of the 2006 Tobacco Bonds in Fiscal Year 2005-06, the County sold a portion of its future tobacco settlement revenues. Under the budgetary basis of accounting, the bond proceeds were recognized as revenues. Under the modified accrual basis of accounting, the bond proceeds were recorded as deferred inflows of resources and were being recognized over the duration of the sale agreement, in accordance with GASB Statements No. 48 and No. 65. This matter is discussed in further detail in Note 11 to the 2019-20 Comprehensive Annual Financial Report, under the caption, "Tobacco Settlement Asset-Backed Bonds."

- Under the budgetary basis of accounting, property tax revenues are recognized to the extent that they are collectible within a one-year period after the fiscal year end. Under the modified accrual basis of accounting, 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 of accounting, the effects of such fair value changes have been recognized as a component of investment income.

- The County determined that certain assets were held by LACERA (as the OPEB administrator) in an OPEB Agency Fund. For budgetary purposes, any excess payments (beyond the pay-as-you-go amount) are recognized as expenditures. Under the modified accrual basis of accounting, the expenditures are adjusted to recognize the OPEB Agency assets as of June 30, 2020.

The tables below provide a reconciliation of the General Fund's June 30, 2020 fund balance on a budgetary and GAAP basis, and a summary of the audited Balance Sheets and Statements of Revenues and Expenditures and Changes in Fund Balance from Fiscal Year 2015-16 to Fiscal Year 2019-20.

COUNTY OF LOS ANGELES
GENERAL FUND
RECONCILIATION OF FUND BALANCE FROM BUDGETARY TO GAAP BASIS
JUNE 30, 2020 (in thousands of $)

Unassigned Fund Balance - Budgetary Basis	$2,196,874
Adjustments:	
Accrual of budgetary liabilities for litigation and self-insurance claims not required by GAAP	270,500
Change in receivables for health insurers rebates held in LACERA OPEB Agency Fund	191,511
Accrual of liabilities for accrued compensated absences not required by GAAP	97,920
Change in revenue accruals	(67,633)
Deferral of property tax receivables	(117,722)
Deferral of sale of tobacco settlement revenue	(212,504)
Change in fair value of Investments	16,465
Reserve for "Rainy Day" Fund	642,423
Unassigned Fund Balance - GAAP Basis	$3,017,834

COUNTY OF LOS ANGELES

BALANCE SHEET AT JUNE 30, 2016, 2017, 2018, 2019 and 2020
GENERAL FUND-GAAP BASIS (in thousands of $)

	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
ASSETS					
Pooled Cash and Investments	$3,181,151	$4,149,612	$4,386,386	$4,234,098	$5,027,623
Other Investments	4,693	4,483	4,241	3,973	3,678
Taxes Receivable	148,485	159,429	173,423	190,819	260,740
Other Receivables	1,875,029	1,930,937	1,969,867	2,466,846	3,579,508
Due from Other Funds	322,883	308,556	665,194	757,525	872,764
Advances to Other Funds	395,511	167,179	124,840	634,848	77,748
Inventories	59,267	48,824	52,964	58,050	66,482
Total Assets	$5,987,019	$6,769,020	$7,376,915	$8,346,159	$9,888,543
LIABILITIES					
Accounts Payable	$545,739	$600,827	$540,193	$636,560	$790,780
Accrued Payroll	374,951	392,096	422,519	445,506	457,444
Other Payables	100,964	102,289	111,361	165,114	91,569
Due to Other Funds	146,886	126,140	208,100	212,300	246,092
Advances Payable	975,135	1,433,485	1,732,965	1,812,610	3,073,192
Third-Party Payor Liability	39,042	42,051	39,690	56,297	92,105
Total Liabilities	$2,182,717	$2,696,888	$3,054,828	$3,328,387	$4,751,182
DEFERRED INFLOWS OF RESOURCES	$420,060	$421,159	$426,896	$583,763	$618,557
FUND BALANCES					
Nonspendable	$324,555	$212,281	$136,890	$311,958	$126,630
Restricted	67,880	70,157	77,406	79,210	83,372
Committed	364,679	429,440	704,954	780,517	594,193
Assigned	446,579	494,783	480,065	620,773	696,775
Unassigned	2,180,549	2,444,312	2,495,876	2,641,551	3,017,834
Total Fund Balances	3,384,242	3,650,973	3,895,191	4,434,009	4,518,804
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$5,987,019	$6,769,020	$7,376,915	$8,346,159	$9,888,543

Sources: Comprehensive Annual Financial Reports for fiscal years ended June 30, 2016, 2017, 2018, 2019 and 2020.

COUNTY OF LOS ANGELES

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND-GAAP BASIS FISCAL YEARS 2015-16 THROUGH 2019-20 (in thousands of $)

	2015-16	2016-17	2017-18	2018-19	2019-20
REVENUES:					
Taxes	$5,003,124	$5,333,532	$5,655,160	$6,034,742	$6,321,404
Licenses, Permits & Franchises	60,666	59,197	61,198	63,538	70,299
Fines, Forfeitures and Penalties	189,312	183,400	175,827	187,979	184,798
Use of Money and Property	186,443	155,878	189,399	366,116	256,737
Aid from Other Government	8,939,412	9,377,215	9,730,931	10,224,347	10,932,846
Charges for Services	1,651,883	1,800,657	1,751,140	2,505,049	2,964,007
Miscellaneous Revenues	159,346	172,055	162,610	169,320	248,008
TOTAL	$16,190,186	$17,081,934	$17,726,265	$19,551,091	$20,978,099
EXPENDITURES					
General	$1,039,188	$1,159,100	$1,253,758	$1,284,824	$1,504,452
Public Protection	5,418,926	5,546,279	5,618,266	5,893,865	6,130,313
Health and Sanitation	3,161,202	3,460,315	3,996,450	5,065,138	5,727,283
Public Assistance	5,892,530	6,034,942	6,260,375	6,501,712	6,893,502
Recreation and Cultural Services	321,414	341,272	364,316	386,217	407,052
Debt Service	29,600	31,079	33,559	37,519	35,596
Capital Outlay	547	63	5,161	1,586	1,052
Total	$15,863,407	$16,573,050	$17,531,885	$19,170,861	$20,699,250
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$326,779	$508,884	$194,380	$380,230	$278,849
OTHER FINANCING SOURCES (USES):					
Operating Transfers from (to) Other Funds-Net	($133,714)	($243,604)	$43,178	$155,233	($196,378)
Sales of Capital Assets	807	1,388	1,499	1,769	1,272
Capital Leases	547	63	5,161	1,586	1,052
OTHER FINANCING SOURCES (USES)-Net	($132,360)	($242,153)	$49,838	$158,588	($194,054)
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	194,419	266,731	244,218	538,818	84,795
Beginning Fund Balance	3,189,823	3,384,242	3,650,973	3,895,191	4,434,009
Ending Fund Balance	$3,384,242	$3,650,973	$3,895,191	$4,434,009	$4,518,804

Sources: Comprehensive Annual Financial Reports for fiscal years ended June 30, 2016, 2017, 2018, 2019 and 2020.

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
FUNDS AVAILABLE FOR INTRAFUND BORROWING

2019-20: 12 MONTHS ACTUAL
2020-21: 10 MONTHS ACTUAL

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
AVERAGE DAILY BALANCES: Fiscal Year 2019-20
FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of $)

	July 2019	August 2019	September 2019	October 2019	November 2019	December 2019
PROPERTY TAX GROUP						
Tax Collector Trust Fund	$ 139,285	$ 88,512	$ 63,541	$ 597,088	$ 2,152,970	$ 3,475,665
Auditor Unapportioned Property Tax	195,631	104,512	135,163	219,460	744,446	2,147,586
Unsecured Property Tax	178,530	180,300	139,744	176,267	155,727	78,956
Miscellaneous Fees & Taxes	6,222	6,250	6,237	6,270	6,255	6,244
State Redemption Fund	31,017	43,962	49,270	49,764	40,285	28,063
Education Revenue Augmentation	18,606	46,618	11,567	708	21,975	508,083
State Reimbursement Fund	0	0	0	0	1,683	8,808
Vehicle License Fee Replacement Fund	0	42,108	142,611	154,084	155,030	181,818
Property Tax Rebate Fund	9,561	15,714	8,458	12,589	15,490	9,676
Utility User Tax Trust Fund	1,664	978	4,356	8,366	6,575	9,903
Subtotal	$ 580,516	$ 528,954	$ 560,947	$ 1,224,596	$ 3,300,436	$ 6,454,802
VARIOUS TRUST GROUP						
Departmental Trust Fund	$ 494,637	$ 484,580	$ 480,858	$ 469,831	$ 447,544	$ 444,878
Payroll Revolving Fund	69,436	66,424	80,757	68,960	64,501	87,017
Asset Development Fund	60,868	50,835	49,283	49,525	49,600	49,666
Productivity Investment Fund	9,114	9,046	8,978	8,873	8,750	8,418
Motor Vehicle Capital Outlays	610	612	709	709	709	685
Civic Center Parking	105	207	162	70	232	93
Reporters Salary Fund	389	350	429	359	462	527
Cable TV Franchise Fund	14,267	13,880	14,338	14,315	14,314	14,633
Megaflex Long-Term Disability	11,314	11,303	11,268	11,144	11,091	11,044
Megaflex Long-Term Disability & Health	12,691	12,771	12,876	12,928	13,015	13,112
Megaflex Short-Term Disability	62,791	63,006	63,416	63,811	64,180	64,790
Subtotal	$ 736,222	$ 713,014	$ 723,074	$ 700,525	$ 674,398	$ 694,863
HOSPITAL GROUP						
Harbor-UCLA Medical Center	$ 19,034	$ (2,483)	$ (418)	$ 18,473	$ 5,100	$ (4,237)
Olive View-UCLA Medical Center	13,355	9,992	743	117,435	111,010	36,968
LAC+USC Medical Center	(7,190)	11,940	7,597	17,093	12,142	7,950
Rancho Los Amigos Rehab Center	16,443	(1,480)	925	37,010	19,500	506
Subtotal	$ 41,642	$ 17,969	$ 8,847	$ 190,011	$ 147,752	$ 41,187
GRAND TOTAL	**$ 1,358,380**	**$ 1,259,937**	**$ 1,292,868**	**$ 2,115,132**	**$ 4,122,586**	**$ 7,190,852**

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

January 2020	February 2020	March 2020	April 2020	May 2020	June 2020	
						PROPERTY TAX GROUP
$ 1,090,022	$ 725,213	$ 880,307	$ 2,881,400	$ 1,183,379	$ 269,063	**Tax Collector Trust Fund**
1,322,632	857,678	805,522	1,312,206	884,051	523,571	**Auditor Unapportioned Property Tax**
74,769	68,946	66,821	48,254	64,048	92,432	**Unsecured Property Tax**
6,302	6,331	6,342	6,366	6,211	3,885	**Miscellaneous Fees & Taxes**
26,022	24,016	17,714	18,318	19,937	15,300	**State Redemption Fund**
1,072,832	341,836	23,546	343,066	242,547	261,479	**Education Revenue Augmentation**
15,862	1,029	1,029	2,012	19,722	7,390	**State Reimbursement Fund**
(33,746)	218,727	657,313	687,570	739,910	0	**Vehicle License Fee Replacement Fund**
8,024	9,060	10,772	18,969	8,396	11,083	**Property Tax Rebate Fund**
13,127	16,063	7,617	10,602	11,685	12,215	**Utility User Tax Trust Fund**
$ 3,595,846	$ 2,268,899	$ 2,476,983	$ 5,328,763	$ 3,179,886	$ 1,196,418	**Subtotal**
						VARIOUS TRUST GROUP
$ 466,511	$ 486,572	$ 506,395	$ 502,838	$ 505,530	$ 503,972	**Departmental Trust Fund**
68,964	74,858	80,745	67,585	67,254	65,547	**Payroll Revolving Fund**
49,705	49,788	49,842	50,377	50,138	50,229	**Asset Development Fund**
8,401	8,376	8,285	8,276	7,954	9,511	**Productivity Investment Fund**
678	652	613	599	599	599	**Motor Vehicle Capital Outlays**
283	179	19	12	82	247	**Civic Center Parking**
513	457	368	509	543	523	**Reporters Salary Fund**
14,485	14,436	14,746	14,645	14,474	14,826	**Cable TV Franchise Fund**
11,059	11,125	11,109	11,102	11,102	11,139	**Megaflex Long-Term Disability**
13,148	13,140	13,220	13,310	13,392	13,490	**Megaflex Long-Term Disability & Health**
65,245	65,948	66,594	66,991	67,315	68,011	**Megaflex Short-Term Disability**
$ 698,992	$ 725,531	$ 751,936	$ 736,244	$ 738,383	$ 738,094	**Subtotal**
						HOSPITAL GROUP
$ 6,569	$ 3,473	$ 3,606	$ 1,602	$ 3,606	$ 18,480	**Harbor-UCLA Medical Center**
8,042	2,530	5,719	19,955	35,256	40,510	**Olive View-UCLA Medical Center**
(6,099)	6,363	8,356	386	26,333	53,046	**LAC + USC Medical Center**
(272)	1,490	546	1,103	535	1,978	**Rancho Los Amigos Rehab Center**
$ 8,240	$ 13,856	$ 18,227	$ 23,046	$ 65,730	$ 114,014	**Subtotal**
$ 4,303,078	**$ 3,008,286**	**$ 3,247,146**	**$ 6,088,053**	**$ 3,983,999**	**$ 2,048,526**	**GRAND TOTAL**

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
AVERAGE DAILY BALANCES: Fiscal Year 2020-21
FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of $)

	July 2020	August 2020	September 2020	October 2020	November 2020	December 2020
PROPERTY TAX GROUP						
Tax Collector Trust Fund	$ 194,946	$ 106,791	$ 73,524	$ 413,778	$ 1,865,020	$ 2,848,945
Auditor Unapportioned Property Tax	223,227	175,455	130,298	255,441	748,426	2,295,875
Unsecured Property Tax	157,880	114,564	160,523	214,511	173,871	112,700
Miscellaneous Fees & Taxes	358	339	310	337	435	389
State Redemption Fund	31,039	63,457	65,547	64,248	45,033	37,337
Education Revenue Augmentation	11,341	68,395	0	212	23,567	609,543
State Reimbursement Fund	0	0	0	0	409	7,779
Vehicle License Fee Replacement Fund	0	9,410	152,793	152,793	153,402	178,436
Property Tax Rebate Fund	7,043	13,909	23,168	24,951	25,109	11,588
Utility User Tax Trust Fund	1,047	1,726	4,355	8,043	11,777	15,186
Subtotal	$ 626,881	$ 554,046	$ 610,518	$ 1,134,314	$ 3,047,049	$ 6,117,778
VARIOUS TRUST GROUP						
Departmental Trust Fund	$ 547,208	$ 634,034	$ 683,158	$ 699,275	$ 583,704	$ 619,229
Payroll Revolving Fund	66,359	74,233	64,562	64,453	69,088	69,370
Asset Development Fund	50,744	50,921	51,020	51,043	51,051	51,120
Productivity Investment Fund	10,627	10,405	10,247	9,511	8,690	8,124
Motor Vehicle Capital Outlays	597	575	575	599	700	700
Civic Center Parking	94	(42)	81	99	30	(33)
Reporters Salary Fund	246	259	545	511	442	477
Cable TV Franchise Fund	14,678	14,544	15,593	15,424	15,337	15,790
Megaflex Long-Term Disability	11,147	11,249	11,164	11,096	11,069	11,019
Megaflex Long-Term Disability & Health	13,568	13,658	13,756	13,836	13,933	14,014
Megaflex Short-Term Disability	68,767	69,511	70,199	70,749	71,291	71,673
Subtotal	$ 784,035	$ 879,347	$ 920,900	$ 936,596	$ 825,335	$ 861,483
HOSPITAL GROUP						
Harbor-UCLA Medical Center	$ (6,110)	$ 7,440	$ 37,119	$ 254,612	$ 290,406	$ 202,083
Olive View-UCLA Medical Center	27,243	6,290	16,760	110,861	116,861	51,381
LAC+USC Medical Center	1,555	18,319	21,532	268,836	365,431	262,086
Rancho Los Amigos Rehab Center	(2,786)	(1,905)	5,049	46,943	42,518	19,642
Subtotal	$ 19,902	$ 30,144	$ 80,460	$ 681,252	$ 815,216	$ 535,192
GRAND TOTAL	**$ 1,430,818**	**$ 1,463,537**	**$ 1,611,878**	**$ 2,752,162**	**$ 4,687,600**	**$ 7,514,453**

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

January 2021	February 2021	March 2021	April 2021	Estimated May 2021	Estimated June 2021	
						PROPERTY TAX GROUP
$ 1,150,897	$ 707,236	$ 1,243,609	$ 3,375,190	$ 1,230,714	$ 165,309	**Tax Collector Trust Fund**
1,489,530	1,053,878	983,089	2,175,696	901,732	196,509	**Auditor Unapportioned Property Tax**
113,357	106,275	90,931	69,804	65,329	134,687	**Unsecured Property Tax**
407	375	350	415	6,335	9,317	**Miscellaneous Fees & Taxes**
25,650	22,571	34,913	35,468	20,336	26,547	**State Redemption Fund**
475,419	215,903	122,672	376,143	247,399	177,113	**Education Revenue Augmentation**
18,078	923	923	1,877	20,116	11,831	**State Reimbursement Fund**
736,499	378,955	576,244	709,142	754,708	0	**Vehicle License Fee Replacement Fund**
13,737	27,356	10,078	13,614	8,564	0	**Property Tax Rebate Fund**
13,260	17,409	12,791	13,328	11,919	11,980	**Utility User Tax Trust Fund**
$ 4,036,834	$ 2,530,881	$ 3,075,600	$ 6,770,677	$ 3,267,152	$ 733,293	**Subtotal**
						VARIOUS TRUST GROUP
$ 628,153	$ 540,497	$ 585,345	$ 567,571	$ 515,641	$ 570,102	**Departmental Trust Fund**
70,403	84,186	65,592	65,457	68,599	54,169	**Payroll Revolving Fund**
51,279	51,302	51,316	51,364	51,141	46,226	**Asset Development Fund**
7,264	7,173	7,171	6,169	8,113	6,304	**Productivity Investment Fund**
654	647	647	647	611	6,304	**Motor Vehicle Capital Outlays**
100	106	119	253	84	150	**Civic Center Parking**
466	452	555	525	554	434	**Reporters Salary Fund**
15,824	15,604	15,930	16,079	14,763	13,658	**Cable TV Franchise Fund**
11,123	11,158	11,134	11,221	11,324	15,647	**Megaflex Long-Term Disability**
14,071	14,052	14,114	14,202	13,660	9,777	**Megaflex Long-Term Disability & Health**
72,328	73,263	74,052	74,894	68,661	45,501	**Megaflex Short-Term Disability**
$ 871,665	$ 798,440	$ 825,975	$ 808,382	$ 753,151	$ 768,272	**Subtotal**
						HOSPITAL GROUP
$ 139,626	$ 87,321	$ 37,374	$ 45,236	$ 0	$ 0	**Harbor-UCLA Medical Center**
8,307	3,717	3,761	26,109	0	0	**Olive View-UCLA Medical Center**
105,664	51,571	15,894	72,676	0	0	**LAC + USC Medical Center**
4,808	7,839	(91)	9,540	0	0	**Rancho Los Amigos Rehab Center**
$ 258,405	$ 150,448	$ 56,938	$153,561	$0	$0	**Subtotal**
$ 5,166,904	**$ 3,479,769**	**$ 3,958,513**	**$7,732,620**	**$ 4,020,303**	**$ 1,501,565**	**GRAND TOTAL**

COUNTY OF LOS ANGELES

CALIFORNIA

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW STATEMENTS

2019-20: 12 MONTHS ACTUAL
2020-21: 10 MONTHS ACTUAL

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR 2019-20
(in thousands of $)

	July 2019	August 2019	September 2019	October 2019	November 2019	December 2019
BEGINNING BALANCE	$ 1,952,501	$ 1,724,091	$ 1,359,182	$ 424,086	$ 727,072	$ 410,347
RECEIPTS						
Property Taxes	$ 55,174	$ 128,180	$ 0	$ 0	$ 62,079	$ 1,489,006
Other Taxes	18,457	17,535	16,420	15,991	26,328	12,668
Licenses, Permits & Franchises	3,649	3,673	4,162	1,760	5,413	2,133
Fines, Forfeitures & Penalties	34,969	18,637	8,436	9,017	18,117	8,448
Investment and Rental Income	27,900	23,040	16,560	18,428	25,428	14,866
Motor Vehicle (VLF) Realignment	0	(42,792)	45,260	38,294	55,448	32,526
Sales Taxes - Proposition 172	75,593	63,224	63,890	64,380	77,931	63,859
1991 Program Realignment	0	127,634	75,739	71,651	85,194	70,678
Other Intergovernmental Revenue	156,214	330,941	156,168	306,424	386,687	282,258
Charges for Current Services	192,155	234,942	83,988	238,311	141,006	263,659
Other Revenue & Tobacco Settlement	69,466	128,318	40,960	98,082	81,863	141,155
Transfers & Reimbursements	1,682	(836)	782	6,007	23,658	36,733
Hospital Loan Repayment*	0	149,121	0	819,471	0	34,024
Welfare Advances	354,144	197,841	584,883	382,821	346,052	628,723
Other Financing Sources/MHSA	175,063	87,352	50	0	93,917	52,514
Intrafund Borrowings	0	0	0	0	0	0
TRANs Sold	700,000	0	0	0	0	0
Total Receipts	$ 1,864,466	$ 1,466,810	$ 1,097,298	$ 2,070,637	$ 1,429,121	$ 3,133,250
DISBURSEMENTS						
Welfare Warrants	$ 194,253	$ 193,655	$ 200,668	$ 208,021	$ 202,782	$ 207,507
Salaries	539,331	554,279	537,101	535,703	546,055	576,288
Employee Benefits	339,469	352,356	347,466	355,342	346,681	377,670
Vendor Payments	728,562	492,468	440,402	564,580	476,207	588,563
Loans to Hospitals*	0	0	287,410	64,350	28,908	355,304
Hospital Subsidy Payments	240,766	208,020	180,367	(69,424)	78,416	26,064
Transfer Payments	50,495	30,941	38,980	109,079	66,797	7,264
TRANs Pledge Transfer	0	0	0	0	0	315,000
Intrafund Repayment	0	0	0	0	0	0
Total Disbursements	$ 2,092,876	$ 1,831,719	$ 2,032,394	$ 1,767,651	$ 1,745,846	$ 2,453,660
ENDING BALANCE	**$ 1,724,091**	**$ 1,359,182**	**$ 424,086**	**$ 727,072**	**$ 410,347**	**$ 1,089,937**
Borrowable Resources (Avg. Balance)	$ 1,358,380	$ 1,259,937	$ 1,292,868	$ 2,115,132	$ 4,122,586	$ 7,190,852
Total Cash Available	**$ 3,082,471**	**$ 2,619,119**	**$ 1,716,954**	**$ 2,842,204**	**$ 4,532,933**	**$ 8,280,789**

* The net change in the outstanding Hospital Loan Balance is a decrease of $551.7 million and can be calculated by subtracting the "Hospital Loan Repayment" Receipt from the "Loans to Hospitals" Disbursement shown above.

January 2020	February 2020	March 2020	April 2020	May 2020	June 2020	Total 2019-20	
$ 1,089,937	$ 1,594,897	$ 951,668	$ 48,617	$ 895,841	$ 1,388,588		**BEGINNING BALANCE**
							RECEIPTS
$ 1,460,562	$ 221,789	$ 16,779	$ 1,094,142	$ 1,126,603	$ 459,874	$ 6,114,188	Property Taxes
17,688	15,158	23,049	14,372	15,910	23,992	217,568	Other Taxes
2,664	4,310	4,791	12,804	8,200	15,501	69,060	Licenses, Permits & Franchises
9,044	23,610	13,594	9,260	22,036	19,925	195,093	Fines, Forfeitures & Penalties
21,552	17,536	15,400	24,291	23,601	18,492	247,094	Investment and Rental Income
37,047	43,599	33,492	32,392	30,130	34,406	339,802	Motor Vehicle (VLF) Realignment
64,893	91,344	58,744	51,909	55,297	48,136	779,200	Sales Taxes - Proposition 172
72,155	101,092	65,637	58,242	61,710	53,721	843,453	1991 Program Realignment
144,005	254,595	270,991	216,455	345,318	618,016	3,468,072	Other Intergovernmental Revenue
331,118	128,023	119,926	266,876	103,166	198,459	2,301,629	Charges for Current Services
100,837	(23,355)	140,769	210,227	42,559	75,927	1,106,808	Other Revenue & Tobacco Settlement
8,664	6,583	8,708	20,955	8,687	21,356	142,979	Transfers & Reimbursements
116,682	97,465	230,911	268,910	132,123	159,460	2,008,167	Hospital Loan Repayment*
368,703	323,891	541,010	345,669	366,526	521,248	4,961,511	Welfare Advances
32,737	35,979	462	81,116	13,315	98,424	670,929	Other Financing Sources/MHSA
0	0	0	0	0	0	0	Intrafund Borrowings
0	0	0	0	0	0	700,000	TRANs Sold
$ 2,788,351	$ 1,341,619	$ 1,544,263	$ 2,707,620	$ 2,355,181	$ 2,366,937	$ 24,165,553	Total Receipts
							DISBURSEMENTS
$ 207,440	$ 492,295	$ 365,412	$ 258,190	$ 264,903	$ 273,554	$ 3,068,680	Welfare Warrants
587,379	572,796	558,890	575,348	541,223	555,852	6,680,245	Salaries
382,667	359,617	367,232	357,641	353,390	347,367	4,286,898	Employee Benefits
554,845	422,754	813,523	416,501	463,738	601,039	6,563,182	Vendor Payments
121,598	24,698	325,827	58,983	167,622	21,812	1,456,512	Loans to Hospitals*
2,807	108,925	0	(7,972)	0	25,784	793,753	Hospital Subsidy Payments
111,655	3,763	16,430	96,802	71,558	15,921	619,685	Transfer Payments
315,000	0	0	104,903	0	0	734,903	TRANs Pledge Transfer
0	0	0	0	0	0	0	Intrafund Repayment
$ 2,283,391	$ 1,984,848	$ 2,447,314	$ 1,860,396	$ 1,862,434	$ 1,841,329	$ 24,203,858	Total Disbursements
$ 1,594,897	**$ 951,668**	**$ 48,617**	**$ 895,841**	**$ 1,388,588**	**$ 1,914,196**		**ENDING BALANCE**
$ 4,303,078	$ 3,008,286	$ 3,247,146	$ 6,088,053	$ 3,983,999	$ 2,048,526		Borrowable Resources (Avg. Balance)
$ 5,897,975	**$ 3,959,954**	**$ 3,295,763**	**$ 6,983,894**	**$ 5,372,587**	**$ 3,962,722**		**Total Cash Available**

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR 2020-21
(in thousands of $)

	July 2020	August 2020	September 2020	October 2020	November 2020	December 2020
BEGINNING BALANCE	$ 1,914,196	$ 2,084,187	$ 1,329,889	$ 685,095	$ 676,059	$ 36,391
RECEIPTS						
Property Taxes	$ 42,496	$ 140,351	$ 0	$ 0	$ 65,352	$ 1,573,813
Other Taxes	10,868	17,263	14,245	15,586	6,203	29,675
Licenses, Permits & Franchises	4,442	2,452	4,928	2,883	2,315	4,621
Fines, Forfeitures & Penalties	24,946	24,301	4,287	6,252	15,614	4,066
Investment and Rental Income	20,575	11,557	9,353	9,743	16,984	9,540
Motor Vehicle (VLF) Realignment	0	(478,653)	47,340	64,945	33,040	35,593
Sales Taxes - Proposition 172	69,363	65,101	62,828	61,925	76,675	65,465
1991 Program Realignment	0	155,780	79,345	137,892	80,636	72,994
Other Intergovernmental Revenue**	234,622	642,497	123,864	278,020	681,525	308,897
Charges for Current Services	246,715	146,177	81,228	506,864	107,798	277,258
Other Revenue & Tobacco Settlement	241,496	209,036	80,294	75,093	46,891	151,127
Transfers & Reimbursements	13,485	197	0	17,301	30,289	6,004
Hospital Loan Repayment*	0	65,177	0	0	0	0
Welfare Advances	400,593	365,630	566,758	549,650	427,568	560,768
Other Financing Sources/MHSA	77,207	107,915	36,200	0	30,119	45,059
Intrafund Borrowings	0	0	0	0	0	0
TRANs Sold	1,200,000	0	0	0	0	0
Total Receipts	$ 2,586,808	$ 1,474,781	$ 1,110,670	$ 1,726,154	$ 1,621,009	$ 3,144,880
DISBURSEMENTS						
Welfare Warrants	$ 214,000	$ 219,984	$ 217,660	$ 204,526	$ 344,638	$ 348,049
Salaries	552,285	547,574	544,046	547,582	567,465	575,999
Employee Benefits	354,656	352,946	362,687	371,037	361,007	395,619
Vendor Payments	833,834	554,133	534,458	521,283	826,820	698,164
Loans to Hospitals*	0	0	0	0	0	0
Hospital Subsidy Payments	416,527	398,435	61,946	0	0	2,604
Transfer Payments	45,515	156,007	34,667	90,762	160,747	45,838
TRANs Pledge Transfer	0	0	0	0	0	540,000
Intrafund Repayment	0	0	0	0	0	0
Total Disbursements	$ 2,416,817	$ 2,229,079	$ 1,755,464	$ 1,735,190	$ 2,260,677	$ 2,606,273
ENDING BALANCE	**$ 2,084,187**	**$ 1,329,889**	**$ 685,095**	**$ 676,059**	**$ 36,391**	**$ 574,998**
Borrowable Resources (Avg. Balance)	$ 1,430,818	$ 1,463,537	$ 1,611,878	$ 2,752,162	$ 4,687,600	$ 7,514,453
Total Cash Available	**$ 3,515,005**	**$ 2,793,426**	**$ 2,296,973**	**$ 3,428,221**	**$ 4,723,991**	**$ 8,089,451**

* The net change in the outstanding Hospital Loan Balance is a decrease of $65.2 million and can be calculated by subtracting the "Hospital Loan Repayment" Receipt from the "Loans to Hospitals" Disbursement shown above.

** Includes COVID-19 Revenues

January 2021	February 2021	March 2021	April 2021	Estimated May 2021	Estimated June 2021	Total 2020-21	
$ 574,998	$ 770,599	$ 360,962	$ 1,683	$ 612,909	$ 1,006,978		**BEGINNING BALANCE**
							RECEIPTS
$ 1,606,954	$ 190,781	$ 22,698	$ 1,208,290	$ 1,338,828	$ 229,667	$ 6,419,230	Property Taxes
17,555	12,902	30,298	16,467	10,356	14,007	195,425	Other Taxes
2,274	3,002	11,270	17,015	3,946	3,091	62,239	Licenses, Permits & Franchises
4,710	18,542	10,281	2,905	18,948	7,813	142,665	Fines, Forfeitures & Penalties
8,912	9,024	8,720	11,604	14,233	10,888	141,133	Investment and Rental Income
38,005	31,909	44,113	39,578	20,498	17,880	(105,752)	Motor Vehicle (VLF) Realignment
64,516	82,137	57,447	58,748	64,262	53,974	782,441	Sales Taxes - Proposition 172
72,006	91,578	64,036	65,567	71,338	62,379	953,551	1991 Program Realignment
230,640	315,510	331,427	262,763	329,921	454,092	4,193,778	Other Intergovernmental Revenue**
250,013	169,332	152,331	400,153	176,827	235,952	2,750,648	Charges for Current Services
40,376	55,274	161,257	202,783	45,731	173,002	1,482,360	Other Revenue & Tobacco Settlement
17,155	3,836	25,314	16,534	5,238	14,855	150,208	Transfers & Reimbursements
0	0	0	0	0	0	65,177	Hospital Loan Repayment*
379,591	340,497	645,543	338,817	251,447	414,677	5,241,539	Welfare Advances
30,589	36,819	80,888	53,861	52,270	60,464	611,391	Other Financing Sources/MHSA
0	0	0	0	0	0	0	Intrafund Borrowings
0	0	0	0	0	0	1,200,000	TRANs Sold
$ 2,763,296	$ 1,361,143	$ 1,645,623	$ 2,695,085	$ 2,403,843	$ 1,752,740	$ 24,286,032	Total Receipts
							DISBURSEMENTS
$ 201,853	$ 304,447	$ 314,391	$ 200,368	$ 308,706	$ 321,382	$ 3,200,004	Welfare Warrants
613,463	586,956	566,868	592,154	615,687	619,423	6,929,502	Salaries
468,565	304,272	395,818	427,535	399,290	389,916	4,583,348	Employee Benefits
543,517	550,950	609,494	600,779	607,225	607,934	7,488,591	Vendor Payments
0	0	0	0	0	0	0	Loans to Hospitals*
40,866	10,691	79,015	2,447	0	0	1,012,531	Hospital Subsidy Payments
159,431	13,464	39,316	93,909	78,866	17,928	936,450	Transfer Payments
540,000	0	0	166,667	0	0	1,246,667	TRANs Pledge Transfer
0	0	0	0	0	0	0	Intrafund Repayment
$ 2,567,695	$ 1,770,780	$ 2,004,902	$ 2,083,859	$ 2,009,774	$ 1,956,583	$ 25,397,093	Total Disbursements
$ 770,599	**$ 360,962**	**$ 1,683**	**$ 612,909**	**$ 1,006,978**	**$ 803,135**		**ENDING BALANCE**
$ 5,166,904	$ 3,479,769	$ 3,958,513	$ 7,732,620	$ 4,020,303	$ 1,501,565		Borrowable Resources (Avg. Balance)
$ 5,937,503	**$ 3,840,731**	**$ 3,960,196**	**$ 8,345,529**	**$ 5,027,281**	**$ 2,304,700**		**Total Cash Available**

COUNTY OF LOS ANGELES
CALIFORNIA

DEBT SUMMARY

INTRODUCTION

The County has issued various types of notes, bonds, and certificates to finance and refinance its cash management requirements, the replacement of essential equipment, and the acquisition, construction and/or improvement of government buildings and public facilities. The County has not entered into any swap agreements, or other similar interest rate derivative contracts, in connection with its outstanding debt.

OUTSTANDING OBLIGATIONS

As of July 1, 2020, approximately $2.127 billion of intermediate and long-term obligations were outstanding. The General Fund is responsible for repayment of $1.068 billion of the outstanding debt. Revenues from Special Districts/Special Funds, Courthouse Construction Funds, and Hospital Enterprise Funds secure the remaining $1.059 billion of outstanding obligations.

The table below identifies the funding sources for the County's debt payments due in 2020-21.

COUNTY OF LOS ANGELES
ADDITIONAL FUNDING SOURCES FOR REPAYMENT OF COUNTY INTERMEDIATE AND LONG-TERM OBLIGATIONS

2020-21 Payments

Funding Source	2020-21 Payment
Total 2020-21 Payment Obligations	$169,724,648
Less: Sources of Non-General Fund Entities:	
Hospital Enterprise Funds	63,122,739
Courthouse Construction Funds	14,997,342
Special Districts/Special Funds	3,145,404
Net 2020-21 General Fund Obligations	$88,459,163

Source: Los Angeles County Auditor-Controller

As of May 1, 2021, the County has $1.617 billion of outstanding short-term obligations, which includes $1.200 billion in TRANs, $5.0 million in Bond Anticipation Notes, and $412.4 million in Lease Revenue Tax-exempt Commercial Paper Notes. The following table summarizes the outstanding General County debt and note obligations.

COUNTY OF LOS ANGELES
SUMMARY OF OUTSTANDING PRINCIPAL

As of May 1, 2021 (in thousands)

Type of Obligation	Outstanding Principal
Total County	
Short-Term Obligations:	
Tax and Revenue Anticipation Notes	$1,200,000
Bond Anticipation Notes	5,000
Lease Revenue Notes	412,390
Intermediate & Long-Term Obligations	2,448,562
Total Outstanding Principal	$4,065,952

Source: Los Angeles County Treasurer and Tax Collector and Auditor-Controller

The tables at the end of this section provide a detailed summary of the funding sources for the County's outstanding obligations and future debt service payments.

SHORT-TERM OBLIGATIONS

Tax and Revenue Anticipation Notes

In 1977, the County implemented a cash management program to finance its General Fund cash flow deficits, which occur periodically during the fiscal year. Since the program's inception, the County has annually sold varying amounts of tax anticipation notes and tax and revenue anticipation notes (including commercial paper).

Pursuant to a resolution adopted by the Board of Supervisors on June 9, 2020, the County issued $1.2 billion of TRANs for Fiscal Year 2020-21 on July 10, 2020. The 2020-21 TRANs will mature on June 30, 2021. The TRANs are secured by a pledge of certain taxes, income, revenue, and cash receipts which will be received by or accrue to the County during Fiscal Year 2020-21, in the amounts, and on the dates specified in the Financial Summary Section under the heading "2020-21 Tax and Revenue Anticipation Notes" of this Appendix A.

Bond Anticipation Notes

The County is currently utilizing the proceeds from the issuance of Bond Anticipation Notes ("BANs") to provide an interim source of funding for the acquisition of equipment on behalf of the County General Fund. The BANs are issued by the Los Angeles County Capital Asset Leasing Corporation ("LAC-CAL") and are purchased by the County Treasury Pool under terms and conditions established by the Board of Supervisors. The BANs are payable within three years of their initial issuance date from the proceeds of long-term bonds or other available funds. The repayment of the BANs is secured by lease agreements between the County and LAC-CAL and a pledge of the acquired equipment. As of May 1, 2021, $5.0 million in BANs are outstanding.

Lease Revenue Note Program

In April 2019, the County successfully closed a restructuring of the Lease Revenue Note Program (the "Note Program"). The Note Program provides the County with a flexible and cost-effective source of financing to provide interim funding during the initial construction phase of a capital project, which will eventually be refinanced with the issuance of long-term bonds upon completion. Under the restructured Note Program, the County is authorized to issue up to $600 million in aggregate principal amount of short-term commercial paper notes supported by four Irrevocable, Direct-Pay Letters of Credit ("LOC") issued by Bank of the West (Series A - $100 million); U.S. Bank (Series B - $200 million); Wells Fargo (Series C - $200 million) and State Street (Series D - $100 million). The maximum aggregate principal amount of $600 million represents an increase of $100 million from the previous Note Program.

The Note Program is secured by a lease-revenue financing structure between LAC-CAL and the County, and a portfolio of fifteen County-owned properties pledged as collateral to secure the credit facilities. The four LOCs, which are scheduled to terminate on April 30, 2024, provide credit enhancement and liquidity support for both tax-exempt and taxable commercial paper notes. The commercial paper notes issued through the Note Program will continue to finance construction costs for various capital projects throughout the County. As of May 1, 2021, $412.4 million of commercial paper notes are outstanding.

INTERMEDIATE AND LONG-TERM OBLIGATIONS

Lease Obligations

Since 1962, the County has financed its capital project and equipment replacement program through various lease arrangements with joint powers authorities and nonprofit corporations, which have issued lease revenue bonds or certificates of participation. As of July 1, 2020, approximately $2.129 billion in principal remained outstanding on such obligations. The County's lease obligations are secured by revenues from various funding sources, including the General Fund, and are subject to annual appropriation. The Fiscal Year 2020-21 Final Adopted Budget includes sufficient appropriations to fund the debt service on the County's lease payment obligations. The County's Board of Supervisors has never failed to appropriate sufficient funding for such obligations, nor has the County abated payments on any of its lease-revenue financings to date.

DEBT RATIOS

The ratio of the General Fund's outstanding debt to the net revenue-producing valuation of the property tax roll (the "Net Local Roll") increased from 0.121% in Fiscal Year 2019-20 to 0.125% in Fiscal Year 2020-21. The following table provides the ratio of the General Fund's outstanding debt to the Net Local Roll over the past ten years.

COUNTY OF LOS ANGELES
OUTSTANDING DEBT TO ASSESSED VALUATION AS OF JULY 1

Fiscal Year	Outstanding Principal	Net Local Property Tax Roll	Debt To Value Ratio
2011-12	1,397,467,754	1,056,493,252,156	0.132%
2012-13	1,370,642,758	1,079,685,510,076	0.127%
2013-14	1,622,142,327	1,129,994,170,579	0.144%
2014-15	1,576,510,029	1,191,806,972,618	0.132%
2015-16	1,633,835,517	1,264,906,464,546	0.129%
2016-17	1,785,310,693	1,335,525,121,301	0.134%
2017-18	1,761,081,064	1,416,125,372,989	0.124%
2018-19	1,695,142,404	1,509,888,186,608	0.112%
2019-20	1,935,946,630	1,604,296,790,020	0.121%
2020-21	2,129,040,679	1,700,148,139,175	0.125%

OTHER DEBT OBLIGATIONS

Tobacco Bonds

On February 8, 2006 the California County Tobacco Securitization Agency (the "Agency"), a Joint Exercise of Powers Authority, issued $319.8 million in Tobacco Settlement Asset-Backed Bonds (the "2006 Tobacco Bonds") for the purpose of loaning the proceeds to the Los Angeles County Securitization Corporation (the "Corporation"). The Corporation used the Tobacco Bond proceeds to purchase 25.9% of the County's annual Tobacco Settlement Revenues (the "TSRs") paid by the tobacco companies participating in the Master Settlement Agreement. The 2006 Tobacco Bonds are secured by the 25.9% portion of the annual TSRs and are not considered a debt obligation of the County. On June 10, 2020, the Agency issued $349.6 million of Tobacco Settlement Bonds (the "2020 Tobacco Settlement Bonds") on behalf of the County to fully refund the 2006 Tobacco Bonds. The 2020 Tobacco Settlement Bonds are projected to generate net present value savings of approximately $102 million, or 26% savings from the 2006 Tobacco Bonds, and will significantly mitigate the risk of future default that previously existed with the 2006 Tobacco Bonds. The actual amount of savings will depend on various factors, including future smoking participation rates, the volume of cigarette shipments from the participating manufacturers, inflation and other factors pursuant to the terms of the Master Settlement Agreement.

DPSS Lease Obligations

From January 28, 1999 through July 28, 2005, the County entered into several build to suit operating and capital lease agreements with various organizations whereby the County would lease buildings and improvements for use by County Departments including the Department of Public Social Services (the "DPSS Facilities"). In order to facilitate the construction of the DPSS Facilities, financing was obtained through the sale of Certificates of Participation ("COPs") and Lease Revenue Bonds with the periodic lease payments pledged as security for repayment of the debt securities. Although these financings are categorized as leases in the County's financial statements, the ultimate obligor for the outstanding debt is the County General Fund. The principal amount of the outstanding underlying COPs and Bond obligations is $177.4 million as of May 1, 2021.

2018 Vermont Corridor Project

The County, working in conjunction with the Community Development Commission (CDC), is developing County-owned property in the area known as the "Vermont Corridor" in the City of Los Angeles. The Vermont Corridor Project includes the development of three sites in the Vermont Corridor area, including: Site 1 – new Department of Mental Health (DMH) headquarters facility and parking garage; Site 2 – mixed-use market rate housing; and Site 3 – affordable senior housing. On July 26, 2018, the County financed the Site 1 project with the issuance of $302.3 million of lease revenue bonds through a not-for-profit special purpose entity, Los Angeles County Facilities, Inc., which will also serve as the construction and facility manager for the project. The development of Site 2 and Site 3 will be financed with private capital provided through TC LA Development, Inc., the private developer for the Vermont Corridor Project.

2019 Lease Revenue Bonds

On August 29, 2019, the County issued $251.9 million of long-term lease revenue bonds to refinance $318.75 million of outstanding commercial paper notes that were used as the initial financing vehicle for multiple capital projects, which include the East Antelope Valley Animal Care Center, Martin Luther King Jr. Medical Campus Parking Structure, Rancho Los Amigos National Rehabilitation Center, Fire Station 143, Music Center Plaza Improvement Project, and the Los Angeles County Probation Department Building Renovation. The 2019 Lease Revenue Bonds are scheduled to mature on December 1, 2049.

2020 Lease Revenue Bonds

In April 2019, the Board of Supervisors approved a financing plan and related administrative actions to facilitate the construction of a new museum facility for the Los Angeles County Museum of Art (LACMA). The $650 million LACMA project is funded through a $125 million County contribution and a LACMA private fundraising campaign. In November 2020, the County issued $363.230 million of Los Angeles County Public Works Financing Authority Lease Revenue Bonds, 2020 Series A (LACMA Building for the Permanent Collection Project) (the "Bonds"). The proceeds from the sale of the Bonds were used to refinance $125 million of outstanding commercial paper notes issued through the Note Program to fund the County's contribution, and to generate $300 million of additional proceeds to finance construction costs. LACMA is responsible for the payment of debt service costs on the $300 million component of this financing through its private fundraising campaign, and pursuant to the terms of a Funding Agreement with the County. The new LACMA museum is expected to be completed and open to the public in 2024.

COUNTY OF LOS ANGELES
DEBT SUMMARY TABLES

REPORTS AS OF JULY 1, 2020

COMBINED PRINCIPAL AND INTEREST OBLIGATIONS BY FUNDING SOURCE

OUTSTANDING PRINCIPAL OBLIGATIONS BY FUNDING SOURCE

CURRENT FISCAL YEAR DEBT SERVICE OBLIGATIONS BY FUNDING SOURCE

OUTSTANDING PRINCIPAL BY FUNDING SOURCE

REPORTS AS OF MAY 1, 2021

SUMMARY OF OUTSTANDING GENERAL FUND AND SPECIAL FUND OBLIGATIONS

REPORTS AS OF MAY 1, 2021

ESTIMATED OVERLAPPING DEBT STATEMENT

COUNTY OF LOS ANGELES
COMBINED PRINCIPAL AND INTEREST OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2020

Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Total Annual Debt Service
2020-21	$ 88,459,163	$ 63,122,739	$ 14,997,342	$ 3,145,405	$ 169,724,648
2021-22	89,067,382	62,861,984	14,991,788	3,150,202	170,071,357
2022-23	91,673,694	62,860,002	14,991,568	3,144,329	172,669,592
2023-24	68,891,917	62,848,890	14,985,583	3,146,774	149,873,164
2024-25	68,884,526	62,846,563	14,971,366	3,148,505	149,850,960
2025-26	68,871,052	62,832,173	14,968,875	3,148,054	149,820,153
2026-27	68,855,938	62,831,691	14,959,875	3,147,162	149,794,666
2027-28	68,763,366	62,822,128	14,947,750	3,149,698	149,682,941
2028-29	68,571,856	62,814,703	14,945,875	3,150,882	149,483,316
2029-30	68,461,779	62,801,410	14,937,625	3,146,166	149,346,979
2030-31	68,451,960	62,782,701	8,340,500	3,144,540	142,719,701
2031-32	68,450,107	62,777,780	8,336,375	3,147,850	142,712,112
2032-33	68,437,562	62,775,426	6,115,375	3,144,147	140,472,510
2033-34	68,432,491	62,758,096	6,119,250	3,148,630	140,458,466
2034-35	67,256,579	62,747,455	-	3,152,169	133,156,202
2035-36	67,252,174	62,733,641	-	3,143,480	133,129,296
2036-37	67,237,963	62,723,620	-	3,148,680	133,110,263
2037-38	67,231,994	62,718,866	-	3,147,383	133,098,244
2038-39	67,218,169	62,698,191	-	3,148,133	133,064,494
2039-40	67,212,844	62,685,789	-	3,152,034	133,050,668
2040-41	67,204,535	62,679,761	-	3,149,476	133,033,772
2041-42	46,584,075	32,385,225	-	3,148,925	82,118,225
2042-43	46,585,825	32,386,218	-	3,151,732	82,123,775
2043-44	46,593,200	12,444,375	-	1,182,250	60,219,825
2044-45	46,583,775	12,438,250	-	1,184,875	60,206,900
2045-46	37,384,950	12,438,625	-	375,500	50,199,075
2046-47	21,481,050	12,439,125	-	375,125	34,295,300
2047-48	21,485,300	12,438,500	-	374,000	34,297,800
2048-49	21,478,650	12,440,375	-	377,000	34,296,025
2049-50	21,483,125	12,438,375	-	374,125	34,295,625
2050-51	18,140,375	-	-	-	18,140,375
2051-52	18,132,250	-	-	-	18,132,250
Total	$ 1,840,819,629	$ 1,470,572,676	$ 178,609,147	$ 76,647,231	$ 3,566,648,682

COUNTY OF LOS ANGELES
OUTSTANDING PRINCIPAL OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2020

Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Total Outstanding Principal
2020-21	$ 1,067,868,374	$ 879,582,303	$ 135,205,000	$ 44,772,435	$ 2,127,428,112
2021-22	1,038,053,465	860,677,455	126,135,000	43,875,777	2,068,741,697
2022-23	997,216,754	838,098,047	116,790,000	42,835,498	1,994,940,299
2023-24	951,811,274	814,559,623	107,130,000	41,749,357	1,915,250,253
2024-25	927,316,881	789,988,906	97,130,000	40,606,008	1,855,041,795
2025-26	901,639,137	764,253,269	86,730,000	39,402,763	1,792,025,169
2026-27	874,692,669	737,249,690	75,825,000	38,138,277	1,725,905,636
2027-28	846,413,445	708,895,160	64,370,000	36,809,859	1,656,488,464
2028-29	816,806,801	679,124,829	52,340,000	35,410,717	1,583,682,346
2029-30	785,901,152	647,865,239	39,695,000	33,938,609	1,507,400,000
2030-31	753,541,720	615,047,435	26,410,000	32,395,845	1,427,395,000
2031-32	719,549,828	580,594,539	19,210,000	30,775,633	1,350,130,000
2032-33	683,915,098	544,405,964	11,645,000	29,068,939	1,269,035,000
2033-34	646,565,124	506,391,356	5,970,000	27,278,519	1,186,205,000
2034-35	607,324,529	466,473,785	-	25,391,686	1,099,190,000
2035-36	567,340,780	424,585,333	-	23,408,887	1,015,335,000
2036-37	525,451,347	380,666,290	-	21,342,363	927,460,000
2037-38	481,572,750	334,613,273	-	19,173,977	835,360,000
2038-39	435,626,190	286,403,219	-	16,905,591	738,935,000
2039-40	387,591,097	236,017,077	-	14,526,826	638,135,000
2040-41	337,373,169	183,326,324	-	12,025,508	532,725,000
2041-42	284,875,000	128,217,845	-	9,402,155	422,495,000
2042-43	250,980,000	101,516,371	-	6,648,629	359,145,000
2043-44	215,345,000	73,485,000	-	3,755,000	292,585,000
2044-45	177,875,000	64,490,000	-	2,735,000	245,100,000
2045-46	138,560,000	55,040,000	-	1,660,000	195,260,000
2046-47	106,800,000	45,105,000	-	1,360,000	153,265,000
2047-48	89,865,000	34,660,000	-	1,045,000	125,570,000
2048-49	72,205,000	23,680,000	-	715,000	96,600,000
2049-50	53,800,000	12,135,000	-	365,000	66,300,000
2050-51	34,525,000	-	-	-	34,525,000
2051-52	17,690,000	-	-	-	17,690,000

Source: Los Angeles County Chief Executive Office

COUNTY OF LOS ANGELES
CURRENT FISCAL YEAR DEBT SERVICE OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2020

Title	Total Debt Service	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds
Long-Term Obligations					
Long-Term Capital Projects					
1993 COPs: Disney Parking Project	$ 9,625,000	$ 9,625,000			
2010 Multiple Capital Projects I, Federally Taxable Series B:					
Coroners Expansion/ Refurbishment	$ 1,894,862	$ 1,894,862			
Patriotic Hall Renovation	3,059,860	3,059,860			
Hall of Justice Rehabilitation	15,796,582	15,796,582			
Olive View Medical Center ER/TB Unit	3,525,758		$ 3,525,758		
Olive View Medical Center Seismic	1,452,474		1,452,474		
Harbor/UCLA Surgery/ Emergency	22,094,042		22,094,042		
Harbor/UCLA Seismic Retrofit	3,406,995		3,406,995		
Total 2010 Multiple Capital Projects I, Series B	$ 51,230,571	$ 20,751,303	$ 30,479,268	$ 0	$ 0
2011 High Desert Solar Complex (Federally Taxable)	$ 417,867	$ 417,867			
2012 Refg COPs: Disney Parking Project	$ 11,253,500	$ 11,253,500			
2012 Multiple Capital Projects II, Series 2012:					
High Desert Multi-Service Ambulatory Care Center	$ 8,843,122		$ 8,843,122		
Martin Luther King Jr. Multi-Service Ambulatory Care Center	10,764,965		10,764,965		
Martin Luther King Jr. Data Center	341,883		341,883		
Fire Station 128	297,009				$ 297,009
Fire Station 132	480,380				480,380
Fire Station 150	745,105				745,105
Fire Station 156	442,285				442,285
Total 2012 Multiple Capital Projects II, Series 2012	$ 21,914,750	$ 0	$ 19,949,970	$ 0	$ 1,964,780
2015 Multiple Capital Projects, Series A					
Zev Yaroslavsky Family Support Center	$ 9,194,500	$ 9,194,500			
Manhattan Beach Library	805,375				$ 805,375
Total 2015 Multiple Capital Projects, Series A	$ 9,999,875	$ 9,194,500	$ 0	$ 0	$ 805,375
2015 Lease Revenue Refunding Bonds, Series B					
Calabasas Landfill Project	$ 3,263,875	$ 3,263,875			
LAX Area Courthouse	2,533,000			$ 2,533,000	
Chatsworth Courthouse	2,124,500			2,124,500	
Total 2015 Multiple Capital Projects, Series B	$ 7,921,375	$ 3,263,875	$ 0	$ 4,657,500	$ 0
2015 Lease Revenue Refunding Bonds, Series C					
Michael D. Antonovich Antelope Valley Courthouse	$ 10,339,842			$ 10,339,842	
2016 Lease Revenue Bonds, Series D					
Martin Luther King Inpatient Tower	$ 15,907,344	$ 15,907,344			
2018 Lease Revenue Bonds					
Vermont Corridor Administration Building, Series A	$ 14,156,700	$ 14,156,700			
Vermont Corridor Administration Building, Series B (Federally Taxable)	165,750	165,750			
Total 2018 Vermont Corridor Series A & B	$ 14,322,450	$ 14,322,450	$ 0	$ 0	$ 0
2019 Lease Reveneue Bonds Series E-1					
East Antelope Valley Animal Shelter	$ 867,550	$ 867,550			
Probation Department Building	1,316,575	1,316,575			
Music Center Plaza	1,160,975	1,160,975			
Rancho Los Amigos NRC	10,369,225		$ 10,369,225		
Fire Station 143	375,250				$ 375,250
Total 2019 Lease Revenue Bonds Series E-1	$ 14,089,575	$ 3,345,100	$ 10,369,225	$ 0	$ 375,250
2019 Lease Revenue Bonds Series E-2					
MLK Medical Campus Parking Structure	$ 2,072,125		$ 2,072,125		
Total Long-Term Obligations	$ 169,094,274	$ 88,080,938	$ 62,870,589	$ 14,997,342	$ 3,145,405
Intermediate-Term Obligations					
Equipment					
2017 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 630,375	$ 378,225	$ 252,150		
Total Intermediate-Term Obligations	$ 630,375	$ 378,225	$ 252,150	$ 0	$ 0
Total Obligations	$ 169,724,649	$ 88,459,163	$ 63,122,739	$ 14,997,342	$ 3,145,405

Source: Los Angeles County Chief Executive Office
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
OUTSTANDING PRINCIPAL BY FUNDING SOURCE
AS OF JULY 1, 2020

Title	Total Outstanding Principal	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds
Long-Term Obligations					
Long-Term Capital Projects					
1993 COPs: Disney Parking Project	$ 1,483,886	$ 1,483,886			
2010 Multiple Capital Projects I, Series B:					
Coroners Expansion/ Refurbishment	$ 25,447,194	$ 25,447,194			
Patriotic Hall Renovation	41,092,631	41,092,631			
Hall of Justice Rehabilitation	212,141,438	212,141,438			
Olive View Medical Center ER/TB Unit	47,349,441		$ 47,349,441		
Olive View Medical Center Seismic	19,506,113		19,506,113		
Harbor/UCLA Surgery/ Emergency	296,713,674		296,713,674		
Harbor/UCLA Seismic Retrofit	45,754,510		45,754,510		
Total 2010 Multiple Capital Projects I, Series B	$ 688,005,000	$ 278,681,262	$ 409,323,738	$ 0	$ 0
2011 High Desert Solar Complex (Federally Taxable)	$ 3,074,226	$ 3,074,226			
2012 Refg COPs: Disney Parking Project	$ 50,675,000	$ 50,675,000			
2012 Multiple Capital Projects II, Series 2012:					
High Desert Multi-Service Ambulatory Care Center	$ 123,738,544		$ 123,738,544		
Martin Luther King Jr. Multi-Service Ambulatory Care Center	150,630,175		150,630,175		
Martin Luther King Jr. Data Center	4,783,846		4,783,846		
Fire Station 128	4,155,938				$ 4,155,938
Fire Station 132	6,721,778				6,721,778
Fire Station 150	10,425,984				10,425,984
Fire Station 156	6,188,734				6,188,734
Total 2012 Multiple Capital Projects II, Series 2012	$ 306,645,000	$ 0	$ 279,152,565	$ 0	$ 27,492,435
2015 Multiple Capital Projects, Series A					
Zev Yaroslavsky Family Support Center	$ 131,240,000	$ 131,240,000			
Manhattan Beach Library	11,525,000				$ 11,525,000
Total 2015 Multiple Capital Projects, Series A	$ 142,765,000	$ 131,240,000	$ 0	$ 0	$ 11,525,000
2015 Lease Revenue Refunding Bonds, Series B					
Calabasas Landfill Project	$ 6,290,000	$ 6,290,000			
LAX Area Courthouse	50,660,000			$ 50,660,000	
Chatsworth Courthouse	42,490,000			42,490,000	
Total 2015 Lease Revenue Refunding Bonds, Series B	$ 99,440,000	$ 6,290,000	$ 0	$ 93,150,000	$ 0
2015 Lease Revenue Refunding Bonds, Series C					
Michael D. Antonovich Antelope Valley Courthouse	$ 42,055,000			$ 42,055,000	
2016 Lease Revenue Bonds, Series D					
Martin Luther King Inpatient Tower	$ 242,330,000	$ 242,330,000			
2018 Lease Revenue Bonds					
Vermont Corridor Administration Building, Series A	$ 297,280,000	$ 297,280,000			
Vermont Corridor Administration Building, Series B (Federally Taxable)	5,100,000	5,100,000			
Total 2018 Vermont Corridor Series A & B	$ 302,380,000	$ 302,380,000	$ 0	$ 0	$ 0
2019 Lease Reveneue Bonds Series E-1					
East Antelope Valley Animal Shelter	$ 13,265,000	$ 13,265,000			
Probation Department Building	20,205,000	20,205,000			
Music Center Plaza	17,875,000	17,875,000			
Rancho Los Amigos NRC	158,850,000		$ 158,850,000		
Fire Station 143	5,755,000				$ 5,755,000
Total 2019 Lease Revenue Bonds Series E-1	$ 215,950,000	$ 51,345,000	$ 158,850,000	$ 0	$ 5,755,000
2019 Lease Revenue Bonds Series E-2					
MLK Medical Campus Parking Structure	$ 32,010,000		$ 32,010,000		
Total Long-Term Obligations	$ 2,126,813,112	$ 1,067,499,374	$ 879,336,303	$ 135,205,000	$ 44,772,435
Intermediate-Term Obligations					
Equipment					
2017 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 615,000	$ 369,000	$ 246,000		
Total Intermediate-Term Obligations	$ 615,000	$ 369,000	$ 246,000	$ 0	$ 0
Total Obligations	$ 2,127,428,112	$ 1,067,868,374	$ 879,582,303	$ 135,205,000	$ 44,772,435

Source: Los Angeles County Chief Executive Office
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
SUMMARY OF OUTSTANDING GENERAL FUND AND SPECIAL FUND OBLIGATIONS
AS OF MAY 1, 2021

Title	Outstanding Principal	Total Future Payments		2020-21 FY Payment Remaining
Long-Term Obligations				
Long-Term Capital Projects				
2010 Lease Rev Bonds, Series B - 2010 Multiple Capital Projects I (Federally Taxable)	$ 667,935,000	$ 1,021,693,330	(1)	$ 0
2011 Lease Rev Bonds - High Desert Solar Complex (Federally Taxable)	2,686,697	2,789,939	(1)	0
2012 Refg COPs: Disney Parking Project	41,845,000	44,509,500		0
2012 Lease Rev Bonds - Multiple Capital Projects II Series 2012	299,265,000	482,073,475		0
2015 Multiple Capital Projects, Series A	139,830,000	243,591,750		3,495,750
2015 Lease Revenue Refunding Bonds Series B	96,415,000	134,318,000		2,410,375
2015 Lease Revenue Refunding Bonds Series C (Taxable)	32,985,000	35,619,741		568,937
2016 Lease Revenue Bonds Series D	237,440,000	403,071,956		5,447,547
2018 Lease Revenue Bonds (Vermont Corridor) Series A	297,280,000	574,098,300		7,078,350
2018 Lease Revenue Bonds (Vermont Corridor) Series B (Federally Taxable)	5,100,000	5,431,500		82,875
2019 Lease Revenue Refunding Bonds Series E-1	215,950,000	414,035,400		5,326,900
2019 Lease Revenue Refunding Bonds Series E-2	32,010,000	60,861,350		759,475
2020 Lease Revenue Bonds Series A (LACMA Building)	363,230,000	627,701,419		8,730,944
Total Long-Term Obligations	$ 2,431,971,697	$ 4,049,795,661		$ 33,901,153
Intermediate-Term Obligations				
Equipment				
2020 Lease Rev Bonds Series A - LAC-CAL Equipment Program	$ 16,590,000	$ 17,311,250		$ 7,794,750
Total Intermediate-Term Obligations	$ 16,590,000	$ 17,311,250		$ 7,794,750
Total Obligations	$ 2,448,561,697	$ 4,067,106,911		$ 41,695,903

COPs = Certificates of Participation

(1) Total Future Payments reflects the County's net future payment obligation after receipt of a Federal interest subsidy authorized by the American Recovery and Reinvestment Act (ARRA) of 2009.

Source: Los Angeles County Chief Executive Office
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
ESTIMATED OVERLAPPING DEBT STATEMENT AS OF MAY 1, 2021
2020-21 Assessed Valuation: $1,731,120.391,084: (includes unitary valuation)

	Applicable %		Debt as of 5/1/21
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			
Metropolitan Water District	48.833 %	$	13,101,894
Los Angeles Community College District	100.000		4,409,250,000
Other Community College Districts	Various (1)		4,039,290,019
Arcadia Unified School District	100.000		248,625,445
Beverly Hills Unified School District	100.000		470,798,739
Glendale Unified School District	100.000		310,174,986
Long Beach Unified School District	100.000		1,410,589,702
Los Angeles Unified School District	100.000		10,864,555,000
Pasadena Unified School District	100.000		298,380,000
Pomona Unified School District	100.000		368,429,533
Redondo Beach Unified School District	100.000		211,937,018
Santa Monica-Malibu Unified School District	100.000		682,011,656
Torrance Unified School District	100.000		460,150,236
Other Unified School Districts	Various (1)		4,353,824,283
High School and School Districts	Various (1)		2,394,352,537
City of Los Angeles	100.000		627,460,000
City of Industry	100.000		45,860,000
Other Cities	100.000		42,650,000
Community Facilities Districts	100.000		681,616,511
1915 Act and Benefit Assessment Bonds - Estimate	100.000		104,490,368
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT		$	32,037,547,927
Less: Los Angeles Unified School District economically defeased general obligation bonds			(88,259,400)
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT		$	31,949,288,527
DIRECT AND OVERLAPPING GENERAL FUND DEBT			
Los Angeles County General Fund Obligations	**100.000 %**	**$**	**2,627,447,256**
Los Angeles County Office of Education Certificates of Participation	100.000		4,565,373
Community College District Certificates of Participation	Various (2)		49,319,820
Baldwin Park Unified School District Certificates of Participation	100.000		28,355,000
Compton Unified School District Certificates of Participation	100.000		31,180,000
Los Angeles Unified School District Certificates of Participation	100.000		130,970,000
Paramount Unified School District Certificates of Participation	100.000		25,480,000
Other Unified School District Certificates of Participation	Various (2)		252,243,071
High School and Elementary School District General Fund Obligations	Various (2)		155,946,061
City of Beverly Hills General Fund Obligations	100.000		105,785,000
City of Los Angeles General Fund	100.000		1,440,543,207
City of Long Beach General Fund Obligations	100.000		85,015,000
City of Long Beach Pension Obligations Bonds	100.000		6,765,000
City of Pasadena General Fund Obligations	100.000		398,413,634
City of Pasadena Pension Obligations Bonds	100.000		134,950,000
Other Cities' General Fund Obligations	100.000		3,443,645,028
Los Angeles County Sanitation Districts Financing Authority	100.000		24,685,004
Antelope Valley Hospital District General Fund Obligation	100.000		4,937,633
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$	8,950,246,087
Less: Cities' supported obligations			(415,140,704)
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$	8,535,105,383
OVERLAPPING TAX INCREMENT DEBT: (Successor Agencies):		$	2,586,873,178
GROSS COMBINED TOTAL DEBT		$	43,574,667,192 (3)
NET COMBINED TOTAL DEBT		$	43,071,267,088

(1) All 100%, or almost 100%, except for Antelope Valley Joint Union High School and Community College District, Fullerton Union High School District, Las Virgenes Joint Unified School District, North Orange County Joint Community College District, and the schools and special districts included in them.

(2) All 100%, or almost 100%, except for Fullerton Union High School District, Las Virgenes Joint Unified School District, Snowline Joint Unified School District, Victor Valley Joint Community College District, and the schools and special districts included in them.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Except for Los Angeles Unified School District Qualified Zone Academy Bonds (QZABs) are included based on principal due at maturity.

RATIOS TO 2020-21 ASSESSED VALUATION

Total Gross Overlapping Tax and Assessment Debt	1.85 %
Total Gross Direct Debt ($2,627,447,256)	0.15 %
Gross Combined Total Debt	2.52 %
Net Combined Total Debt	2.49 %

Ratios to Redevelopment Sucessor Agency Incremental Valuation ($239,199,831,320):

Total Overlapping Tax Increment Debt	1.08 %

Source: California Municipal Statistics. The above report is included for general information purposes only. The County has not reviewed the debt report for completeness or accuracy and makes no representations in connection therewith.

ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of Appendix A contains general information concerning the historic economic and demographic conditions in the County. The information was obtained from the sources indicated and is limited to the time periods indicated. The information is historic in nature and reflects information available as of its dated date, and it is not possible at this time to predict whether the trends shown will continue in the future. The County makes no representation as to the accuracy or completeness of data obtained from parties other than the County. In particular, certain of the information provided in this Section predates the COVID-19 pandemic. See "Certain Risks – Financial Conditions in Local, State and National Economies.

Economic Overview

With a 2020 gross product of $807 billion, Los Angeles County's economy is larger than that of 45 states and all but 17 countries. The County serves as the central trade district for the western United States and the U.S. gateway to the Asian economies, as it has evolved into a leader in international commerce and investments. As a result of the COVID-19 pandemic, the County's economy contracted and experienced negative growth in 2020 with a decrease in economic output of 1.5% as measured by gross product, and an estimated decrease in total taxable sales of 10.1%.

The County's unemployment rate averaged 13.6% in 2020. The increase in unemployment was a direct result of the COVID-19 pandemic, with significant job losses across key industries, including hospitality, entertainment, restaurants, manufacturing and more. In 2021 and 2022, the job market is expected to improve, with a projected decline in the unemployment rate to 9.3% and 8.1%, respectively.

During Fiscal Year 2016-17, voters approved various State and local ballot measures that generated approximately $151.0 billion in funding for capital infrastructure and public services in the County. In the June and November 2016 elections, the voters in school and community college districts passed over $9.4 billion in general obligation bond measures supported by ad valorem taxes to finance new capital construction and improvement projects, with an average approval rate of over 73%. As of December 31, 2019, K-12 schools and community college districts in the County had approximately $16.4 billion of previously authorized, but unissued bond capacity. The Measure A parcel tax is expected to generate approximately $94 million per year for the County's local parks, beaches, and open space areas, and will replace the expiring funding from voter approved Propositions A in 1992 and 1996.

The increase in sales tax revenue resulting from the 2008 voter-approved Measure R and the corresponding 2016 voter-approved Measure M will continue to provide funding for major highway and transit projects throughout the County. Measure M provides an indefinite extension of the increase in sales tax revenue approved by voters through Measure R, which was originally set to expire on July 1, 2039. Measure M is projected to generate $120.0 million of sales tax revenue annually over the next 40 years for the Los Angeles County Metropolitan Transportation Authority ("MTA") to finance new transportation infrastructure projects.

On March 7, 2017, the voters approved Measure H authorizing a one-quarter percent (0.25%) County sales tax for ten years in order to fund homeless services and prevention. The increase in sales tax revenue resulting from the voter-approved Measure H provides funding to prevent and combat homelessness within the County. Measure H is projected to generate approximately $355.0 million of sales tax revenue per year for the County.

On November 6, 2018, voters passed Measure W authorizing the Los Angeles County Flood Control District to levy a special tax annually at the rate of 2.5 cents per square foot of impermeable area to assist in the capture of stormwater and related pollution clean-up. This Measure is projected to generate approximately $300 million in tax revenue per year for the County until ended by voters (no sunset clause).

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

In terms of its industrial base, diversity continues to be the County's greatest strength, with wholesale and retail trade, health care, manufacturing, and leisure and hospitality being the leading employment sectors in the private economy. The Los Angeles Customs District ("LACD"), which includes LAX, Port Hueneme, Port of Los Angeles, and the Port of Long Beach, is the largest customs district in the nation. The Los Angeles region is the largest manufacturing center in the nation, with 313,800 workers employed in this sector in 2020. The two major seaports (Port of Los Angeles and Port of Long Beach) encompass the largest port complex in the nation as measured by cargo tonnage and the number of containers handled and is ranked as the ninth largest among the world's port facilities. The County's vibrant technology sector known as Silicon Beach has become a large and growing source of highly compensated jobs in the local economy. According to the Los Angeles Economic Development Corporation ("LAEDC"), the County's information technology sector employed 185,800 workers in 2020.

Higher Education

The County is home to an extensive education system, with 84 colleges and university campuses, including UCLA; five state university campuses; 22 community colleges; prestigious private universities such as USC, Occidental College and the Claremont Colleges; religious-affiliated universities such as Pepperdine and Azusa Pacific; renowned technology schools such as the California Institute of Technology and the affiliated Jet Propulsion Laboratory; and specialized institutions such as the California Institute of the Arts, the Art Center College of Design, the Fashion Institute of Design and Merchandising, and the Otis College of Art and Design.

Culture

The County is the cultural center of the western United States and has been referred to as the "entertainment capital of the world," offering world-class museums, theaters, and music venues. The County is home to the world's leading movie studios, television networks, recording studios, video game developers, publishers and artists, creating one of the largest centers for art and entertainment activity in the nation.

The Performing Arts Center of Los Angeles County, which includes the Dorothy Chandler Pavilion, Ahmanson Theater, Mark Taper Forum and Walt Disney Concert Hall, is one of the three largest performing art venues in the nation. The County features more musical and theatrical productions and has more weekly openings than most major cities in the world. The County is home to the Los Angeles Philharmonic Orchestra, which is recognized as one of the finest symphony orchestras in the world.

The County has among the largest number of museums per capita relative to other large metropolitan areas in the world. The area's museums showcase some of the world's finest collections of art, sculpture, manuscripts, and antiquities; as well as provide a historical overview of the area's ethnic heritage and experience. Major institutions include LACMA, the Natural History Museum of Los Angeles County, the Norton Simon Museum, the J. Paul Getty Museum, the Museum of Contemporary Art, the Huntington Library and the Broad Museum of Contemporary Art. A major construction project is currently underway on the LACMA campus to build a new museum facility to house LACMA's permanent art collection. The new $650 million museum facility is expected to be completed by 2024. The Broad Museum is located adjacent to the iconic Walt Disney Concert Hall and has helped to further strengthen and establish downtown Los Angeles as a premiere cultural destination on the west coast.

In March 2018, the Lucas Museum of Narrative Art in Exposition Park broke ground on a new museum facility. The $1.5 billion museum facility was co-founded by George Lucas, and will include an art exhibition space, archive, library, an expansive lobby, classrooms, two state-of-the-art theaters, a museum shop, and a café. The new museum, which is scheduled to open in 2023, is located directly across the street from the University of Southern California and west of the Natural History Museum.

The Academy Museum of Motion Pictures is scheduled to open in the Miracle Mile district of Los Angeles in the fall of 2021. The $482 million facility will be the nation's first large-scale museum dedicated to the art, science, craft, business, and history of film. The 300,000 square-foot museum will include galleries, two theaters, an active education studio, an outdoor piazza, a rooftop terrace with views of the Hollywood Hills, and several spaces for special events and restaurants.

Sports and Recreation

With its geographic size, topography, mild climate, and an average of 329 days of sunshine per year, the County offers a full spectrum of recreational activities that are enjoyed by residents and visitors on a year-round basis. The County owns and maintains the world's largest man-made recreational harbor at Marina del Rey, and manages over 183 parks, over 200 miles of horse, biking, and hiking trails, natural habitat and the world's largest public golf course system. Each year, millions of people visit the County's 25 miles of public beaches stretching along its 75-mile coastline, with bike enthusiasts able to enjoy the County's 22-mile beach bikeway.

Millions of visitors continue to enjoy the County's multitude of amusement parks, zoos, museums, theaters, sporting venues, motion picture and television studios, parklands, and world-renowned restaurants and retail centers. In addition, the County is the host to a number of major annual events such as the January 1st Rose Parade & Rose Bowl game, Long Beach Grand Prix, Grammy Awards, and the Academy Awards. Los Angeles County has been a prior host to major sporting events such as the Summer Olympics, the World Cup, X Games, BCS College Football National Championship, and the Super Bowl.

In January 2016, National Football League (NFL) team owners voted to allow the St. Louis Rams to move to Los Angeles for the 2016 NFL season. A year later, NFL team owners voted to allow the San Diego Chargers to relocate to Los Angeles for the 2017 NFL season. After nearly four years of construction, the SoFi Stadium was completed in September 2020 at a cost of $4.963 billion. The 298-acre facility located in the City of Inglewood features a stadium with a translucent roof with seating for 70,240 spectators, and the ability to expand an additional 30,000 seats for special events. The venue will be home to the Los Angeles Rams and Los Angeles Chargers and will host the 56th Super Bowl in February 2022, the College Football Championship Game in 2023, and the Opening and Closing Ceremonies of the Olympic Games in 2028. The new stadium is part of a larger privately financed multibillion-dollar entertainment, retail and housing complex located on the former site of Hollywood Park.

In July 2017, the International Olympic Committee announced that the City of Los Angeles will host the 2028 Summer Olympics. This will be the third time that Los Angeles has hosted the Summer Olympics, with the previous occasions occurring in 1932 and 1984. A study prepared by Beacon Economics and the University of California Riverside estimated that the Olympic Games will have a significant economic impact to the regional economy, with an estimated $9.6 billion in visitor spending generating approximately $152 million to $167 million of additional tax revenues.

On April 18, 2018, a new soccer stadium in Exposition Park was opened to the public. This Gensler-designed stadium seats 22,000 and is the home stadium to the Major League Soccer franchise the Los Angeles Football Club. This $350 million facility also includes shops, restaurants, and conference space.

Population

The County is the most populous county in the U.S. with nearly 10.2 million people estimated to be residing within its borders. The County's population makes it equivalent to the tenth largest state in the nation and accounts for approximately 25.6% of the total population of California. According to the U.S. Census Bureau's demographic profile, the County's population is comprised of 48.6% Hispanic, 25.9% White, 14.7% Asian, 8.1% African American and 2.7% other. The County is home to the highest number of foreign–born residents in the nation and has the largest population of persons of Chinese, Filipino, Japanese, Korean, Mexican, Salvadoran and Thai descent outside their native countries. With 102 consulates, the County has a larger consular corps than any other U.S. city outside of Washington D.C. with more than 220 languages and cultures represented across the County. It is estimated that 79.1% of the adult population has a high school diploma or higher, and 32.5% has a bachelor's degree or higher. Table B illustrates the recent historical growth of the County's population.

Employment

Since the 2008 economic downturn, which had a significant adverse impact on the local economy, the County experienced a steady recovery in the job market from 2010 to 2019. The average unemployment rate increased from 5.1% in 2007 to 12.5% in 2010, but experienced a steady improvement over the next nine years to a cyclical low of 4.5% in 2019. In comparison, the average unemployment rates for the State of California and the United States in 2019 were 4.1% and 3.7%, respectively. Prior to the COVID-19 pandemic, the unemployment rate in the County was expected to experience continued improvement over the next two years, falling to 4.3% in 2020 and 4.1% in 2021, as the County approached full employment. As a result of the COVID-19 pandemic, the County experienced significant job losses in 2020, with the unemployment rate increasing to 13.6%. The County's future employment outlook is expected to improve significantly over the next two years, with the unemployment rate falling to 9.3% in 2021 and 8.1% in 2022. Table E details the County's historical unemployment rates from 2016 through 2020. Table F details the non-agricultural employment statistics by sector for the County from 2016 through 2020.

Personal Income

Total personal income in the County grew by an estimated 7.3% in 2020. The 2020 total personal income of $700 billion represents an estimated 24.8% of the total personal income generated in California. Prior to the COVID-19 pandemic, the LAEDC was projecting continued growth in personal income of 1.8% for 2020 and 2.1% for 2021. Based on current projections, personal income is expected to decrease by 1.7% in 2021 and increase by 2.8% in 2022. Table C provides a summary of the personal income statistics for the County from 2016 through 2020.

Consumer Spending

As the most populous county in the nation with a vibrant and diverse economy, the County is recognized as a national leader in consumer spending. Based on estimates provided by LAEDC, the County experienced a 3.8% increase in total taxable sales in 2019. As a result of the COVID-19 pandemic, total taxable sales in the County are estimated to have decreased by 10.1% in 2020. The $154.9 billion of total estimated taxable sales in the County for 2020 represents 22.5% of the total taxable sales in California, which underscores the significant importance of the County to the economic health of California. Table D provides a summary of total taxable sales activity in the County from 2016 through 2020.

Industry

With an estimated annual economic output of $807 billion in 2020, the County continues to rank among the world's largest economies. The County's 2020 Gross Product represents approximately 26.1% of the total economic output in California and 3.9% of the Gross Product of the United States. The County's business environment is distinguished by its diversity and balance and it is recognized as a world leader in technology, electronics, energy, communications, and entertainment. The top industries in the manufacturing sector include computer and electronics, apparel, transportation equipment, fabricated metal products, and food. Table A provides the Gross Product statistics for the County from 2016 through 2020.

International Trade

Due to its strategic location, broad transportation network and extensive cargo facilities, the County has become the leading center of international trade in the United States. The County's airports and extensive port facilities serve as the gateway for the Southern California region's thriving international trade. The value of two-way trade in the LACD experienced steady growth over the previous decade, resulting in a record level of $357.1 billion in 2008. After decreasing to $340.2 billion in 2009, the value of two-way trade in the LACD grew by 25.8% from 2009 to 2019. As a result of the global economic downturn caused by the COVID-19 pandemic, the value of international trade processed through the LACD decreased by 5.3% from $412.9 billion in 2019 to $405.3 billion in 2020.

Transportation and Infrastructure

The County is one of the world's largest transportation centers. The region's ports, airports, integrated rail and highway facilities are part of an extensive transportation infrastructure that provides valuable service to residents, visitors, and industry.

Airports and Harbors

All transcontinental airlines and many international carriers serve the Los Angeles area through major air terminals at LAX, Long Beach Airport and the Bob Hope Airport in Burbank. LAX is ranked as the fifteenth busiest airport in the world and fifth in the United States for passenger traffic. In 2020, due to travel restrictions related to the COVID-19 pandemic, LAX served 28.8 million passengers, representing a 67.3% decrease from the previous year. The 2.5 million tons of air cargo handled at LAX in 2020, represents an increase of 6.6% from 2019 levels. The $14 billion capital improvement project currently underway at LAX is expected to generate approximately 121,000 local jobs and is projected to last through 2028. On May 2, 2016, the Bob Hope Airport changed its branding name to Hollywood Burbank Airport to increase name recognition outside of Southern California. The Hollywood Burbank Airport is currently in the planning stage to replace its 14-gate terminal with a new state of the art facility. Construction was originally expected to begin on the replacement terminal in the first quarter of 2021. However, the project has been temporarily placed on hold due to the COVID-19 pandemic.

The Ports of Los Angeles and Long Beach are adjacent ports that encompass the nation's largest port complex in terms of annual cargo tonnage and container volume. The combined Los Angeles/Long Beach port complex has been one of the fastest growing port facilities in the United States and is the busiest port complex in the U.S. and western hemisphere, and the tenth busiest in the world. The port complex is a powerful economic force in the region, with a direct connection to hundreds of thousands of jobs in Southern California and billions of dollars in state and local tax revenue. The combined port complex handled over 17.3 million TEUs, which represents a 2.0% increase in container volume from 2019.

The Port of Los Angeles is one of the largest man-made harbors in the world. In 2019, it was ranked as the busiest container port in the United States and the seventeenth (17th) busiest in the world, as measured by annual container volume. The Port of Los Angeles covers over 7,500 acres and includes 43 miles of waterfront. The Port has 27 passenger and cargo terminals, including facilities to handle automobiles, containers, dry bulk and liquid bulk products. In 2020, the Port handled over 9.2 million TEUs, which represents a 1.3% decrease in container volume from 2019.

The Port of Long Beach is also among the world's busiest container ports and was ranked behind the Port of Los Angeles as the second busiest port in the nation, and the twentieth (20th) busiest in the world in 2019. The Port of Long Beach covers 3,520 acres with 10 separate piers, 62 berths, 68 cranes and 22 shipping terminals. In 2020, the port handled over 8.1 million TEUs of container cargo, which represents an increase of 5.9% from 2019.

The Ports of Los Angeles and Long Beach are currently in the process of major ongoing expansion programs that are expected to facilitate further growth and expansion of trade activity. The expansion of port facilities will have a positive future economic impact on the region through the creation of new jobs in the trade-related sectors of the local economy. The various expansion related projects will enable the region to more effectively manage higher volumes of imports and exports and provide a faster and more efficient system for the transportation of cargo from the port complex to markets nationwide.

Metro System

The Metro System is a multi-modal and integrated passenger transportation system that provides service to the greater Los Angeles area. With over 380 million in annual boardings, the Metro System is the largest public transportation system in the U.S. The Metro System was designed to meet the travel needs of the area's diverse population centers through a variety of transportation services that will be implemented over a 30-year period. The integrated Metro System is administered and operated by the MTA, which is responsible for the planning, design, construction and operation of the public transportation system for the County.

The Fiscal Year 2020-21 operating budget for the MTA is $6 billion, which is funded primarily through voter approved State and local sales taxes, State gasoline taxes, and various Federal, State and local grants. The MTA is currently working on approximately $18.3 billion of multiple transportation infrastructure projects which include but not limited to, the Airport Rail Connector and Green Line Extension; East San Fernando Valley Transit Corridor; Gold Line Rail Extension; Purple Line Rail Subway Extension; West Santa Anita Light Rail Corridor; Orange Line BRT Improvements; South Bay Green Line Rail Extension and the Crenshaw/LAX Light Rail Extension.

Visitor and Convention Business

Tens of millions of visitors travel to Southern California each year, providing a significant contribution to the County's economy. Recently constructed hotels in downtown Los Angeles, Beverly Hills and Hollywood are expected to attract additional business and leisure travelers to the County. In 2018 and 2019, the Los Angeles region hosted an estimated 50 million visitors, representing a 3.1% increase from 2017. However, as a result of the COVID-19 pandemic, the region was expected to draw an estimated 29 million visitors in 2020.

Real Estate and Construction

After enduring the adverse effects of the economic downturn starting in late 2007, the County's residential housing market experienced a strong and steady recovery from 2012 to 2020. The average median price for new and existing homes, decreased by nearly 46% from a peak of $532,281 in 2007 to a cyclical low of $290,015 in January 2012. However, the real estate market stabilized in 2012 and experienced a strong recovery, with an increase in the average median home price of 104.2% from 2012 to 2020.

In 2020, the real estate market continued to experience strong growth, as the average median home price increased by 9.0% to $674,927 from 2019. After a record high of 105,433 in 2009, notices of default recorded decreased by 90.7% to 9,821 in 2019. Notices of default recorded continued to decrease in 2020 to 4,858, which represents a 50.5% decrease from 2019. Foreclosures, as measured by the number of trustees deeds recorded, experienced a significant decrease of over 95% from a cyclical high of 39,774 in 2008 to 1,649 in 2019. The number of trustees deeds recorded continued to decrease in 2020 to 876, which represents a 47% decrease from 2019.

Despite the severe downturn in the housing market from 2007 to 2011, the County has maintained stable assessed valuations. The stability of the property tax base is primarily due to the significant amount of "stored value" in the secured property tax roll as a result of Proposition 13. For Fiscal Year 2020-21, the County Assessor reported a Net Local Roll of $1.7 trillion, which represents a 5.98% increase from the Net Local Roll of $1.6 trillion in Fiscal Year 2019-20. The Net Local Roll in Fiscal Year 2020-21 represents a 57.5% increase from Fiscal Year 2011-12, and the tenth consecutive year of growth in assessed valuation after the previous economic downturn in 2008.

The commercial real estate sector experienced a significant decline in 2020. Construction lending decreased by 34.8% from $14,193 billion in 2019 to $9,247 billion in 2020. Office market vacancy rates increased from 14.2% in 2019 to 16.5% in 2020, which is still significantly higher than the 9.7% rate in 2007, prior to the economic downturn. Industrial market vacancy rates increased to 1.8% in 2020 from 1.2% in 2019, which is higher than the 1.5% vacancy rate in 2007 prior to the economic downturn.

On June 23, 2017, the InterContinental hotel in the Wilshire Grand Center in Downtown Los Angeles opened after several years of construction. The 73-story, 1,100-foot tall structure, includes an InterContinental hotel, office space and condominiums, represents a $1.35 billion private investment in Downtown Los Angeles. In August 2017, the University of Southern California completed a $700 million mixed-use complex adjacent to its main campus, which is located just south of Downtown Los Angeles. The 1.2 million-square foot complex includes seven residential halls, a 30,000 square-foot fitness center, and is home to commercial tenants such as Trader Joes, Target and CVS. In November 2018, demolition began on the Grand, a $1 billion mixed use development project designed by Frank Gehry. Construction of the Grand, with 39 stories and more than 400 condos and apartments is expected to be completed in 2022.

COUNTY OF LOS ANGELES
ECONOMIC AND DEMOGRAPHIC STATISTICAL TABLES

GROSS PRODUCT

POPULATION LEVELS

TOTAL PERSONAL INCOME

TOTAL TAXABLE SALES

UNEMPLOYMENT RATES

AVERAGE ANNUAL EMPLOYMENT

SUMMARY OF AIRPORT AND PORT ACTIVITY

VALUE OF INTERNATIONAL TRADE AT MAJOR U.S. CUSTOMS DISTRICTS

TOTAL TONNAGE OF MAJOR WEST COAST PORTS

TOTAL CONTAINER TRAFFIC AT MAJOR U.S. PORTS

REAL ESTATE AND CONSTRUCTION INDICATORS

BUILDING PERMITS AND VALUATIONS

LARGEST PRIVATE SECTOR EMPLOYERS

TABLE A: GROSS PRODUCT OF LOS ANGELES COUNTY (in billions of $)

	2016	2017	2018	2019	2020
Los Angeles County	$719	$756	$785	$819	$807
State of California	2,671	2,831	2,975	3,133	3,092
United States	18,745	19,543	20,612	21,433	20,937
Los Angeles County as a % of California	26.9%	26.7%	26.4%	26.1%	26.1%

Source: Los Angeles County Economic Development Corporation; Bureau of Economic Analysis-US Department of Commerce

TABLE B: POPULATION LEVELS (in thousands)

	2016	2017	2018	2019	2020
Los Angeles County	10,158	10,194	10,210	10,184	10,173
State of California	39,141	39,409	39,597	39,706	39,793
Los Angeles County as a % of California	26.0%	25.9%	25.8%	25.6%	25.6%

Source: Los Angeles County Economic Development Corporation

TABLE C: TOTAL PERSONAL INCOME: HISTORICAL SUMMARY BY COUNTY (in millions of $)

	2016	2017	2018	2019	2020
Los Angeles County	581,447	602,415	627,606	653,483	700,044
Orange County	200,782	209,631	218,876	227,730	242,171
San Diego County	186,809	193,889	203,855	212,749	229,379
Riverside and San Bernardino Counties	171,110	83,398	186,266	196,455	211,942
Ventura County	48,525	50,066	52,502	54,749	58,777
State of California	2,273,557	2,383,131	2,514,503	2,632,280	2,822,297
Los Angeles County as a % of California	25.6%	25.3%	25.0%	24.8%	24.8%

Source: Los Angeles County Economic Development Corporation

TABLE D: TOTAL TAXABLE SALES IN LOS ANGELES COUNTY (in millions of $)

	2016	2017	2018	2019	2020
Los Angeles County	155,156	160,280	166,024	172,314	154,852
State of California	653,856	677,823	706,835	732,757	687,942
Los Angeles County as a % of California	23.7%	23.6%	23.5%	23.5%	22.5%

Source: California Department of Tax and Fee Administration

TABLE E: UNEMPLOYMENT RATES

	2016	2017	2018	2019	2020
Los Angeles County	5.3%	4.8%	4.7%	4.5%	13.6%
State of California	5.5%	4.8%	4.2%	4.1%	11.3%
United States	4.9%	4.4%	3.9%	3.7%	10.4%

Source: Los Angeles County Economic Development Corporation

TABLE F: ESTIMATED AVERAGE ANNUAL EMPLOYMENT IN LOS ANGELES COUNTY BY SECTOR

Non-Agricultural Wage and Salary Workers (in thousands)

Employment Sector	2016	2017	2018	2019	2020
Health Care & Social Assistance	650.8	675.9	702.9	706.8	696.1
Wholesale & Retail Trade	640.0	644.9	645.6	638.4	578.7
Government	561.9	568.2	572.4	586.9	565.6
Leisure and Hospitality	506.3	520.6	535.3	547.2	394.4
Manufacturing	355.4	346.4	342.2	340.7	313.8
Professional Scientific & Technical Services	274.3	281.4	291.2	301.2	287.0
Administrative & Support & Waste Services	266.5	267.4	268.1	279.8	247.0
Transportation, Warehousing & Utilities	173.8	184.0	196.2	213.0	208.6
Other	182.8	178.5	162.7	160.3	128.7
Information	227.7	200.5	198.9	217.9	185.8
Construction	132.6	137.4	145.6	149.8	145.5
Finance & Insurance	136.8	136.1	135.7	135.2	131.5
Educational Services	97.9	100.4	103.2	133.1	124.9
Real Estate & Rental & Leasing	81.0	83.6	86.4	88.2	80.1
Management of Companies & Enterprises	56.3	56.6	59.4	63.0	59.2
Total	4,344.1	4,381.8	4,445.8	4,561.5	4,146.9

Source: Los Angeles County Economic Development Corporation; California Employment Development Department

TABLE G: SUMMARY OF AIRPORT AND PORT ACTIVITY (in thousands)

Type of Activity	2016	2017	2018	2019	2020
International Air Cargo (Tons)					
Los Angeles International Airport	1,336.3	1,476.7	1,557.6	1,436.0	1,530.4
As Percentage of Total Air Cargo	60.59%	61.80%	63.68%	62.08%	62.09%
Total Air Cargo (Tons)					
Los Angeles International Airport	2,205.3	2,389.5	2,446.1	2,313.2	2,464.8
Long Beach Airport	25.2	23.0	21.6	21.1	15.7
Hollywood Burbank Airport	53.3	54.4	56.6	53.0	56.6
Total	2,283.8	2,466.9	2,524.3	2,388.1	2,537.1
International Air Passengers					
Los Angeles International Airport	22,850.2	24,829.4	26,053.6	25,696.3	6,421.7
As Percentage of Total Passengers	28.2%	29.4%	29.8%	29.2%	22.3%
Total Air Passengers					
Los Angeles International Airport	80,921.5	84,558.0	87,534.4	88,068.0	28,779.5
Long Beach Airport	2,841.1	3,783.8	3,884.7	3,584.2	1,043.8
Hollywood Burbank Airport	4,142.9	4,739.5	5,264.0	5,983.7	1,995.3
Total	87,905.5	93,081.3	96,683.1	97,635.9	31,818.6
Container Volume (TEUs)					
Port of Los Angeles	8,856.8	9,343.2	9,458.7	9,337.6	9,213.4
Port of Long Beach	6,775.2	7,544.5	8,091.0	7,632.0	8,113.3
Total	15,632.0	16,887.7	17,549.8	16,969.6	17,326.7

Source: Los Angeles World Airports; Hollywood Burbank Airport; Long Beach Airport; Port of Long Beach; Port of Los Angeles

TABLE H: VALUE OF INTERNATIONAL TRADE AT MAJOR CUSTOMS DISTRICTS (in millions of $)

Customs District	2016	2017	2018	2019	2020
Los Angeles, CA	$397,960	$430,929	$455,914	$427,910	$405,280
New York, NY	356,426	364,165	392,360	381,111	394,367
Laredo, TX	282,841	302,561	326,826	324,601	291,099
Detroit, MI	247,973	264,323	270,340	262,980	225,379
Chicago, IL	198,242	223,480	251,933	255,411	268,869
New Orleans, LA	193,279	217,456	238,462	218,228	195,476
Houston-Galveston, TX	161,457	192,003	234,024	235,840	196,897
Savannah, GA	143,792	155,837	173,173	180,575	170,764
Seattle, WA	147,293	149,164	155,249	142,620	111,159
Cleveland, OH	131,794	142,684	152,342	151,270	149,517

Source: USA Trade Online

TABLE I: TOTAL TONNAGE OF MAJOR WEST COAST PORTS (in thousands)

Port	2016	2017	2018	2019	2020
Los Angeles-Long Beach, CA	209,685	222,980	222,979	217,958	213,643
Tacoma, WA	38,153	34,697	33,830	31,518	25,075
Oakland, CA	31,100	31,388	31,773	32,440	32,516
Seattle, WA	15,134	17,848	19,786	17,919	16,942
Longview/Kalama, WA	16,931	17,083	18,460	14,629	12,135
Portland, OR	9,743	12,184	13,418	12,661	11,112
Port Hueneme	5,381	5,911	5,948	6,370	5,821
San Diego, CA	5,999	5,193	5,386	5,333	3,943
Vancouver, WA	2,748	2,866	3,086	2,960	2,645

Source: Pacific Maritime Association, Annual Reports

TABLE J: TOTAL CONTAINER TRAFFIC AT MAJOR U.S. PORTS (TEUs in thousands)

Port	2016	2017	2018	2019	2020
Los Angeles-Long Beach, CA	15,632	16,888	17,550	16,970	17,327
New York-New Jersey, NY	6,252	6,711	7,180	7,471	7,586
Savannah, GA	3,645	4,046	4,352	4,599	4,682
Seattle-Tacoma, WA	3,616	3,702	3,798	3,775	3,320
Norfolk, VA	2,656	2,841	2,856	2,938	2,813
Houston, TX	2,183	2,459	2,670	2,990	2,989
Oakland, CA	2,370	2,421	2,546	2,500	2,461
Charleston, SC	1,996	2,178	2,316	2,436	2,310

Source: Port of Los Angeles; Port of Long Beach; The Port Authority of New York and New Jersey; Port of Oakland, Port of Virginia; The Northwest Seaport Alliance; Port of Houston Authority; South Carolina Ports

TABLE K: REAL ESTATE AND CONSTRUCTION INDICATORS IN LOS ANGELES COUNTY

Indicator	2016	2017	2018	2019	2020
1. Construction Lending (in millions)	$11,979	$13,619	$20,419	$14,193	$9,247
2. Residential Purchase Lending (in millions)	$53,362	$53,764	$48,203	$56,480	$73,010
3. New & Existing Median Home Prices	$521,558	$561,335	$598,387	$614,080	$674,927
4. New & Existing Home Sales	81,061	82,318	75,086	73,548	71,474
5. Notices of Default Recorded	13,802	11,402	9,726	9,821	4,858
7. Office Market Vacancy Rates	14.1%	14.3%	14.0%	14.2%	16.5%
8. Industrial Market Vacancy Rates	0.8%	1.2%	1.3%	1.2%	1.8%

Source: Real Estate Research Council of Southern California

TABLE L: BUILDING PERMITS AND VALUATIONS

	2016	2017	2018	2019	2020
Residential Building Permits					
1. New Residential Permits (Units)					
a. Single Family	4,664	5,559	5,800	5,558	6,195
b. Multi-Family	15,272	16,451	16,765	15,804	14,056
Total Residential Building Permits	19,936	22,010	22,565	21,362	20,251
Building Valuations					
2. Residential Building Valuations (in millions of $)					
a. Single Family	$2,096	$2,376	$2,155	$1,907	$1,870
b. Multi-Family	2,765	3,173	3,162	2,947	2,790
c. Alterations and Additions	1,550	1,692	1,754	1,561	1,010
Residential Building Valuations Subtotal	$6,411	$7,241	$7,071	$6,415	$5,670
3. Non-Residential Building Valuations (in millions of $)					
a. Office Buildings	$345	$498	$426	$470	$242
b. Retail Buildings	541	688	770	1,174	896
c. Hotels and Motels	332	89	213	203	232
d. Industrial Buildings	154	132	91	63	31
e. Alterations and Additions	2,774	2,999	2,424	3,258	1,227
f. Other	618	876	1,724	723	674
Non-Residential Building Valuations Subtotal	$4,764	$5,282	$5,648	$5,891	$3,302
Total Building Valuations (in millions)	$11,175	$12,523	$12,719	$12,306	$8,972

Source: Real Estate Research Council of Southern California

TABLE M: LARGEST PRIVATE SECTOR EMPLOYERS IN LOS ANGELES COUNTY

	Company (in order of 2020 Ranking)	Industry	Headquarters	No. of Employees L.A. County	No. of Employees Total
1	Kaiser Permanente	Health Care Provider	Oakland, CA	41,349	220,000
2	University of Southern California	Education-Private University	Los Angeles, CA	22,164	22,724
3	Target Corp.	Retailer	Minneapolis, MN	20,000	350,000
4	Northrop Grumman Corp.	Aerospace/Defense Contractor	Falls Church, VA	18,000	90,000
5	Ralphs/Food 4 Less (Kroger Co. division)	Grocery Retailer	Cincinnati, OH	15,532	N/A
6	Cedars-Sinai	Medical Center	Los Angeles, CA	15,302	15,816
7	Amazon	Online Retailer	Seattle, WA	15,000	848,400
8	Allied Universal	Security Professional and Safety Services	Santa Ana, CA/ Conshohocken, PA	14,480	235,000
9	Providence St. Joseph Health Southern California	Health Care	Renton, WA	14,094	135,000
10	Walt Disney Co.	Entertainment	Burbank, CA	12,750	222,564
11	UPS	Transportation and Freight	Atlanta, GA	11,643	495,000
12	NBCUniversal	Entertainment	New York, NY	11,500	N/A
13	Home Depot	Home Improvement Specialty Retailer	Atlanta, GA	11,200	400,000
14	AT&T Inc.	Telecommunications	Dallas, TX	11,000	N/A
15	Albertsons/Vons/Pavilions	Grocery Retailer	Boise, Idaho	10,000	N/A
16	California Institute of Technology	Private University and Jet Propulsion Lab	Pasadena, CA	9,015	9,761
17	Boeing Co.	Aerospace/Defense Contractor	Chicago, IL	8,000	N/A
18	Wells Fargo	Diversified Financial Services	San Francisco, CA	7,613	266,000
19	ABM Industries, Inc.	Facility Services, Janitorial, Parking	San Francisco, CA	7,500	N/A
20	Bank of America Corp.	Banking and Financial Services	Charlotte, NC	7,500	N/A
21	FedEx Corp.	Shipping and Logistics	Memphis, TN	7,000	N/A
22	City of Hope	Cancer Treatment and Research Center	Duarte, CA	6,730	6,885
23	Children's Hospital Los Angeles	Hospital	Los Angeles, CA	6,400	6,400
24	Raytheon Co.	Aerospace/Defense Contractor	Waltham, MA	6,316	35,700
25	Dignity Health	Hospitals	San Francisco, CA	6,000	N/A
26	Space Exploration Technologies Corp. (SpaceX)	Rockets and Spacecraft	Hawthorne, CA	6,000	N/A
27	Costco Wholesale	Membership Chain of Warehouse Stores	Issaquah, WA	5,578	268,460
28	SoCal Gas	Natural Gas Utility	San Diego, CA	5,400	N/A
29	Long Beach Memorial Medical Center	Health Care	Fountain Valley, CA	4,850	N/A
30	Adventist Health	Health Care System	Roseville, CA	4,583	21,933
31	JPMorgan Chase & Co.	Banking and Financial Services	New York, NY	4,500	N/A
32	Edison Internationals	Energy	Roseville, CA	4,451	12,937
33	Warner Bros. Entertainment Inc.	Entertainment	Burbank, CA	4,400	N/A
34	Paramount Pictures	Entertainment	Hollywood, CA	4,300	N/A
35	99 Cents Only Stores	Retailer	Los Angeles, CA	4,000	N/A
36	Whole Foods Market	Grocery Retailer	Seattle, WA	4,000	
37	Medtronic Diabetes	Diabetes Medical Technology	Northridge, CA	3,955	90,000
38	Huntington Hospital	Hospital	Pasadena, CA	3,730	N/A
39	Lockhead Martin Corp.	Aerospace/Defense Contractor	Bethesda, CA	3,700	110,000
40	Charter Communications Inc.	Cable Provider	Stamford, CT	3,700	98,000
41	City National Bank	Banking and Financial Services	Los Angeles, CA	3,664	5,453
42	Walmart Inc.	Retailer	Bentonville, AR	3,500	N/A
43	Torrance Memorial Medical Center	Medical Center	Torrance, CA	3,400	N/A
44	Pomona Valley Hospital Medical Center	Hospital	Pomona, CA	3,385	N/A
45	Centene Corp.	Health Care	St. Louis, MO	3,000	N/A
46	Farmers Insurance Group	Insurance	Los Angeles, CA	2,902	20,057
47	Aerospace Corp.	Aerospace/Defense Contractor	El Segundo, CA	2,758	4,665
48	Sony Pictures Entertainment	Entertainment	Culver City, CA	2,700	N/A
49	Antelope Valley Hospital	Hospital	Lancaster, CA	2,425	N/A
50	American Honda Motor Co. Inc.	Automotive Manufacturer	Torrance, CA	2,379	N/A

N/A - Not Available
Source: Los Angeles Business Journal - The largest employers ranked by employees in L.A. County - The List, August 2020

APPENDIX B

COUNTY OF LOS ANGELES FINANCIAL STATEMENTS

COUNTY OF LOS ANGELES, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
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MGO Certified Public Accountants

Independent Auditor's Report

The Honorable Board of Supervisors
County of Los Angeles, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Los Angeles, California (County), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Los Angeles County Development Authority (LACDA) (discretely presented component unit), the Los Angeles County Children and Families First – Proposition 10 Commission (First 5 LA) (discretely presented component unit) and the Los Angeles County Employees Retirement Association (LACERA), which represent the following percentages of the assets, net position/fund balances, and revenues/additions of the following opinion units.

Opinion Unit	Assets	Net Position/ Fund Balances	Revenues/Additions
Aggregate discretely presented component units	100%	100%	100%
Aggregate remaining fund information	70%	73%	8%

Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for LACDA, First 5 LA, and LACERA, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Los Angeles, California, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Fire Protection District, Flood Control District, LA County Library, Regional Park and Open Space District, and Mental Health Services Act for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the County's proportionate share of the net pension liability and related ratios, the schedule of County's pension contributions, the schedule of changes in net RHC OPEB liability and related ratios, the schedule of County's RHC OPEB contributions, and the schedule of changes in the total LTD OPEB liability and related ratios as listed on the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Macias Gini & O'Connell LLP

Los Angeles, California
December 11, 2020

This section of the County's Comprehensive Annual Financial Report (CAFR) presents a narrative overview and analysis of financial activities for the year ended June 30, 2020. We recommend that this information be used in conjunction with additional information contained in the letter of transmittal.

Financial Highlights

At the end of the current year, the net position (total assets and deferred outflows of resources, reduced by total liabilities and deferred inflows of resources) of the County was negative $12.437 billion. Net position is classified into three categories and the unrestricted component is negative $33.831 billion.

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

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

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

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

Overview of the Basic Financial Statements

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

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

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

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.

FUND FINANCIAL STATEMENTS

The fund financial statements contain information regarding major individual funds. A fund is a fiscal and accounting entity with a balanced set of accounts. The County uses separate funds to ensure compliance with fiscal and legal requirements.

The County's funds are classified into the following three categories:

- Governmental Funds - These funds are used to account for essentially the same services that were previously described as governmental activities above. However, the fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. Governmental funds include the General Fund, as well as Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and Permanent Funds.

- Proprietary Funds - These enterprise funds are used to account for functions that are classified as "business-type activities" in the government-wide financial statements. The County's Internal Service Funds are also reported within the proprietary fund section. The County's four Hospital Funds and Waterworks Funds are all considered major funds for presentation purposes. There is one nonmajor enterprise fund (Aviation Funds) and it is displayed with the other major enterprise funds.

- Fiduciary Funds - These funds are used to report assets held in a trustee or agency capacity for others and cannot be used to support the County's programs. The Pension and Other Postemployment Benefit Trust Funds, the Investment Trust Funds, and Agency Funds are reported in this fund category, using the accrual basis of accounting.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information concerning the County's proportionate share of the net pension liability and related ratios, the County's contributions to pension benefits, the County's schedule of changes in net Retiree Healthcare (RHC) OPEB Liability and related ratios, the County's contributions to RHC OPEB, and the schedule of changes in the total Long-Term Disability OPEB liability and related ratios.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $12.437 billion at the close of the most recent fiscal year.

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

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

Significant changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources included the following:

Current and Other Assets

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

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

Deferred Outflows of Resources

In the current year, the County's deferred outflows of resources balances were $8.842 billion. The deferred outflows of resources were $7.735 billion and $1.107 billion for governmental and business-type activities, respectively. The total deferred outflows of resources amounts and net increases of $3.017 billion were mostly related to pension and OPEB RHC. The total OPEB related deferred outflows increased by $2.462 billion and $329 million for governmental and business-type activities, respectively, from the prior year. This increase was primarily due to the restructuring of the RHC plan from a cost-sharing to an agent plan, as discussed in Note 9. The net increases of $2.340 billion and $306 million for governmental and business-type activities, respectively, were primarily from the assumptions changes and changes in proportion. The total pension related deferred outflows increased by $284 million and decreased by $56 million for governmental and business-type activities, respectively, from the prior year. These amounts vary from year to year due to differences between projected and actual experience, assumption changes and changes in proportion, as required by GASB 68 and GASB 75.

Liabilities

Current and other liabilities increased by $1.341 billion for governmental activities. Advances payable increased by $1.250 billion. Of this amount, $951 million was attributable to COVID-19 federal funds received in advance as an advance payable, as discussed in Note 22. There was also an increase of $299 million, which was largely due to higher advances for health, mental health, public protection and social services programs. Accounts payable increased by $155 million for amounts owed for the year-end expenditure accruals. Accrued payroll was higher by $11 million due to increases in amounts owed for the year-end payroll accruals. For business-type activities, a net increase of $219 million in current and other liabilities was largely associated with $154 million for COVID-19 Provider Relief Funds received in advance and a $64 million increase in accounts payable for the hospitals.

Liabilities-Continued

Long-term liabilities increased by $3.304 billion for governmental activities and decreased by $334 million for business-type activities. Net OPEB liabilities significantly increased by $1.516 billion for governmental and decreased by $233 million for business-type activities, respectively. As previously stated, the increase in the Net OPEB liability was primarily a result of the restructuring of the plan from a cost-sharing to an agent plan. Net pension liabilities increased in the current year by $1.217 billion and decreased by $1 million for governmental and business-type activities, respectively, which was due to the investment earnings being lower than the actuarial assumptions. For governmental activities, liabilities for bonds payable, notes, loans, workers' compensation and compensated absences were higher by $274 million. For business-type activities, amounts owed to third party payors by the County's hospitals were lower by $107 million as discussed in Note 14. Specific disclosures related to pension liabilities, OPEB liabilities, and other changes in long-term liabilities are discussed and referenced in Notes 8, 9, and 11 to the basic financial statements, respectively.

Deferred Inflows of Resources

In the current year, the County's deferred inflows of resources were $5.900 billion. Deferred inflows of resources decreased by $713 million and increased by $295 million for governmental and business-type activities, respectively. The total OPEB RHC related deferred inflows decreased by $419 million and increased by $200 million for governmental and business-type activities, respectively, from the prior year and was mostly due to the change from a cost-sharing to an agent plan. The OPEB RHC and pension changes in deferred inflows of resources will vary from year to year due to differences between projected and actual experience, assumption changes and changes in proportion. Pension related deferred inflows of resources decreased by $448 million and increased by $13 million for governmental and business-type activities, respectively. Pension and OPEB matters are discussed in more detail in Note 8 and 9, respectively, to the basic financial statements. For service concession arrangements, there were also $78 million of deferred inflows of resources recognized in the current year, which represents a decrease of $4 million from the prior year in governmental activities. This amount represents the present value of installment payments associated with private operators of twenty County golf courses, as discussed in Note 7.

The County's total net position consists of the following three components:

Net Investment in Capital Assets

The largest portion of the County's net position, $17.400 billion, represents its investment in capital assets (i.e., land, buildings and improvements, infrastructure, software and equipment, net of related depreciation), less any related debt and related deferred outflows of resources used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted Net Position

The County's restricted net position at year-end was $3.994 billion. Asset restrictions are primarily due to external restrictions imposed by State legislation and bond covenants. Net position that pertains to the various separate legal entities included in the basic financial statements is also generally restricted because the entities' funding sources require that funds be used for specific purposes.

Unrestricted Net Position (Deficit)

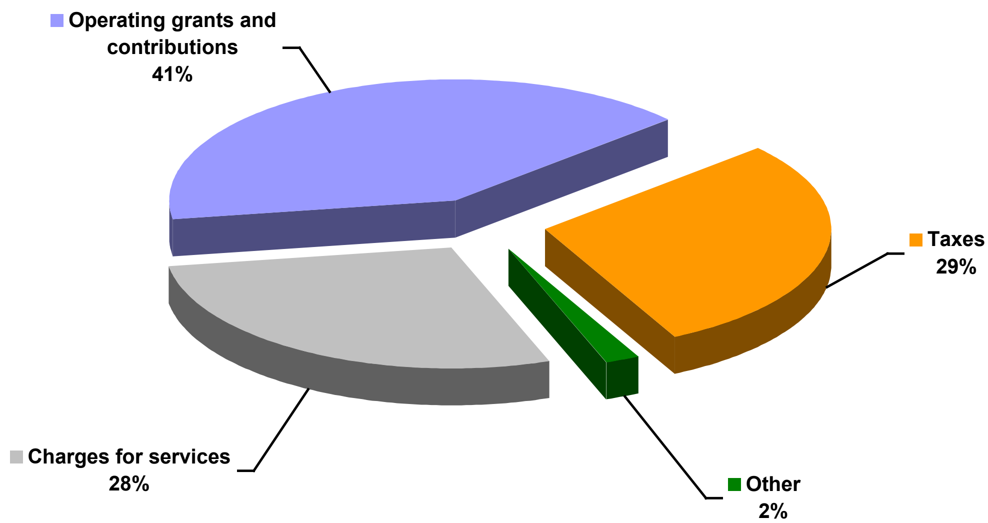
The County's total unrestricted net position is negative $33.831 billion. Both governmental and business-type activities reported deficits in this category of $28.834 billion and $4.997 billion, respectively. OPEB related liabilities of $25.921 billion, along with pension liabilities totaling $11.561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

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

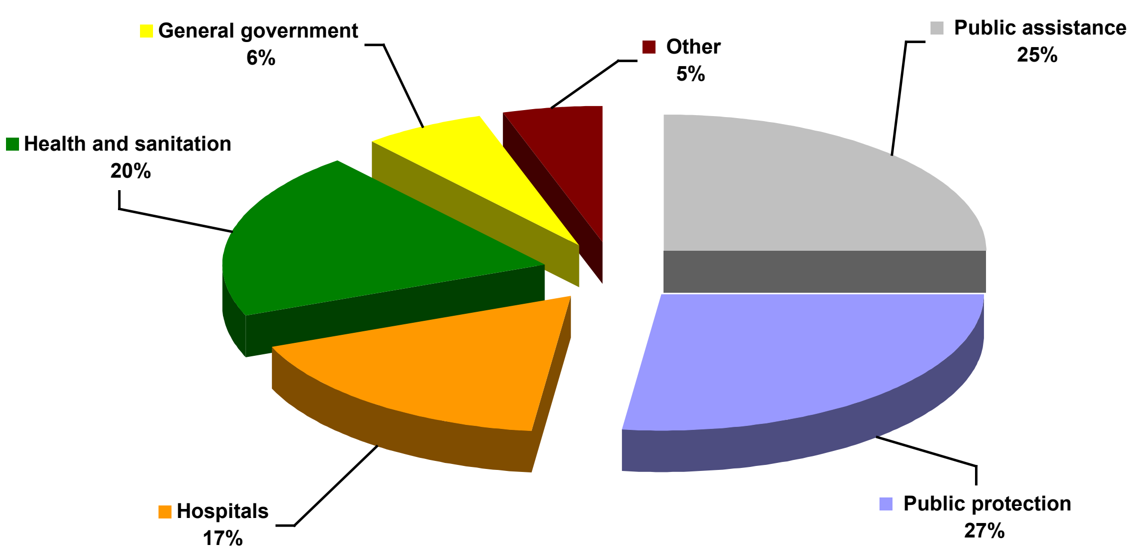
Summary of Changes in Net Position
For the Years Ended June 30, 2020 and 2019
(in thousands)

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

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



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



Governmental Activities

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

- Program revenues recognized from operating grants and contributions increased by $1.208 billion. For health and sanitation programs, there was net revenue growth of $665 million which was from mental health and community health programs of $264 million and $233 million, respectively, which was primarily associated with revenues from the Whole Person Care (WPC) program and Public Health Redesign and Incentives in Medi-Cal (PRIME). State and federal funding for public health programs grew by $149 million primarily from the Substance Abuse Prevention Control program and COVID-19 grants. Revenues for public assistance programs grew by $210 million as there were higher levels of administrative and program reimbursable costs. Revenues for public protection programs increased by $188 million, which was associated with $84 million for the Probation Juvenile Justice Crime Prevention Act State funds, $67 million for the federal and State disaster aid related to the CARES Act and Federal Emergency Management Agency (FEMA) funding, and $24 million for the Diversion and Reentry program.

- Program revenues recognized from charges for services increased by $549 million. The increase was primarily attributable to charges for services for public protection and health and sanitation programs which grew by $267 million and $315 million, respectively. As previously discussed, the Clean, Safe Water Program Measure W increased revenue by $283 million for public protection programs. The County ambulatory care network charges for services increased by $419 million and was offset by a decrease in community health programs Global Payment Program (GPP) revenues of $83 million for health and sanitation programs.

- Taxes, the County's largest general revenue source, were $374 million higher than the prior year and were mostly attributable to property taxes, which grew by $393 million, and was offset by a decline in sales and other taxes of $19 million. The County's total taxable assessed property tax value is $1.626 trillion, which grew by 6.25% in the current year. Property tax revenues were also recognized in conjunction with the dissolution of redevelopment agencies. "Pass through" payments from redevelopment dissolution were $364 million and increased by $8 million from the prior year. Redevelopment dissolution also provides residual property taxes to local governments, including the County. The County's share of such residual tax revenues in the current year was $278 million, a decrease of $12 million compared to the prior year. Revenues also declined by $30 million from the Homeless and Housing Measure H program sales and use taxes.

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

Business-type Activities

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

Expenses related to business-type activities increased from the previous year by a net total of $21 million (0.4%), and were associated primarily with the County's hospitals, where expenses increased by $17 million. As previously stated, the net change was primarily from the change from a cost sharing to an agent multiple employer RHC OPEB plan. RHC OPEB expenses were lower by $424 million. This was offset by higher hospital payroll, pension, and compensated absences expenses of $143 million, $94 million, $27 million, respectively. In addition, there was an increase in intergovernmental transfer expense of $130 million. For all hospital facilities, the average daily inpatient census during the current year was 1,153 patients, which was slightly higher than the 1,145 patients for the prior year.

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the County's financing requirements. Types of governmental funds reported by the County include the General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and the Permanent Funds.

As of the end of the current fiscal year, the County's governmental funds reported combined total fund balances of $9.103 billion, an increase of $324 million in comparison with the prior year. Of the total fund balances, $141 million is nonspendable to indicate the extent that funds are not in spendable form or are required to remain intact. An additional $4.271 billion is classified as restricted, $729 million as committed, and $944 million as assigned. The remaining balance of $3.018 billion is classified as unassigned and is entirely associated with the General Fund.

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

Governmental Funds-Continued

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

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

Following are significant changes in General Fund revenues and expenditures:

- Intergovernmental revenues increased by $708 million overall, and were primarily associated with State and federal revenue increases of $11 million and $707 million, respectively. The County recognized $248 million of State and federal revenue related to the COVID-19 pandemic. Other State and federal revenue growth was attributable to higher levels of reimbursable program and administrative costs in the health administration programs of $231 million, mental health programs of $230 million, ambulatory care network programs of $183 million, public social services programs of $169 million, and public health programs of $106 million. In addition, the AB85 amount owed was higher than the prior year which resulted in a $400 million decrease in State realignment revenue. The remaining variance was a net decrease of $59 million.

- Charges for services increased by a total of $459 million. The significant increase was primarily associated with the GPP revenues for the ambulatory care network program and community health programs of $337 million. Also, there was an increase in charges for services revenues from the managed care services program of $123 million. The Sheriff's department law enforcement services revenues decreased by $18 million due to lower level of security services provided to the hospitals. The remaining variance was a net increase of $17 million from a variety of other programs.

- Revenues from taxes increased by $287 million and property taxes comprised $302 million of this increase which was offset by a decline in sales and other taxes by $15 million. The property taxes increase was primarily associated with growth in assessed property values of $311 million. Residual property tax revenues, which are associated with redevelopment dissolution, were $233 million in the current year, $11 million lower than the prior year. Property tax growth was also reflected in "pass through" property tax revenues, which were $7 million higher in the current year. The sales tax and other taxes declines are a result of the disruption to the economy from the March 2020 stay-at-home orders in response to the COVID-19 pandemic.

Governmental Funds-Continued

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

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

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

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

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

Governmental Funds-Continued

The Mental Health Services Act (MHSA) Fund reported a year-end fund balance of $882 million, which represented a decrease of $57 million in fund balance compared to the previous decrease of $112 million, resulting in a net difference of $55 million. Current year revenues were lower by $46 million, primarily from a decrease in State revenues, while transfers out were lower by $65 million from a decrease in expenditures for affordable housing projects for mental health clients.

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The County's principal proprietary funds consist of four hospital enterprise funds and each one is reported as a major fund. All of the aforementioned funds incurred a net loss prior to contributions and transfers.

The County is legally required to provide local matching funds to the health care system in order to remain eligible for federal and State assistance. Such funds were provided to the hospitals as operating subsidies from the County General Fund during the year as discussed in Note 15 to the basic financial statements. The amount of subsidy, per facility, ranged from $69 million for the Rancho Los Amigos National Rehabilitation Center to $475 million for the LAC+USC Medical Center. The total subsidy amount was $883 million and is reflected in the Statement of Revenues, Expenses and Changes in Fund Net Position as "transfers in." By comparison, the total General Fund subsidy in the prior year was $632 million. During the current year, the County's hospital operations experienced higher levels of patient care revenues and operating expenses in comparison to the prior year as previously discussed.

An additional source of local funding for the Hospitals is the Health Services Measure B Special Revenue Fund (Measure B Fund). The Measure B Fund receives voter approved property taxes for trauma and emergency services. In the current year, the Measure B Fund provided transfers to the LAC+USC Medical Center ($128 million), Harbor-UCLA Medical Center ($44 million), and Olive-View UCLA Medical Center ($44 million). The total current year amount of $216 million in Measure B transfers was slightly lower from the prior year amount of $217 million.

Waterworks Funds reported year-end net position of $780 million, which was $10 million lower than the previous year due to higher operating expenses. There were no significant operational changes during the current year. Current year operating revenues for charges for services were higher by $2 million, operating expenses were higher by $4 million, and nonoperating revenue/(expenses) were higher by $2 million.

General Fund Budgetary Highlights

The accompanying basic financial statements include a Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis for the County's General Fund. The County's budgetary basis of accounting is discussed in Notes 1 and 16 to the basic financial statements. There are approximately 160 separate budget units within the General Fund, excluding capital improvement projects, which are individually budgeted. The data presented below represents the net budgetary changes for the General Fund in a highly summarized format. Accordingly, in certain instances, budgets have been increased for programs within a category even though actual amounts have not been realized for the category in its entirety. Under the budgetary basis, there was a net increase of $107 million in the General Fund's available (unassigned) fund balance from the previous year.

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):

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

Changes from Amounts Originally Budgeted

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

- The estimated revenue for "Charge for Services" increased by $369 million. The increase is primarily from the ambulatory care network, which is associated with improved managed care and GPP revenues from the redesign of the Patient Centered Medical Home staffing model of $374 million. There were $5 million of net budget decreases in charges for services.

- The budgeted "all other revenues" increased by $85 million. Budgeted revenues were increased by $62 million from the Southern California Edison Woolsey Fire settlement funds and $12 million for tobacco settlement revenues. The remaining increases of $11 million were associated with a wide variety of revenues.

- The budget for "other sources and transfers in" increased by $81 million. Budgeted transfers in for information technology and capital projects increased by $59 million from the nonmajor special revenue funds. Mental Health programs funded by the Mental Health Services Act Special Revenue Fund increased by $8 million. Homeless housing programs funded by the Homeless and Housing Measure H nonmajor special revenue fund increased by $6 million. There were net increases to budgeted "other sources and transfers in" of $8 million.

- The budget for tax revenues increased by $66 million. Of this increase, budgeted property taxes increased by $42 million to backfill the potential loss of sales-tax based revenue and vehicle license fees due to the COVID-19 economic impact of $40 million and a loss of animal licenses revenue of $2 million. There was an increase of $16 million that was associated with year-end budgetary changes that are designed to demonstrate compliance with legal provisions related to the appropriation of revenues from property taxes and certain other tax related revenues. Also, there was an increase of $8 million from funds received from the redevelopment agency asset sales for affordable housing and economic development projects.

Actual Revenues/Financing Sources Compared with Final Budget Amounts

Actual revenues and other financing sources recognized by the General Fund were approximately $22.052 billion. This amount was $1.267 billion, or 5.4%, lower than budget. As discussed below, most of this variance was concentrated in the areas of intergovernmental revenues, charges for services, and "other sources and transfers in."

- Actual intergovernmental revenues were $605 million lower than the amount budgeted. Approximately $486 million of intergovernmental revenues were associated with social services and child and family programs, where reimbursable costs were lower than anticipated due to delays in hiring and promoting staff, reduced contractual spending for services and child care provider payments, and delays in implementing new systems. Budgeted intergovernmental revenues of $288 million were not realized for various capital improvements and disaster recovery programs, as these initiatives were not completed prior to year-end. Probation programs accounted for approximately $44 million of this variance, which experienced lower than anticipated reimbursable costs and correspondingly lower than expected revenues. This was offset by higher revenue for public health and ambulatory care network programs. Public health related programs experienced budgeted revenue increases of $107 million, most of which was associated with federal and State grants related to the COVID-19 pandemic. The ambulatory care network services increased by $98 million primarily from the PRIME revenues. The remaining difference of $8 million was related to a variety of other programs.

- Actual charges for services were $345 million lower than the amount budgeted. The decrease was primarily attributable to $143 million of costs associated with public health programs which experienced lower than anticipated reimbursable costs for charges for services due to the shift of resources to respond to the COVID-19 pandemic. Net reductions in revenues of $119 million were from the ambulatory care network and community health programs. Sheriff's department experienced a reduction in collections for their law enforcement services from contract cities and other governmental agencies by $30 million. Approximately $25 million was associated with the Internal Services Department (ISD), which experienced lower reimbursable expenditures. There were net decreases of $28 million related to a variety of other programs.

- The actual amount of "other sources and transfers in" was $401 million lower than the amount budgeted. Of this amount, mental health programs funded by the Mental Health Services Act Special Revenue Fund did not fully materialize at the budgeted level and "transfers in" were $234 million lower than budgeted. In addition, "transfers in" totaling $60 million were assumed in the budget for capital improvements and extraordinary building maintenance projects, which did not incur expected costs. The "transfers in" for the housing for health program, funded by the Homeless and Housing Measure H nonmajor special revenue fund, were $49 million less than budgeted. Costs associated with Probation, Sheriff, and Consumer Protection departmental programs funded by the Other Public Protection Special Revenue Funds were $41 million less than budgeted. There were various other sources and transfers that comprised the remaining variance of $17 million.

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

Changes from Amounts Originally Budgeted

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

- Public protection appropriations were increased by $388 million. The federal and State disaster budget increased by $160 million to respond to the COVID-19 pandemic. Law enforcement appropriations were increased by $124 million which was funded by provisional financing uses for the Sheriff's department operations and to respond to the COVID-19 pandemic. There was also an increase of $74 million for Sheriff salaries and employee benefits appropriations to fund salary increases and overtime expenditures. Probation appropriation were increased by $15 million to help respond to the wildfire damages at the probation camps. There were net increases of $15 million for other public protection programs.

- The category referred to as "All other expenditures" appropriation increased by $207 million. Of this amount, $199 million represented increases in capital improvement projects. The most significant increase within the capital projects was related to facilities for mental health treatment and restorative care villages by $128 million. The remaining variance of $8 million was for recreation and cultural services.

- Appropriations for "Transfers out" were increased by $184 million. The increase was primarily attributable to augmenting the amount of fund transfers from the General Fund to the various Hospital Enterprise Funds by $189 million. The remaining variance of $5 million was from transfers out to various other funds.

Changes from Amounts Originally Budgeted-Continued

- Net fund balance budgetary changes of $111 million had the effect of reducing the available (unassigned) fund balance component. At the end of the year, the restricted fund balance increased by $61 million for utility users' taxes that were not expended and remained obligated for programs in unincorporated areas. Committed fund balance was increased by $40 million for the reserve for rainy day funds, $24 million for the Woolsey Fire recovery effort, and $17 million for Board Budget Policies and Priorities. This was offset by a decrease of $30 million in the committed fund balance for System of Care. The remaining variance of $1 million was attributable to various other fund balance accounts.

- General government appropriations decreased by $280 million. The decrease was largely attributable to appropriations not associated with specific County departments. Provisional appropriations decreased by $189 million and were transferred to fund the Sheriff's department operation costs and COVID-19 related expenditures, legal settlements, community programs, and unspent User Utility Tax funds to obligated fund balance and to other functional categories. In addition, $73 million shifted funds for extraordinary maintenance to capital projects. Nondepartmental special accounts appropriations decreased by $34 million to fund salaries and employee benefits increases for the cost of living adjustments to employees. There were net increases of $16 million for other general governmental programs.

Actual Expenditures/Other Financing Uses Compared with Final Budget Amount

Actual expenditures/other financing uses for the current year were $3.464 billion lower (13.6%) than the final total budget of $25.409 billion. There were budgetary savings in all functional expenditure categories. Following are the functional areas that recognized the largest variations from the final budget:

- The category referred to as "all other expenditures" reflected actual spending of $1.069 billion less than the budgeted amount. Of this variance, $1.034 billion was in the capital outlay category and was related to numerous capital improvements anticipated in the budget that remained in the planning and development stages and did not incur expenditures during the year. Most of the unused balance has been re-established in the following year's budget to ensure the continuity of the projects, many of which are multi-year in nature.

- The general government function reported actual expenditures that were $1.057 billion less than the amount budgeted. Of this amount, $735 million represented budgetary savings for items that are not associated with specific County departments, such as provisional appropriations and central non-departmental appropriations. Salaries and employee benefits savings of $153 million were due to the hiring freeze and vacancies. The Board of Supervisors had budgetary savings of $104 million to be spent in future years for various community projects. The Registrar-Recorder had budgetary savings of $29 million due to lower than anticipated costs associated with election services. The Internal Services Department budget had budgetary savings of $26 million from the continued implementation of the Countywide energy efficiency programs. The remaining $10 million was spread across County departments comprising general government and was mostly related to savings in the areas of services and supplies.

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

- Actual public assistance expenditures were $677 million lower than the final budget. Vendor and assistance payments for social services and children and family programs were lower than budgeted by $415 million. Administrative cost savings in these areas were due to lower than anticipated costs for professional, contracted, and information technology services and the hiring freeze. There were also direct program savings associated with lower than anticipated caseloads. Salaries and employee benefits savings of $170 million were due to the hiring freeze, hiring delays and vacancies. There were $64 million of savings related to homeless and housing programs due to delays in carrying out multi-year projects. The remaining variance of $28 million was related to other public assistance programs.

- Actual public protection expenditures were $276 million less than the budgeted amount. Salaries and employee benefits savings of $114 million were due to the hiring freeze and vacancies. The federal and State Disaster budget unit had budgetary savings of $120 million to be spent on the COVID-19 pandemic projects which were carried over to the following fiscal year. The Probation department had budgetary savings of $18 million due to a delay in purchasing non-essential expenditures. The remaining variance of $24 million was related to other public protection programs.

- Overall expenditures for the health and sanitation category were $251 million less than the budgeted amount. Specifically, the budgetary savings of $155 million was from mental health programs. There were also $90 million from salaries and employee benefits savings from the hiring freeze and vacancies. The remaining variance of $6 million was due to lower than expected services and supplies and contracted costs related to other health and sanitation programs.

Capital Assets

The County's capital assets for its governmental and business-type activities as of June 30, 2020, were $19.990 billion (net of depreciation). Capital assets include land, easements, buildings and improvements, equipment, software, and infrastructure. The major infrastructure network elements are roads, sewers, water, flood control, and aviation. Specific capital asset changes during the current year are presented in Note 6 to the basic financial statements.

The total increase in the County's capital assets (net of depreciation) for the current fiscal year was $246 million as shown in the following table.

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

	Current Year	Prior Year	Increase (Decrease)
Land and easements	$ 7,649,058	$ 7,632,374	$ 16,684
Buildings and improvements	5,724,949	5,629,127	95,822
Infrastructure	4,201,735	4,279,689	(77,954)
Equipment	638,867	661,062	(22,195)
Software	271,428	238,719	32,709
Capital assets, in progress	1,503,910	1,302,501	201,409
Total	$ 19,989,947	$ 19,743,472	$ 246,475

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

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

Debt Administration

During the current year, the County's liabilities for long-term debt, including accreted interest, decreased by $28 million, as newly issued debt and accretions of $1.041 billion were less than the debt maturities of $1.069 billion. Specific changes related to governmental and business-type activities are presented in Note 11 to the basic financial statements.

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

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

In addition to the above borrowing, the County continued to finance General Fund cash flow shortages occurring periodically during the fiscal year by selling $700 million in tax and revenue anticipation notes.

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

Bond Ratings

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

	Moody's	S&P	Fitch
Certificates of Participation	Aa3	AA+	AA
Equipment/Non-Essential Leases	Aa2	AA+	AA
Operating/Non-Essential Leases	Aa2	AA+	AA
Short-Term	MIG1	SP-1+	F1+
Regional Park and Open Space District Bonds	Aa1	AA+	AAA

The County's bond ratings assigned by S&P for Certificates of Participation, Equipment Lease Revenue, Operating Leases, and Regional Park and Open Space District bonds were upgraded from the previous year. S&P revised its ratings outlook from stable to negative in June 2020.

Economic Conditions and Outlook

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

The County's budget continues to reflect the County's long-standing commitment to responsible and sustainable fiscal practices. The COVID-19 pandemic has had a negative impact to the local economy and the County budget. County residents, families, and local businesses have all been hard hit during these unprecedented times. Specifically, the State and County have elevated unemployment rates compared to the rest of the nation and are experiencing a slower recovery as a result. This is a particular concern since the County has a large concentration of workers in industries devastated by the pandemic, including tourism, retail, dining, and entertainment. As such, elevated unemployment rates will likely increase demand for County services, hamper consumer spending, and negatively affect sales tax and other locally-generated revenues. Finally, slower than projected growth in the Consumer Price Index, combined with potential challenges in the commercial and industrial section of the real estate market, could negatively impact the assessed valuation and property taxes as more people work from home. The County will continue to advocate for additional federal stimulus funding and closely monitor key economic indicators to guide our efforts in the development of future budget recommendations that support the needs of County residents and advance the Board's priorities. The County's budget also anticipates uncertainty with budget proposals from both the federal and State agencies that could create significant short and long-term budget challenges for the County.

The County's budget outlook continues to be influenced by the fiscal condition and outlook of the State of California. As part of the State of California's FY 2020-2021 budget, the County received $163 million in federal CARES Act funds and $239 million to backfill the revenue loss from realignment sales tax. The State's economy abruptly grounded to a halt when the COVID-19 pandemic was declared in March 2020. In this regard, the State Legislative Analyst's Office (LAO) reports that California's State economy has undergone rapid but uneven recovery, tax collections and expenditures have been consistent with a more positive economic factor, and a potential windfall of $26 billion in the 2021-2022 budget, but the State also faces an operating deficit beginning in 2021-2022. For the longer term, the LAO recommends the State use half of the windfall to restore the State budget's fiscal resilience, address one-time COVID-19 pandemic needs to mitigate the adverse economic and health consequences of the public health emergency, and begin a multiyear effort to address the ongoing deficit. Health and human services programs are subject to considerable challenges and uncertainty as the State depends on information from the federal government or State executive branch.

The results of the November 3, 2020 nationwide election will bring transition to the United States and federal administration. The County receives substantial federal revenues and operates many programs, which are subject to federal rules and regulations. Federal assistance is especially critical to the County's ability to operate its four County hospitals and health care network. The County is carefully monitoring State and federal policy developments to determine the future impacts, if any, on its ability to administer federal programs and deliver County services that rely upon federal funding.

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

Obtaining Additional Information

This financial report is designed to provide a general overview of the County's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Los Angeles County Auditor-Controller, 500 West Temple Street, Room 525, Los Angeles, CA 90012-3873.

BASIC FINANCIAL STATEMENTS

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

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

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

COUNTY OF LOS ANGELES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020 (in thousands)

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

GENERAL REVENUES:
Taxes:
Property taxes
Utility users taxes
Voter approved taxes
Documentary transfer taxes
Other taxes
Sales and use taxes, levied by the State
Grants and contributions not restricted to special programs
Investment income
Miscellaneous
TRANSFERS - NET
Total general revenues and transfers
CHANGE IN NET POSITION
NET POSITION (DEFICIT), JULY 1, 2019
NET POSITION (DEFICIT), JUNE 30, 2020

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

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

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

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

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

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

COUNTY OF LOS ANGELES
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020 (in thousands)

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

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020 (in thousands)

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

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

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

COUNTY OF LOS ANGELES
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020 (in thousands)

Net change in fund balances - total governmental funds (page 33)		$ 323,974
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Expenditures for general capital assets, infrastructure and other related capital asset adjustments	$ 708,720	
Less - current year depreciation expense	(422,135)	286,585
In the statement of activities, only the gain or loss on the disposal and impairment of capital assets is reported, whereas in the governmental funds, the proceeds from the sale are reported as an increase in financial resources. Thus, the change in net position differs from the change in fund balance.		(61,445)
Contribution of capital assets is not recognized in the governmental funds.		24,851
Amortization of losses on refunding of debt are reported as changes to deferred outflows of resources in governmental activities, but not reported for governmental funds.		(1,525)
Changes in unavailable revenues are reported as changes in deferred inflows of resources for governmental funds, but were recognized when earned for governmental activities.		49,318
Timing differences result in more or less revenues and expenses in the statement of activities.		
Change in accrued interest on long-term receivables	$ (80)	
Change in unamortized premiums	2,572	2,492
Issuance of long-term debt provides resources in the governmental funds, but increases long-term liabilities in the statement of net position.		(682,924)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
Certificates of participation and bonds	$ 431,927	
Notes, loans, and lease revenue obligation notes	239,175	
Assessment bonds	13,620	
Other long-term notes, loans and capital leases	11,072	695,794
Some expenses reported in the accompanying statement of activities do not require (or provide) the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in workers' compensation	$ (131,546)	
Change in litigation and self-insurance	(275,995)	
Change in pollution remediation obligation	(4,561)	
Change in accrued compensated absences	(162,658)	
Change in net pension liability, net of related deferred outflows of resources and deferred inflows of resources	(466,083)	
Change in net OPEB liability, net of related deferred outflows of resources and deferred inflows of resources	1,154,678	
Change in third party payor liability	10,558	
Change in accrued interest payable	(96)	
Change in accretion of bonds and notes	13,879	
Change in accretion of tobacco settlement bonds	(5,553)	
Transfer of capital assets between governmental fund and enterprise fund	(22,986)	109,637
The portion of internal service funds that is reported with governmental activities.		39,203
Change in net position of governmental activities (page 27)		$ 785,960

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020 (in thousands)

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

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
FIRE PROTECTION DISTRICT
FOR THE YEAR ENDED JUNE 30, 2020 (in thousands)

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

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
FLOOD CONTROL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2020 (in thousands)

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

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
LA COUNTY LIBRARY
FOR THE YEAR ENDED JUNE 30, 2020 (in thousands)

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

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
REGIONAL PARK AND OPEN SPACE DISTRICT
FOR THE YEAR ENDED JUNE 30, 2020 (in thousands)

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

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
MENTAL HEALTH SERVICES ACT
FOR THE YEAR ENDED JUNE 30, 2020 (in thousands)

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

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

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

	BUSINESS-TYPE ACTIVITIES -			
	Harbor-UCLA Medical Center	Olive View-UCLA Medical Center	LAC+USC Medical Center	Rancho Los Amigos National Rehab Center
ASSETS				
Current assets:				
Pooled cash and investments: (Notes 1 and 5)				
Operating	$ 5,896	47,916	66,600	480
Other	76,470	6,716	89,725	9,039
Total pooled cash and investments	82,366	54,632	156,325	9,519
Taxes receivable				
Accounts receivable - net (Note 14)	750,214	335,929	948,586	282,685
Interest receivable	79	50	23	16
Other receivables	20,399	12,737	33,284	5,665
Due from other funds (Note 15)	88,084	48,185	178,511	4,431
Advances to other funds (Note 15)				
Inventories	26,872	8,759	16,172	3,003
Total current assets	968,014	460,292	1,332,901	305,319
Noncurrent assets:				
Restricted assets (Note 5)	54,834	15,014		9,384
Other receivables (Note 14)	28,790	5,029	6,531	3,237
Capital assets: (Notes 1, 6 and 10)				
Land and easements	1,671	1,894	16,194	217
Buildings and improvements	940,569	226,534	1,050,748	455,518
Equipment	128,961	90,321	151,656	36,806
Intangible - software	16,921	14,359	20,704	5,616
Infrastructure				
Construction in progress	77,205			89,924
Less accumulated depreciation	(342,378)	(189,361)	(405,666)	(152,464)
Total capital assets - net	822,949	143,747	833,636	435,617
Total noncurrent assets	906,573	163,790	840,167	448,238
TOTAL ASSETS	1,874,587	624,082	2,173,068	753,557
DEFERRED OUTFLOWS OF RESOURCES (Note 20)	336,747	198,722	473,031	98,395
LIABILITIES				
Current liabilities:				
Accounts payable	168,732	74,586	236,812	84,023
Accrued payroll	32,304	17,465	43,059	8,489
Other payables	4,438	2,177	3,826	1,196
Accrued interest payable	13,646	4,529		659
Due to other funds (Note 15)	170,292	67,203	194,410	37,995
Advances from other funds (Note 15)	4,737	2,553	6,401	61,187
Advances payable	66,804	2,047	79,110	6,392
Current portion of long-term liabilities (Note 11)	136,208	38,072	140,794	45,918
Total current liabilities	597,161	208,632	704,412	245,859
Noncurrent liabilities:				
Accrued compensated absences (Note 11)	75,357	40,268	95,117	18,356
Bonds and notes payable net of premiums for bonds payable (Note 11)	535,305	198,300		202,643
Capital lease obligations (Notes 10 and 11)		43		
Workers' compensation (Notes 11 and 18)	104,069	42,399	154,257	30,645
Litigation and self-insurance (Notes 11 and 18)	15,541	718	23,302	167
Net pension liability (Notes 8 and 11)	484,659	274,195	659,788	146,986
Net OPEB liability (Notes 9 and 11)	1,157,068	671,365	1,764,772	367,753
Third party payor (Notes 11 and 14)	104,732	34,617	111,006	20,462
Total noncurrent liabilities	2,476,731	1,261,905	2,808,242	787,012
TOTAL LIABILITIES	3,073,892	1,470,537	3,512,654	1,032,871
DEFERRED INFLOWS OF RESOURCES (Note 20)	345,945	332,031	480,599	96,525
NET POSITION				
Net investment in capital assets	257,693	(45,162)	833,636	209,663
Restricted-				
Debt service	10,651	8,558		43,202
Unrestricted (deficit)	(1,476,847)	(943,160)	(2,180,790)	(530,309)
TOTAL NET POSITION (DEFICIT) (Note 3)	$ (1,208,503)	(979,764)	(1,347,154)	(277,444)

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

Enterprise Funds: Waterworks Funds	Enterprise Funds: Nonmajor Aviation Funds	Enterprise Funds: Total	Governmental Activities: Internal Service Funds	
				ASSETS
				Current assets:
				Pooled cash and investments: (Notes 1 and 5)
$ 113,403	9,743	$ 244,038	$ 59,670	Operating
1,900	1,290	185,140	9,040	Other
115,303	11,033	429,178	68,710	Total pooled cash and investments
892		892		Taxes receivable
15,574	7,003	2,339,991		Accounts receivable - net (Note 14)
141	14	323	107	Interest receivable
	104	72,189	15,006	Other receivables
4,147	331	323,689	123,191	Due from other funds (Note 15)
1,409		1,409		Advances to other funds (Note 15)
		54,806	9,275	Inventories
137,466	18,485	3,222,477	216,289	Total current assets
				Noncurrent assets:
		79,232	11,216	Restricted assets (Note 5)
		43,587		Other receivables (Note 14)
				Capital assets: (Notes 1, 6 and 10)
12,149	134,692	166,817		Land and easements
119,091	42,227	2,834,687		Buildings and improvements
1,582	1,465	410,791	288,061	Equipment
1,322		58,922		Intangible - software
1,215,135	69,996	1,285,131		Infrastructure
43,608	9,829	220,566		Construction in progress
(729,178)	(73,873)	(1,892,920)	(156,489)	Less accumulated depreciation
663,709	184,336	3,083,994	131,572	Total capital assets - net
663,709	184,336	3,206,813	142,788	Total noncurrent assets
801,175	202,821	6,429,290	359,077	TOTAL ASSETS
		1,106,895	285,652	DEFERRED OUTFLOWS OF RESOURCES (Note 20)
				LIABILITIES
				Current liabilities:
5,583	4,062	573,798	9,507	Accounts payable
		101,317	22,444	Accrued payroll
	153	11,790	2,431	Other payables
	19	18,853	361	Accrued interest payable
6,548	1,412	477,860	57,343	Due to other funds (Note 15)
		74,878	22,000	Advances from other funds (Note 15)
25		154,378	1,752	Advances payable
2,700	107	363,799	40,992	Current portion of long-term liabilities (Note 11)
14,856	5,753	1,776,673	156,830	Total current liabilities
				Noncurrent liabilities:
		229,098	65,753	Accrued compensated absences (Note 11)
6,339	1,403	943,990	10,000	Bonds and notes payable net of premiums for bonds payable (Note 11)
		43		Capital lease obligations (Notes 10 and 11)
		331,370	52,051	Workers' compensation (Notes 11 and 18)
		39,728		Litigation and self-insurance (Notes 11 and 18)
		1,565,628	375,571	Net pension liability (Notes 8 and 11)
		3,960,958	942,223	Net OPEB liability (Notes 9 and 11)
		270,817		Third party payor (Notes 11 and 14)
6,339	1,403	7,341,632	1,445,598	Total noncurrent liabilities
21,195	7,156	9,118,305	1,602,428	TOTAL LIABILITIES
		1,255,100	175,583	DEFERRED INFLOWS OF RESOURCES (Note 20)
				NET POSITION
657,169	182,826	2,095,825	101,902	Net investment in capital assets
				Restricted-
		62,411	5,088	Debt service
122,811	12,839	(4,995,456)	(1,240,272)	Unrestricted (deficit)
$ 779,980	195,665	(2,837,220)	$ (1,133,282)	TOTAL NET POSITION (DEFICIT) (Note 3)
		3,357		Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
		$ (2,833,863)		NET POSITION (DEFICIT) OF BUSINESS-TYPE ACTIVITIES (PAGE 25)

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020 (in thousands)

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

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Waterworks Funds	Nonmajor Aviation Funds	Total	Internal Service Funds	
				OPERATING REVENUES:
$		$ 3,744,598	$	Net patient service revenues (Note 14)
	4,409	4,409	24,215	Rentals
86,366	346	86,712	640,315	Charges for services
731	78	247,070		Other (Note 14)
87,097	4,833	4,082,789	664,530	TOTAL OPERATING REVENUES
				OPERATING EXPENSES:
		2,198,837	490,463	Salaries and employee benefits
83,019	2,335	666,666	53,702	Services and supplies
2,265	690	824,799	54,072	Other professional services
23,819	2,526	106,198	35,349	Depreciation and amortization (Note 6)
		6,477		Medical malpractice
		9,133		Rent
109,103	5,551	3,812,110	633,586	TOTAL OPERATING EXPENSES
(22,006)	(718)	270,679	30,944	OPERATING INCOME (LOSS)
				NONOPERATING REVENUES (EXPENSES):
6,832		6,832		Taxes
2,502	228	5,931	621	Investment income
		(669)		Gain (loss) on disposal of capital assets
(156)	(47)	(59,859)	(1,983)	Interest expense
		(1,089,797)		Intergovernmental transfers expense (Note 14)
				Intergovernmental revenues:
1,696	8	1,704		State
	299	299		Federal
428		428		Other
11,302	488	(1,135,131)	(1,362)	TOTAL NONOPERATING REVENUES (EXPENSES)
(10,704)	(230)	(864,452)	29,582	INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS
251	8,233	31,691		Capital contributions
39		1,307,822	11,792	Transfers in (Note 15)
(18)	(64)	(207,585)	(41)	Transfers out (Note 15)
(10,432)	7,939	267,476	41,333	CHANGE IN NET POSITION
790,412	187,726		(1,174,615)	NET POSITION (DEFICIT), JULY 1, 2019
$ 779,980	195,665		$ (1,133,282)	NET POSITION (DEFICIT), JUNE 30, 2020
		2,131		Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
		$ 269,607		CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES (PAGE 27)

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

	BUSINESS-TYPE ACTIVITIES -			
	Harbor-UCLA Medical Center	Olive View-UCLA Medical Center	LAC+USC Medical Center	Rancho Los Amigos National Rehab Center
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from patient services	$ 1,402,509	662,372	2,105,233	316,001
Rentals received				
Rentals received from other funds				
Cash received from charges for services				
Other operating revenues	109,541	27,034	100,364	9,322
Cash received for services provided to other funds	30,867	30,037	31,539	613
Cash paid for salaries and employee benefits	(761,191)	(406,812)	(1,007,444)	(200,890)
Cash (paid) returned for services and supplies	(122,476)	(55,983)	(59,373)	23,104
Other operating expenses	(228,976)	(136,860)	(445,741)	(52,873)
Cash (paid) returned for services from other funds	(288,451)	(125,430)	(233,172)	(80,700)
Net cash provided by (required for) operating activities	141,823	(5,642)	491,406	14,577
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash advances received from other funds	614,752	55,736	952,054	190,465
Cash advances paid/returned to other funds	(845,332)	(111,914)	(1,282,147)	(130,535)
Interest paid on advances	(1,546)	(103)	(1,454)	(313)
Intergovernmental transfers	(314,776)	(136,122)	(450,872)	(188,027)
Intergovernmental receipts				
Transfers in	526,247	266,979	646,533	115,059
Transfers out	(534)	(820)	(199,453)	(6,696)
Net cash provided by (required for) noncapital financing activities	(21,189)	73,756	(335,339)	(20,047)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from taxes				
Capital contributions				
Proceeds from bonds and notes	102,395			191,477
Interest paid on capital borrowing	(35,180)	(10,189)		(11,712)
Principal payments on bonds and notes	(102,629)	(4,714)		(233,573)
Principal payments on capital leases	(43)	(30)		
Proceeds from bond premiums	8,433			43,861
Acquisition and construction of capital assets	(30,125)	(5,580)	(13,628)	(30,280)
Net cash provided by (required for) capital and related financing activities	(57,149)	(20,513)	(13,628)	(40,227)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	1,305	999	350	621
Net increase (decrease) in cash and cash equivalents	64,790	48,600	142,789	(45,076)
Cash and cash equivalents, July 1, 2019	72,410	21,046	13,536	63,979
Cash and cash equivalents, June 30, 2020	$ 137,200	69,646	156,325	18,903

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

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

Continued…

FOR THE YEAR ENDED JUNE 30, 2020 (in thousands)

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

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

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

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

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

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

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

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

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

COUNTY OF LOS ANGELES
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2020 (in thousands)

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

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

COUNTY OF LOS ANGELES
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2020 (in thousands)

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

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

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Discretely Presented Component Units-Continued

Los Angeles County Development Authority -Continued

While its Board members are the same as the County Board, LACDA does not meet the criteria for blending due to the following: 1) there is no financial burden or benefit relationship with the County nor does management of the County have operational responsibilities over it; 2) LACDA does not provide services entirely or almost entirely to the County; and 3) LACDA's total debt outstanding is not expected to be repaid with resources of the County. The financial activity of LACDA is reported within the Discretely Presented Component Units column of the government-wide financial statements. LACDA issues a separate financial report that can be obtained at https://www.lacda.org/about-cdc/budget-and-finance or by writing to the Los Angeles County Development Authority at 700 W. Main Street, Alhambra, California 91801.

Los Angeles County Children and Families First - Proposition 10 Commission

Los Angeles County Children and Families First - Proposition 10 Commission, also known as First 5 LA, was established by the County as a separate legal entity to administer the County's share of tobacco taxes levied by the State pursuant to Proposition 10. The Board established First 5 LA with nine voting members and four non-voting representatives. Of the nine voting members, one is a member of the Board of Supervisors, three are heads of County Departments (Public Health, Mental Health, and Children and Family Services), and five are public members appointed by the Board. The non-voting representatives are from other County commissions and planning groups.

First 5 LA services support programs and services for children ages prenatal through five, and their families, in the areas of health, safety, early education and literacy. First 5 LA is a discretely presented component unit of the County because the County's Board appoints the voting Commissioners and the County has the ability to impose its will by removing those Commissioners at will. First 5 LA hires its own employees, including an Executive Director and functions independent of the County. It is discretely presented because its governing body is not substantially the same as the County's governing body and it does not provide services entirely or exclusively to the County. The financial activity of First 5 LA is reported within the Discretely Presented Component Units column of the government-wide financial statements. First 5 LA issues a separate financial report that can be obtained by writing to First 5 LA at 750 N. Alameda Street, Suite 300, Los Angeles, California 90012.

Related Organization

Los Angeles County Office of Education (LACOE) is a legally separate entity from the County. LACOE is governed by a seven-member Board of Education appointed by the County Board. However, the County's accountability for LACOE does not extend beyond making appointments and no financial benefit/burden relationship exists between the County and LACOE. LACOE is deemed to be a related organization. LACOE issues a separate financial report that can be obtained by writing to the Los Angeles County Office of Education at 9300 Imperial Highway, Downey, California 90242-2890.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Basic Financial Statements

In accordance with Governmental Accounting Standards Board Statement (GASB) 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments," the basic financial statements consist of the following:

- Government-wide financial statements;
- Fund financial statements; and
- Notes to the basic financial statements.

Government-wide Financial Statements

The statement of net position and statement of activities display information about the primary government, the County, and its blended and discretely presented component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities, except for services provided among funds (other than internal service funds). These statements distinguish between the governmental and business-type activities of the County and between the County and its discretely presented component units.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs. Grants and contributions that are restricted to meeting the operational or capital requirements of a particular program are also recognized as program revenues. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

Net position is classified into the following three components: 1) net investment in capital assets; 2) restricted; and 3) unrestricted. Net position is reported as restricted when it has external restrictions imposed by creditors, grantors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. At June 30, 2020, the restricted net position balances were $3.927 billion and $67.50 million for governmental activities and business-type activities, respectively. For governmental activities, $558.20 million was restricted by enabling legislation.

When both the restricted and unrestricted components of net position are available, restricted resources are used first and then unrestricted resources are used to the extent necessary.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements

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

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

The County reports the following major governmental funds:

General Fund

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

Fire Protection District Fund

The Fire Protection District Fund is used to account for fire prevention and suppression, rescue service, management of hazardous materials incidents, ocean lifeguard services, and acquisition and maintenance of the Fire Protection District property and equipment. Funding comes primarily from the Fire Protection District's statutory share of the Countywide tax levy, voter-approved taxes and charges for services.

Flood Control District Fund

The Flood Control District provides flood protection services that incorporate an integrated water resource management approach in providing flood protection; increases local water availability through conservation efforts; increases stormwater capture and reduces stormwater and urban runoff pollution; and provides passive recreational opportunities. The primary sources of revenue for the Flood Control District are property taxes and benefit assessments (charges for services).

LA County Library Fund

The LA County Library Fund is used to account for free library services to the unincorporated areas of the County and to cities that contract for these services. Funding comes primarily from the District's statutory share of the Countywide tax levy and voter-approved taxes.

Regional Park and Open Space District Fund

The Regional Park and Open Space District Fund is used to account for the programs designed to preserve beaches, parks, and wild lands, to acquire and renovate new and existing recreational facilities, and to restore rivers, streams, and trails in the County. Funding comes primarily from voter-approved special taxes, benefit assessments (charges for services) and long-term debt proceeds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

Mental Health Services Act Fund

The Mental Health Services Act (MHSA) Fund is used to account for the County's mental health delivery system for children, transition age youth, adults, older adults, and families. Revenues are derived primarily by the passage of State Proposition 63 in November 2004. Proposition 63 generates mental health revenue through a one percent income surcharge on individuals with State taxable incomes over $1.00 million.

The County's four Hospital Funds and Waterworks Funds are all considered major funds for presentation purposes. There is one nonmajor enterprise fund (Aviation Funds). The Hospital Enterprise funds provide health services to County residents. Revenues are principally patient service fees. Subsidies are also received from the General Fund. The Waterworks Enterprise Funds provide water services to County residents. Revenues are derived primarily from the sale of water and water service standby charges. The Aviation Enterprise Funds provide airport services for five County airports. Revenues are derived primarily from airport charges and rentals. A description of each Enterprise Fund is provided below:

Harbor-UCLA Medical Center

The Harbor-UCLA Medical Center (H-UCLA) provides acute and intensive care unit medical/surgical inpatient and outpatient services, trauma and emergency room services, acute psychiatric services, pediatric and obstetric services, and transplants.

Olive View-UCLA Medical Center

The Olive View-UCLA Medical Center (OV-UCLA) provides acute and intensive care, emergency services, medical/surgical inpatient and outpatient health care services, obstetric and gynecological services, and psychiatric services.

LAC+USC Medical Center

The LAC+USC Medical Center (LAC+USC) provides acute and intensive care unit medical/surgical inpatient and outpatient services, trauma and emergency room services, a burn center, psychiatric services, renal dialysis, AIDS services, pediatric and obstetric services, and communicable disease services.

Rancho Los Amigos National Rehabilitation Center

The Rancho Los Amigos National Rehabilitation Center (Rancho) specializes in the rehabilitation for victims of spinal cord injuries and strokes, pathokinesiology and polio services, services for liver diseases, pediatrics, ortho diabetes, dentistry, and neuro-science.

Waterworks Funds

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

Aviation Funds

The Aviation Enterprise Funds are used to account for the administration, maintenance, operation and improvement of the five airports which are owned by the County.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

The following fund types have also been reported:

Internal Service Funds

The Internal Service Funds are used to account for the financing of services provided by a department or agency to other departments or agencies on a cost-reimbursement basis. The County's principal Internal Service Fund is used to account for the cost of services provided by the Department of Public Works to various other County funds and agencies.

Fiduciary Fund Types

Pension and Other Postemployment Benefit Trust Funds

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

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

Investment Trust Funds

The Pooled Investment Trust Fund is used to account for the net position of the County's external investment pool.

The Specific Investment Trust Fund is used to account for the net position of individual investment accounts, in aggregate. The related investment activity occurs separately from the County's investment pool and is provided as a service to external investors.

Agency Funds

The Agency Funds are used primarily to account for assets held by the County in an agency capacity pending transfer or distribution to individuals, private organizations, other governmental entities, and other funds. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. These funds (including property taxes and departmental funds) account for assets held by the County in an agency capacity for individuals or other government units.

Basis of Accounting

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Basis of Accounting-Continued

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers revenues to be available if collectible within one year after year-end, except for property taxes, which are considered available to the extent that they are collectible within 60 days after year-end. When property taxes are measurable but not available, the collectible portion (taxes levied less estimated uncollectibles) is recorded as deferred inflows of resources in the period when an enforceable legal claim to the assets arises. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims (including workers' compensation) and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and capital lease obligations are reported as other financing sources.

For the governmental funds financial statements, revenues are recorded when they are susceptible to accrual. Specifically, ad valorem property taxes (except for redevelopment agency dissolution), sales taxes, investment income (loss), charges for services, and other miscellaneous revenue are all considered to be susceptible to accrual and have been recognized as revenue in the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met and are recorded at the time of receipt or earlier, if the susceptible to accrual criteria are met. When all eligibility requirements are met, except for the timing requirements, a deferred inflow of resources is reported until the time requirements have passed. All other revenues are not considered susceptible to accrual and are recognized when received, including property tax revenues derived from redevelopment agency dissolution.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's four Hospital Enterprise Funds (Hospitals) are from patient services. The principal operating revenues for the Waterworks Enterprise Funds are from charges for services. The principal operating revenues for the Nonmajor Aviation Enterprise Funds and Internal Service Funds are charges for services and rental revenues. Operating expenses for all Enterprise Funds and the Internal Service Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. Medical malpractice expenses, which are self-insured, are classified as operating expenses of the Hospitals. All other revenues and expenses not meeting this definition are reported as nonoperating items. As discussed in Note 14, intergovernmental transfer payments are recorded in the Hospitals and this item is classified as a nonoperating expense.

Agency funds do not have a measurement focus because they report only assets and liabilities. They do, however, use the accrual basis of accounting to recognize receivables and payables.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Budgetary Data

In accordance with the provisions of Sections 29000-29144 of the Government Code of the State of California (Government Code), commonly known as the County Budget Act, the County prepares and adopts a budget on or before October 2 for each fiscal year. Budgets are adopted for the major governmental funds and certain nonmajor governmental funds on a basis of accounting that is different from GAAP. Annual budgets were not adopted for the JPAs, Public Buildings and the LACSC debt service funds, the capital project funds and the permanent funds.

The County budget is organized by budget unit and by expenditure object. Budget units are established at the discretion of the Board. Within the General Fund (with certain exceptions), budget units are generally defined as individual departments. For other funds, each individual fund constitutes a budget unit. Expenditures are controlled at the object level for all budget units within the County, except for capital asset expenditures, which are controlled at the sub-object level. The total budget exceeds $38.553 billion and is currently controlled through the use of approximately 500 separate budget units. There were no excesses of expenditures over the related appropriations within any fund for the year ended June 30, 2020. The County prepares a separate budgetary document, the County Budget, which demonstrates legal compliance with budgetary control. This document is made available to the public on the County's website at https://ceo.lacounty.gov/budget, or can be obtained from the Auditor-Controller's office.

Transfers of appropriations between budget units must be approved by the Board. Supplemental appropriations financed by unanticipated revenue during the year must also be approved by the Board. Transfers of appropriations between objects of expenditure within the same budget unit must be approved by the Board or the Chief Executive Office, depending upon the amount transferred. The original and final budget amounts are reported in the accompanying basic financial statements. Any excess of budgetary expenditures and other financing uses over revenues and other financing sources is financed by beginning available fund balances as provided for in the County Budget Act.

Note 16 describes the differences between the budgetary basis of accounting and GAAP. A reconciling schedule is also presented for the major governmental funds.

Property Taxes

All jurisdictions within California derive their taxing authority from the State Constitution and various legislative provisions contained in the Government Code and Revenue and Taxation Code. Property is assessed at 100% of full cash or market value (with some exceptions) pursuant to Article XIIIA of the California State Constitution and statutory provisions by the County Assessor and State Board of Equalization. The total Fiscal Year (FY) 2019-2020 assessed valuation of the County approximated $1.626 trillion.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Property Taxes-Continued

The County is divided into 12,723 tax rate areas, which are unique combinations of various jurisdictions servicing a specific geographic area. The rates levied within each tax rate area vary only in relation to levies assessed as a result of voter-approved taxes or indebtedness.

Property taxes are levied on both real and personal property. Secured property taxes are levied during September of each year. They become a lien on real property on January 1 preceding the fiscal year for which taxes are levied. These tax payments can be made in two equal installments; the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Secured property taxes, which are delinquent and unpaid as of June 30, are declared to be tax defaulted and are subject to redemption penalties, costs, and interest when paid. If the delinquent taxes are not paid at the end of 5 years, the property may be sold at public auction. The proceeds are used to pay the delinquent amounts due, and any excess is remitted, if claimed, to the taxpayer. Additional tax liens are created when there is a change in ownership of property or upon completion of new construction. Tax bills for these new tax liens are issued throughout the fiscal year and contain various payment and delinquent dates but are generally due within one year. If the new tax liens are lower, the taxpayer receives a tax refund rather than a tax bill. Unsecured personal property taxes are not a lien against real property. These taxes are due on August 1 and become delinquent, if unpaid, on August 31.

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

Legislation Dissolving Redevelopment Agencies and Affect on Property Taxes

State Assembly Bill (AB) x1 26, also referred to as the “Redevelopment Dissolution Act” was approved in 2011. Under AB x1 26, property tax revenues are allocated to pay enforceable legal obligations, pass-through payments and eligible administrative costs. Any remaining property tax revenues, otherwise known as “residual taxes,” are distributed as property tax revenue to the appropriate local government agencies, including the County. In FY 2018-2019, 5 Oversight Boards were established in the County per Senate Bill 107. The Oversight Boards are required to evaluate and approve the successor agencies’ remaining enforceable legal obligations. The County Auditor-Controller is responsible for disbursing property tax increment revenues in accordance with provisions of AB x1 26 and applicable amendments. For the year ended June 30, 2020, the County’s share of residual property tax revenues was $278.49 million, of which $232.53 million was recognized in the County’s General Fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Deposits and Investments

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

Pooled Cash and Investments

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

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

Operating Pooled Cash and Investments

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

Other Pooled Cash and Investments

This account represents amounts identified in various agency funds as of June 30, 2020, that were owed to or were more appropriately classified in County operating funds. Accordingly, certain cash balances have been reclassified from the agency funds as required by GASB 34.

Other Investments

This account represents Pension and OPEB Trust Fund investments, various JPAs, NPCs and Public Buildings (bond financed capital assets), and amounts on deposit with the County Treasurer, which are invested separately as provided by the Government Code or by specific instructions from the depositing entities.

Restricted Assets

Enterprise Funds' restricted assets represent cash and investments of certain JPAs and Public Buildings projects restricted in accordance with the provisions of the certificates of participation issued. The Internal Service Funds' restricted assets represent cash and investments restricted for debt service in accordance with the provisions of the LACCAL bond indenture. All of the above noted assets are included in the various disclosures in Note 5. These restricted assets are presented as noncurrent assets and are generally associated with long-term bonds and certificates of participation payable.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Inventories

Inventories, which consist of materials and supplies held for consumption, are valued at cost using the first in / first out basis. The inventory costs of the governmental funds are accounted for as expenditures when the inventory items are purchased. Reported inventories are categorized as nonspendable fund balance as required by GASB 54, "Fund Balance Reporting and Governmental Fund Type Definitions" (GASB 54) because these amounts are not available for appropriation and expenditure.

Capital Assets

Capital assets, which include land and easements, buildings and improvements, equipment, and intangible and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets are divided into the five following networks: road, water, sewer, flood control and aviation. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value. Certain buildings and equipment are being leased under capital leases as defined in GASB 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." The present value of the minimum lease obligation has been capitalized in the statement of net position and is also reflected as a liability in that statement.

Capital outlay is recorded as expenditures in the governmental fund financial statements and as assets in the government-wide financial statements to the extent the County's capitalization threshold is met. GASB 89, "Accounting for Interest Cost Incurred before the End of a Construction Period," changed the accounting for interest cost incurred before the end of a construction period for business-type activities and enterprise funds. It requires that such interest cost be recognized as an expense in the period in which the cost is incurred. Accordingly, such interest costs for business-type activity and enterprise funds are no longer capitalized as part of the historical cost of a capital asset.

The County's capitalization thresholds are $5,000 for equipment, $100,000 for buildings and improvements, $1 million for software intangible assets, $100,000 for non-software intangible assets, and $25,000 for infrastructure assets. Maintenance and repairs are charged to operations when incurred. Betterments and major improvements, which significantly increase values, change capacities, or extend useful lives are capitalized subject to the threshold in the affected asset category. Upon sale or retirement of capital assets, the cost and the related accumulated depreciation or amortization, as applicable, are removed from the respective accounts and any resulting gain or loss is included in the results of operations. Specific disclosures related to capital assets appear in Note 6. Amortization for software and other intangible assets is included in the reporting of depreciation.

Capital assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

Buildings and Improvements	10 to 50 years
Equipment	2 to 35 years
Software	5 to 25 years
Infrastructure	15 to 100 years

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Capital Assets-Continued

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

Deferred Outflows and Inflows of Resources

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

In addition to assets, the financial statements report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time, except for pension and OPEB related deferred inflows of resources, which will be recognized as a credit to expense.

Specific disclosures of items representing deferred outflows and inflows of resources appear in Note 20.

Advances Payable

The County uses certain agency funds as clearing accounts for the distribution of financial resources to other County funds. Pursuant to GASB 34, for external financial reporting purposes, the portions of the clearing account balances that pertain to other County funds should be reported as cash of the appropriate funds. The corresponding liability is included in "Advances Payable" because the amounts represent unearned revenue. The unspent balance of certain COVID-19 related financial assistance payments are recognized as Advances Payable due to the uncertainty on the revenue recognition since these funds are subject to be returned to the U.S. Department of Treasury if unspent as of December 30, 2020. See Note 22 for additional information.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Compensated Absences

Vacation pay benefits accrue to employees ranging from 10 to 25 days per year depending on years of service and the benefit plan. Sick leave benefits accrue at the rate of 10 to 12 days per year for union represented employees depending on years of service. Non-represented employees accrue at a rate of up to 8 days of sick leave per year depending on the benefit plan. Employees can also accumulate unused holiday and compensatory time off benefits throughout the year. All benefits are payable upon termination, if unused, within limits and rates as specified in the County Salary Ordinance.

Liabilities for accrued compensated absences are accrued in the government-wide financial statements and in the proprietary funds. For the governmental funds, expenditures are recorded when amounts become due and payable (i.e., when employees terminate from service).

Net Pension Liability and Related Balances

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of LACERA and additions to/deductions from LACERA's fiduciary net position have been determined on the same basis as they are reported by LACERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Reported results pertain to liability and asset information within the following defined timeframes:

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

Net OPEB Liability and Related Balances - Retiree Healthcare

For purposes of measuring the net OPEB liability related to Retiree Healthcare, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of LACERA and additions to/deductions from LACERA's fiduciary net position have been determined on the same basis as they are reported by LACERA. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Reported results pertain to liability and asset information within the following defined timeframes:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Total OPEB Liability and Related Balances - Long-Term Disability

For purposes of measuring the total OPEB liability related to Long-Term Disability (LTD), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by the plan. For this purpose, the LTD plan recognizes benefit payments when due and payable in accordance with the benefit terms. Reported results pertain to liability information within the following defined timeframes:

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

Long-term Debt

In the government-wide and proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized in the period issued.

In the governmental funds financial statements, bond premiums, discounts, and issuance costs are recognized in the period issued. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. Interest is reported as an expenditure in the period in which the related payment is made. The matured portion of long-term debt (i.e., portion that has come due for payment) is reported as a liability in the fund financial statements of the related fund.

Fund Balances

In the fund financial statements, the governmental funds report the classification of fund balance in accordance with GASB 54. The reported fund balances are categorized as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Specific details related to Fund Balances appear in Note 21.

Nonspendable Fund Balance - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and long-term notes receivable.

Restricted Fund Balance - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted only by changing the condition of the constraint.

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.

2. NEW ACCOUNTING PRONOUNCEMENTS

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

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

3. DEFICIT NET POSITION

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

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

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

4. ELIMINATIONS

The Regional Park and Open Space District (RPOSD), a blended component unit, is authorized to issue assessment bonds to acquire and improve recreational land and facilities. These bonds are secured by voter-approved property tax assessments. The RPOSD executed a financing agreement with the Public Works Financing Authority, another blended component unit referred to in the basic financial statements as JPAs. Under the terms of the agreement, the RPOSD sold $510.19 million of bonds in 1997 that were acquired as an investment by the JPAs. The JPAs financed this investment from proceeds of a simultaneous issuance of an equivalent amount of bonds as a public offering.

4. ELIMINATIONS-Continued

The structure of the publicly offered JPA bonds was designed to match the RPOSD's bonds relative to the principal and interest maturities and interest rates. This series of transactions was conducted to facilitate the issuance of RPOSD related bonds and to minimize the County's overall interest cost. Pursuant to the financing agreement with the JPAs, the RPOSD has pledged all available tax assessments necessary to ensure the timely payment of principal and interest on the bonds issued by the JPAs. The 1997 bonds were partially refunded in FY 2004-2005 and the remaining 1997 bonds were fully refunded in FY 2007-2008. The transactions between the two component units have been accounted for as follows:

Fund Financial Statements

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

In order to reflect the economic substance of the transaction described above, an eliminations column has been established in the governmental funds financial statements. The purpose of the column is to remove the duplication of revenues and expenditures that resulted from the consolidation of the two component units into the County's overall financial reporting structure.

Government-wide Financial Statements

The government-wide financial statements are designed to minimize the duplicative effects of transactions between funds. Accordingly, the effects of the transaction described above have been eliminated from the amounts presented within governmental activities (as appropriate under the accrual basis of accounting). The specific items eliminated were investment income and interest expense ($352 thousand for each). Accordingly, there are no reconciling differences between the two sets of financial statements (after the effects of eliminations) for this matter.

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

5. CASH AND INVESTMENTS

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

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

5. CASH AND INVESTMENTS-Continued

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

Cash:		
County		
Imprest Cash	$	10,561
Cash in Vault		157
Cash in Bank		586,616
Deposits in Transit		17,175
Held by Outside Trustees		111,440
LACDA		11,252
Total Cash		737,201
Investments:		
In Treasury Pool		33,404,850
In Specific Purpose Investment (SPI)		94,641
In Other Specific Investments		302
Held by Outside Trustees		90,515
In LACERA		61,910,593
In Discretely Presented Component Unit - LACDA		520,704
Total Investments		96,021,605
Total Cash and Investments	$	96,758,806

Cash and investments are reported as follows:		
Governmental Funds	$	9,899,756
Proprietary Funds		588,336
Investment Trust Funds		20,963,085
Agency Funds		2,249,352
Pension and OPEB		
Trust Funds (LACERA)		62,014,994
Discretely presented component units:		
- First 5 LA		347,592
- LACDA		695,691
Total Cash and Investments	$	96,758,806

County Treasurer Cash

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

Under California Government Code Section 53652, each financial institution in California is required to pledge a pool of securities as collateral against all of its public deposits. California Government Code Section 53651 delineates the types of eligible securities, and the required collateral percentage, generally at 110%. In addition, under California Government Code Section 53653, the Treasurer has discretion to waive security for the portion of any deposits as insured pursuant to federal law. Through contractual agreement, the Treasurer has opted to waive security for the portion of deposits that is federally insured.

The total balance of deposits in financial institutions was covered by federal depository insurance or collateralized with securities monitored by the California Department of Business Oversight (DBO). DBO confirmed that the pools of collateral related to the County Treasurer's deposits were maintained at required levels as of June 30, 2020.

5. CASH AND INVESTMENTS-Continued

County Investment Pool

California Government Code Sections 53601 and 53635 authorize the Treasurer to invest the External Investment Pool (Pool) and SPI funds in obligations of the United States Treasury, federal agencies, municipalities, asset-backed securities, bankers' acceptances, commercial paper, negotiable certificates of deposit, medium-term notes, corporate notes, repurchase agreements, reverse repurchase agreements, forwards, futures, options, shares of beneficial interest of a Joint Powers Authority (JPA) that invests in authorized securities, shares of beneficial interest issued by diversified management companies known as money market mutual funds (MMF) registered with the Securities and Exchange Commission (SEC), securities lending agreements, the State of California's Local Agency Investment Fund (LAIF), and supranational institutions. California Government Code Section 53534 authorizes the Treasurer to enter into interest rate swap agreements. However, these agreements should only be used in conjunction with the sale of the bonds approved by the Board. As permitted by the California Government Code, the Treasurer developed, and the Board adopted, an Investment Policy that further defines and restricts the limits within which the Treasurer may invest. The investments are managed by the Treasurer, which reports investment activity to the Board on a monthly basis. In addition, the Treasurer's investment activity is subject to an annual investment policy review, compliance oversight, quarterly financial review, and annual financial reporting. The Treasurer also maintains Other Specific Investments, which are invested pursuant to Section 1300.76.1, Title 28, California Code of Regulations. The County has not provided nor obtained any legally binding guarantees during the year ended June 30, 2020, to support the value of shares in the Pool.

The School Districts and the Superior Court are required by legal provisions to participate in the County's investment pool. Fifty-two percent (52.46%) of the Treasurer's Pool consists of these involuntary participants. Voluntary participants in the County's Pool include the Sanitation Districts, Metropolitan Transportation Authority, the South Coast Air Quality Management District and other special districts with independent governing boards. The deposits held for both involuntary and voluntary entities are included in the Pooled Investment Trust Fund. Certain SPI have been made by the County, as directed by external depositors. This investment activity occurs separately from the County's Pool and is reported in the Specific Investment Trust Fund in the amount of $90.96 million. The Pool is not registered as an investment company with the SEC. California Government Code statutes and the County Board set forth the various investment policies that the Treasurer must follow.

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

5. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

Investments in LAIF are governed by the California Government Code and overseen by a 5 member Local Investment Advisory Board as designated by the California Government Code. As of June 30, 2020, the total amount invested by all California local governments and special districts in LAIF was $32.080 billion. LAIF is part of the State of California's Pooled Money Investment Account (PMIA), which as of June 30, 2020 had a balance of $100.980 billion. The PMIA is not SEC registered, but is required to invest according to the California Government Code. Included in the PMIA's investment portfolio are certain derivative securities or similar products in the form of asset-backed securities totaling $3.400 billion at June 30, 2020. Collectively, these represent 3.37% of the PMIA balance of $100.980 billion. The SPI holdings in the LAIF investment pool as of June 30, 2020, were $43.29 million, which were valued using a fair value factor provided by LAIF.

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

		Fair Value Measurement Using			
Pool	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	External Government Investment Pools
Commercial Paper	$ 7,714,420	$	$ 7,714,420	$	$
Corporate and Deposit Notes	103,746		103,746		
Los Angeles County Securities	39,866			39,866	
Negotiable Certificates of Deposit	1,501,192		1,501,192		
U.S. Agency Securities	21,719,708		21,719,708		
U.S. Treasury Securities:					
U.S. Treasury Notes	102,235		102,235		
U.S. Treasury Bills	2,199,064		2,199,064		
Municipals	24,619		24,619		
Total Investments	$ 33,404,850	$	$ 33,364,984	$ 39,866	$
SPI					
Local Agency Investment Fund	$ 43,294	$	$	$	$ 43,294
Los Angeles County Securities	3,677			3,677	
U.S. Agency Securities	47,670		47,670		
Total Investments	$ 94,641	$	$ 47,670	$ 3,677	$ 43,294
Other Specific Investments					
U.S. Treasury Bills	$ 302	$	$ 302	$	$
Total Investments	$ 302	$	$ 302	$	$

5. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

As permitted by the Government Code, the Treasurer developed, and the Board adopted, an Investment Policy that further defines and restricts the limits within which the Treasurer may invest. The table below identifies the investment types that are authorized by the County, along with the related concentration of credit limits:

	Maximum Maturity		Maximum Percentage of Portfolio		Maximum Investment In One Issuer		Minimum Rating	
Authorized Investment Type	**Gov. Code**	**Pool Policy**	**Gov. Code**	**Pool Policy**	**Gov. Code**	**Pool Policy**	**Gov. Code**	**Pool Policy**
U. S. Treasury Notes, Bills and Bonds	5 years	None (1)	None	None	None	None	None	None
U.S. Agency Securities	5 years	None (1)	None	None	None	None	None	None
Local Agency Obligations	5 years	5 years (2)	None	10%*	None	None	None	None (2)
Asset-Backed Securities	5 years	5 years	20%	20%	None	$750 million*	AA	AA (3)*
Bankers' Acceptances	180 days	180 days	40%	40%	30%	$750 million*	None	A-1/P-1/F1*
Negotiable Certificates of Deposit (4)	5 years	3 years*	30%	30%	None	$750 million*	None	A-1/P-1/F1*
Commercial Paper	270 days	270 days	40%	40%	10%	$1.5 billion*	A-1	A-1/P-1/F1
Corporate and Depository Medium-Term Notes (5)	5 years	3 years*	30%	30%	None	$750 million*	A	A-1/P-1/F1*
LAIF	N/A	N/A	None	$75 million (6)	None	None	None	None
Shares of Beneficial Interest	N/A	N/A	20%	15%*	10%	10%	AAA	AAA
Repurchase Agreements	1 year	30 days*	None	$1 billion*	None	$500 million*	None	None
Reverse Repurchase Agreements	92 days	92 days	20%	$500 million*	None	$250 million*	None	None
Forwards, Futures, and Options	N/A	90 days*	None	$100 million*	None	$50 million*	None	A*
Interest Rate Swaps	N/A	None	None	None	None	None	A	A
Securities Lending Agreements	92 days	92 days	20%	20% (7)	None	None	None	None
Supranationals	5 years	5 years	30%	30%	None	None	AA	AA

(1) Pursuant to the California Government Code 53601, the Board granted authority to make investments in U.S. Treasury Notes, Bills and Bonds, and U.S. Agency Securities that have maturities beyond 5 years.

(2) Any obligation issued or caused to be issued on behalf of other County affiliates must have a minimum rating of "A3" (Moody's) or "A-" (S&P or Fitch) and the maximum maturity is limited to thirty years. Any short- or medium-term obligation issued by the State of California or a California local agency must have a minimum rating of "MIG-1" or "A2" (Moody's) or "SP-1" or "A" (S&P) and the maximum maturity is limited to 5 years.

(3) All Asset-Backed securities must be rated at least "AA". Pool Policy also requires that Asset-Backed securities issuers' debt be rated "A" or its equivalent or better.

(4) Euro Certificates of Deposit are further restricted to a maximum maturity of one year and a maximum percentage of portfolio of 10%.

(5) Floating Rate Notes are further restricted to a maximum maturity of 5 years, maximum of 10% of the portfolio, and maximum investment in one issuer of $750 million. The maximum maturity may be 7 years, provided that the Board's authorization to exceed maturities in excess of 5 years is in effect, of which $100 million par value may be greater than 5 years to maturity.

(6) The maximum percentage of the portfolio is based on the investment limit established by LAIF for each account, not by Pool Policy.

(7) The maximum par value is limited to a combined total of reverse repurchase agreements and securities lending agreements of 20% of the base value of the portfolio.

*Represents restriction in which the County's Investment Policy is more restrictive than the California Government Code.

5. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

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

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

The unrealized gain on investments held in the Pool was $96.26 million as of June 30, 2020. This amount takes into account all changes in fair value that occurred during the year. The method used to apportion the unrealized gain was based on a pro-rata share of each funds' cash balance as of June 30, 2020 relative to the County Pool balances. A separate financial report is issued for the Pool for the year ended June 30, 2020 and can be obtained at https://ttc.lacounty.gov/investor-information/.

Specific Purpose Investments and Other Specific Investments

A summary of investments held by the SPI and Other Specific Investments at June 30, 2020 is as follows (dollars in thousands):

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

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

5. CASH AND INVESTMENTS-Continued

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County's Investment Policy limits most investment maturities to less than five years, with the exception of U.S. Treasury Notes, Bills, and Bonds and U.S. Agency Securities, which may have maturities beyond five years. The Treasurer manages the Pool and mitigates exposure to declines in fair value by generally investing in short-term investments with maturities of six months or less and by holding all investments to maturity.

The Treasurer manages the Pool's exposure to declines in fair value by limiting its weighted average maturity target to a range between 1.0 and 2.0 years, in accordance with the Investment Policy. For purposes of computing weighted average maturity, the maturity date of variable-rate notes is the stated maturity.

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

The California Government Code and the Investment Policy allow the Treasurer to purchase floating rate notes, that is, any instruments that have a coupon interest rate that is adjusted periodically due to changes in a base or benchmark rate. The Investment Policy limits the amount invested in floating rate notes to 10% of the Pool portfolio. The Investment Policy prohibits the purchase of inverse floating rate notes and hybrid or complex structured investments and for the year ended June 30, 2020, there were none.

At June 30, 2020, the Pool contained floating rate notes at fair value of $39.87 million (0.12% of the Pool). The notes are tied to the six-month U.S. Treasury Bill and Bank of America prime rates. The fair value of variable securities is generally less susceptible to changes in value than fixed rate securities because the variable-rate coupon resets back to the market rate on a periodic basis. There were no variable rate notes in the SPI and Other Specific Investments.

Fair value fluctuates with interest rates, and increasing interest rates could cause fair value to decline below original cost. County management believes the liquidity in the portfolios is adequate to meet cash flow requirements and to preclude the County from having to sell investments below original cost for that purpose.

Custodial Credit Risk

Custodial credit risk for investments is the risk that the Treasurer will not be able to recover the value of investment securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Treasurer and are held by either the counterparty, or the counterparty's trust department or agent but not in the Treasurer's name. At year-end, all Pool, SPI and Other Specific Investment securities, except for the Rancho Palos Verdes Redevelopment Agency Tax Allocation Bond (Bond), Bond Anticipation Notes (BANs) and LAIF, were either held by the Treasurer or by the custodian bank in the name of the Treasurer. The Bond and the BANs were held in the Treasurer's vault and are recorded in the Los Angeles County Securities line item. The LAIF investments were managed by the State of California and the County is considered a pool participant.

5. CASH AND INVESTMENTS-Continued

Credit Risk and Concentration of Credit Risk

Credit risk is the risk that an issuer, or other counterparty to an investment, will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The County mitigates these risks by holding a diversified portfolio of high quality investments.

The Investment Policy establishes acceptable credit ratings for investments from any two Nationally Recognized Statistical Rating Organizations (NRSRO). For an issuer of short-term debt, the rating must be no less than A-1 (S&P) or P-1 (Moody's), and F-1 (Fitch) while an issuer of long-term debt shall be rated no less than an "A." All investments purchased during the year ended June 30, 2020 met the credit rating criteria in the Investment Policy, at the issuer level. However, while the NRSROs did rate the issuer of the investments purchased, the NRSRO did not, in all instances, rate the investment itself (e.g., commercial paper, corporate and deposit notes, negotiable certificates of deposit, and U.S. Treasury bills, bonds and notes). Accordingly, for purposes of reporting the credit quality distribution of investments, some investments are reported as not rated.

The Investment Policy also permits investments in LAIF, pursuant to California Government Code Section 16429.1. At June 30, 2020, a portion of the SPI was invested in LAIF, which is unrated as to credit quality.

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

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

5. CASH AND INVESTMENTS-Continued

Credit Risk and Concentration of Credit Risk-Continued

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of each portfolio's fair value at June 30, 2020:

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

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

Reverse Repurchase Agreements

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

5. CASH AND INVESTMENTS-Continued

Reverse Repurchase Agreements-Continued

The County's investment guidelines limit the maximum par value of reverse repurchase agreements to $500.00 million and proceeds from reverse repurchase agreements may only be reinvested in instruments with maturities at or before the maturity of the reverse repurchase agreement. During the fiscal year, the County did not enter into any reverse repurchase agreements.

Securities Lending Transactions

For the year ended June 30, 2020, the Pool did not enter into any securities lending transactions.

Cash and Investments - Held by Outside Trustees

NPC and JPAs have been established for the purpose of rendering assistance to the County to refinance, acquire, construct, improve, lease and sell properties and equipment, including the construction of buildings, and purchase of equipment, land, and any other real or personal property, for the benefit of County residents, through the issuance of bonds, certificates of participation notes (COPs) and commercial paper.

The NPC and JPAs' cash is invested with the outside trustees and the amounts are held in the NPC and JPAs name. Investment practices are governed by the County's investment guidelines, established pursuant to the California Government Code and the County Board's action.

Investments are stated at fair value. Deposits held by outside trustees as of June 30, 2020 were $111.44 million. A total of $108.73 million of investments held by outside trustees are invested in the Pool. In addition, the outside trustees invested $90.52 million outside of the Pool.

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

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

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

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

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio

Narratives and tables presented for the Pension and OPEB Trust funds managed by LACERA are taken directly from LACERA's CAFR for the year ended June 30, 2020 (certain terms have been modified to conform with the County's CAFR presentation). The custodial credit risk, credit risk, concentration of credit risk, interest rate risk, and foreign currency risk related to Pension and OPEB Trust Fund investments are different than the corresponding risk on investments held by the Treasurer. Detailed deposit and investment risk disclosures are included in Note G, Note I and the fair value measurement disclosures are included in Note P of LACERA's CAFR.

Investments

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

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

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

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

Investment Risks

The County Employees Retirement Law of 1937 (CERL) vests the Board of Investments (BOI) with exclusive control over LACERA's investment portfolio. The BOI established Investment Policy Statements and Manager Guidelines for the management of the LACERA defined benefit retirement plan (Pension Plan) and the LACERA Other Post-Employment Benefit Master Trust (OPEB Master Trust or OPEB Trust). BOI members exercise authority and control over the management of LACERA's Net Position Restricted for Benefits by setting a policy that the investment staff executes either internally or through the use of prudent external experts.

Each Investment Policy Statement recognizes that every investment asset class and type is subject to certain risks. Outlined below are the Investment Risks as they relate to fixed income investments.

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations, causing the investment to decline in value. LACERA seeks to maintain a diversified portfolio of fixed income instruments in order to obtain the highest total return for the Pension and OPEB plans at an acceptable level of risk within this asset class. To control credit risk, credit quality guidelines have been established.

Investment Grade Bonds

Investment Grade bonds are categorized as a component of the Risk Reduction and Mitigation functional asset category and are subdivided into two types of strategies: Core and Core Plus, with target allocation weights of 80% for Core and 20% for Core Plus. Investment guidelines for Core managers require that they invest predominantly in sectors represented in their benchmark index, which consists 100% of bonds rated investment grade. As a result, Core portfolios consist almost 100% of bonds rated investment grade by the major credit rating agencies: Moody's, S&P, and Fitch. Core Plus managers are afforded some latitude to deviate from the benchmark index in order to generate excess return, so investment grade bonds must comprise at least 70% of Core Plus portfolios.

High Yield Bonds

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

The credit portfolios allow for the assumption of more credit risk than Investment Grade portfolios by investing in securities that include unrated bonds, bonds rated below investment grade issued by corporations undergoing financial stress or distress, junior tranches of structured securities backed by residential and commercial mortgages, bank loans, illiquid credit, and emerging market debt. LACERA utilizes specific investment guidelines for these portfolios that limit maximum exposure by issuer, industry, and sector, which result in well-diversified portfolios.

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Credit Quality Ratings

The following is a schedule as of June 30, 2020 of the credit quality ratings by Moody's, a nationally recognized statistical rating organization, of investments in fixed income securities. Whole loan mortgages included in the Pension Plan portfolio of $22.09 million are excluded from this presentation.

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

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

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

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

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

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Custodial Credit Risk

LACERA's contract with its custodian, State Street Bank and Trust (Bank), provides that the Bank may hold LACERA's securities registered in the Bank's or its agent's nominee name, in bearer form, book-entry form, with a clearing house corporation, or with a depository, so long as the Bank's records clearly indicate that the securities are held in custody for LACERA's account. The Bank may also hold securities in custody in LACERA's name when required by LACERA. When held in custody by the Bank, the securities are not at risk of loss in the event of the Bank's financial failure, because the securities are not property (assets) of the Bank. Cash invested overnight in the Bank's depository accounts is subject to the risk that in the event of the Bank's failure, LACERA might not recover all or some of those overnight deposits. This risk is mitigated when the overnight deposits are insured or collateralized.

LACERA's policy as incorporated in its current contract with the Bank requires the Bank to certify it has taken all steps to assure all LACERA monies on deposit with the Bank are eligible for and covered by "pass-through insurance," in accordance with applicable law and FDIC rules and regulations. The steps taken by the Bank include paying deposit insurance premiums when due, maintaining a "prompt corrective action" capital category of "well capitalized," and identifying on the Bank's records that it acts as a fiduciary for LACERA with respect to the monies on deposit. In addition, the Bank is required to provide evidence of insurance and to maintain a Financial Institution Bond, which would cover the loss of money and securities with respect to any and all property the Bank or its agents hold in or for LACERA's account, up to the amount of the bond. To implement certain investment strategies, some of LACERA's assets are invested in investment managers' pooled vehicles. The securities in these vehicles may be held by a different custodian other than the Bank.

Counterparty Risk

Counterparty risk for investments is the risk that, in the event of the failure of the counterparty to complete a transaction, LACERA would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. LACERA and its managers seek to minimize risk of loss from its counterparties by diversifying the number of counterparties, periodically reviewing their credit quality and seeking to structure agreements so that collateral is posted on accrued gains if they reach certain size thresholds.

Concentration of Credit Risk

No more than 5.00% of the Investment Grade bond and High Yield bond portfolios may be invested in securities of a single issuer, except: U.S. Treasury securities, government-guaranteed debt (including G-7 countries), agency debt, agency mortgage-backed securities, and approved commingled funds. During FY 2019-2020, LACERA revised the investment Manager Guidelines to allow an allocation to one high yield bond portfolio of up to 7.00%.

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

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of the price sensitivity of a fixed income portfolio to changes in interest rates. It is calculated as the weighted average time to receive a bond's coupon and principal payments. The longer the duration of a portfolio, the greater its price sensitivity to changes in interest rates.

To manage interest rate risk, the duration of all Investment Grade bond portfolios is restricted to +/- 25.00% of the duration of the portfolios' respective benchmarks. Deviations from any of the stated guidelines require prior written authorization from LACERA.

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

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

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

*Effective Duration is a measure of a bond's sensitivity to interest rates. It is calculated as the percentage change in a bond's price caused by a change in the bond's yield. For example, a duration of 5 indicates that a 1.00% increase in a bond's yield will cause the bond price to decline 5.00%.

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Interest Rate Risk-Continued

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

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

*Effective Duration is a measure of a bond's sensitivity to interest rates. It is calculated as the percentage change in a bond's price caused by a change in the bond's yield. For example, a duration of 5 indicates that a 1.00% increase in a bond's yield will cause the bond price to decline 5.00%.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. LACERA's authorized managers are permitted to invest in approved countries or regions, as stated in their respective investment guidelines. To mitigate foreign currency risk with global equity, LACERA has implemented a passive currency hedging program, which hedges into U.S. dollars approximately 50.00% of LACERA's foreign currency exposure for developed market equities.

The following schedule represents LACERA's exposure to foreign currency risk in U.S. dollars. LACERA is invested in several non-U.S. commingled funds. This means LACERA owns units of commingled funds, and the fund holds the actual securities and/or currencies. The values shown include LACERA's pro-rata portion of non-U.S. commingled fund holdings.

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

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

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

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

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

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

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Securities Lending Program

The BOI policies authorize LACERA to participate in a securities lending program. Securities lending is an investment management activity that mirrors the fundamentals of a loan transaction. Securities are lent to brokers and dealers (borrower), and in turn, LACERA receives cash and non-cash collateral. When cash collateral is received, the income that is generated from securities lending has two sources: lending and reinvestment. LACERA pays the borrower interest on the collateral and invests the collateral with the goal of earning a higher yield than the interest rate paid to the borrower. When non-cash collateral is received, the borrower pays a fee for borrowing the security.

LACERA's securities lending program is managed by two parties: LACERA's custodian bank, State Street Bank and Trust, and a third-party lending agent, Goldman Sachs Agency Lending (GSAL). The Bank lends LACERA's non-U.S. equities, U.S. Treasury, and U.S. Agency securities. GSAL lends LACERA's U.S. equities and corporate bonds. Collateralization is set on non-U.S. loans at 105% and on U.S. loans at 102% of the market value of securities on loan.

State Street Global Advisors invests the collateral received from both lending programs. The collateral is invested in short-term highly liquid instruments. The maturities of the investments made with cash collateral typically do not match the maturities of their securities loans. Loans are marked-to-market daily, so that if the market value of a security on loan rises, LACERA receives additional collateral. Conversely, if the market value of a security on loan declines, then the borrower receives a partial return of the collateral. Earnings generated in excess of the interest paid to the borrowers represent net income. LACERA shares this net income with the two lending agents based on contractual agreements.

Under the terms of their lending agreements, both lending agents provide borrower default indemnification in the event a borrower does not return securities on loan. The terms of the lending agreements entitle LACERA to terminate all loans upon the occurrence of default and purchase a like amount of "replacement securities" when loaned securities are not returned. LACERA does not have the ability to pledge assets received as collateral without a borrower default. In the event the purchase price of replacement securities exceeds the amount of collateral, the lending agent is liable to LACERA for the difference, plus interest. Either LACERA or the borrower of the security can terminate a loan on demand.

At fiscal year end, LACERA had no credit risk exposure to borrowers, because the amount of collateral received exceeded the value of securities on loan. LACERA had no losses on securities lending transactions resulting from the default of a borrower for the year ended June 30, 2020.

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

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Securities Lending Program-Continued

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

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

(1) Calculated Mark is performed daily, and it is the amount LACERA will collect from the borrower (if the amount is positive), or payment to the borrower (if the amount is negative), to bring the collateralization to appropriate levels based on market value.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest rate swaps are an example of an investment that has a fair value that is highly sensitive to interest rate changes. These investments are disclosed in the following table, not including holdings within a commingled structure:

Interest Rate Risk Analysis
As of June 30, 2020
(dollars in thousands)

				Investment Maturities (in years)			
Investment Type	Notional Value (Dollar)	Notional Shares Units	Fair Value	Less Than 1	1 - 5	6 - 10	More than 10
Credit Default Swaps Bought	$ 5,947		$ 41	$	$ 41	$	$
Credit Default Swaps Written	19,670		(39)	(5)	(42)		8
Fixed Income Options Bought		23,078	330	53	277		
Fixed Income Options Written		(307,189)	(244)	(224)	(20)		
Pay Fixed Interest Rate Swaps	567,556		(39,259)	(1,116)	(7,870)	(13,264)	(17,009)
Receive Fixed Interest Rate Swaps	394,439		11,329		7,217	3,963	149
Total Return Swaps Bond	342						
Total Return Swaps Equity	(339,278)		6,023	6,265	(242)		
Total	$ 648,676	(284,111)	$(21,819)	$ 4,973	$ (639)	$ (9,301)	$(16,852)

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Hedge Funds

LACERA's Investment Policy Statement establishes the portfolio framework for and role of the hedge funds program. The hedge fund category of investments is composed of strategies that may: 1) invest in securities within LACERA's existing asset classes or across multiple asset classes; 2) have an absolute return objective; and 3) include the ability to use specialized techniques, such as leverage and short-selling, and instruments such as derivatives.

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

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

The investment performance for this strategy is measured separately from other asset classes. The fair value of assets invested in hedge funds as of June 30, 2020 was $2.193 billion.

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

Fair Value

For the year ended June 30, 2016, LACERA adopted GASB 72, "Fair Value Measurement and Application". GASB 72 was issued to address accounting and financial reporting issues related to fair value measurements and disclosures. LACERA categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the investment securities and assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Certain investments held by LACERA are valued at net asset value (NAV) per share when an investment does not have a readily determined fair value, provided that the NAV is calculated and used as a practical expedient to estimate fair value in accordance with the requirements of GAAP.

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Fair Value-Continued

Equity and Fixed Income Securities

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets issued by pricing vendors for these securities. Fixed income and equity securities classified in Level 2 of the fair value hierarchy are valued using prices determined by matrix pricing techniques maintained by the various pricing vendors for these securities. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Fixed income and equity securities classified in Level 3 are securities whose stated market price is unobservable by the marketplace; many of these securities are priced by the issuers or industry groups for these securities. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by LACERA's custodian bank.

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

Investments in hedge funds, private equity, real estate, equity and fixed income funds are valued at estimated fair value, as determined in good faith by the General Partner (GP), in accordance with GAAP fair value principles and in instances where no observable public market values are available. Investments which are estimated at fair value, are initially valued at cost with subsequent adjustments that reflect third party transactions, financial operating results, and other factors deemed relevant by the GP. These assets are reported by LACERA based on the practical expedient allowed under GAAP.

Real Estate Separate Account Investments

Investments in real estate are valued at estimated fair value, as determined in good faith by the Investment Manager. These investments are initially valued at cost with subsequent adjustments that reflect third party transactions, financial operating results, and other factors deemed relevant by the Investment Manager. Properties are subject to independent third party appraisals every year.

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Fair Value-Continued

Investments and Derivatives Measured at Fair Value - Pension Plan
As of June 30, 2020
(in thousands)

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

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Fair Value-Continued

Investments Measured at the Net Asset Value - Pension Plan
As of June 30, 2020
(dollars in thousands)

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Commingled Fixed Income Funds (1)	$ 8,486,033	$ 662,967	Daily, Monthly or Not Eligible	1-60 days or N/A
Commingled Equity Funds (2)	1,709,262		Daily, Monthly or Not Eligible	1-60 days or N/A
Hedge Funds (3)	2,193,437		Daily, Monthly, Quarterly, Semi-Annual, Annual, Self-Liquidating	5-180 days
Private Equity (4)	7,141,781	4,680,875	Not Eligible	N/A
Real Estate (4)	5,128,771	961,383	Quarterly or Not Eligible	30 days+ or N/A
Total Investments Measured at the NAV	$ 24,659,284			

(1) Commingled Fixed Income Funds: 9 fixed income funds are considered commingled in nature. They are valued at the NAV of units held at the end of the period based upon the fair value of the underlying investments. Most of the funds are highly liquid within one month; 2 of the funds representing 3% of Commingled Fixed Income assets have liquidity available at the end of the fund terms which range from 3 to 7 years.

(2) Commingled Equity Funds: 6 equity funds are considered commingled in nature. They are valued at the NAV of units held at the end of the period based upon the fair value of the underlying investments. Most of the funds are highly liquid within one month; 3 of the funds representing 5% of Commingled Equity assets have liquidity subject to lock up periods that limit or prohibit redemptions for the next 3 to 4 years.

(3) Hedge Funds: This portfolio consists of 47 funds. Hedge Fund investments are valued at NAV per share. When considering liquidity terms, 66% of the fund assets are available within 12 months; these funds provide daily, monthly, quarterly, semi-annual, or annual liquidity. Some of these funds are subject to redemption notices that extend the time frame to receive redemptions beyond the next 12 months. The remaining 34% of fund assets are in funds that offer periodic liquidity that extends beyond the next 12 months.

LACERA's Hedge Funds portfolio invests in the following strategies:

(a) Macro and Tactical Trading: This strategy makes investments based on analyses and forecasts of macroeconomic trends, including governmental and central bank policies, fiscal trends, trade imbalances, interest rate trends, inter-country relations, and economic and technical analysis.
(b) Equity Long/Short: This strategy purchases and/or sells equities based on fundamental and/or quantitative analysis and other factors.
(c) Credit: This strategy includes long-biased credit, long/short credit, structured credit, and mortgage credit.
(d) Relative Value: This strategy's focus is to benefit from valuation discrepancies that may be present in related financial instruments by purchasing and/or shorting these instruments.
(e) Multi-Strategy: This strategy aims to pursue varying strategies to diversify risks and reduce volatility.
(f) Event Driven: This strategy seeks to gain an advantage from pricing inefficiencies that may occur in the onset or aftermath of a corporate action or related event.

(4) Private Equity and Real Estate Funds: LACERA's Private Equity portfolio consists of 224 funds, investing primarily in Buyout Funds, with some exposure to venture capital, special situation and co-investments. Due to contractual limitations, none of the 224 funds are eligible for redemption for up to 10 years. The Real Estate portfolio, composed of 23 commingled funds, invests in both U.S. and Non-U.S. commercial real estate. The fair values of these funds have been determined using net assets valued at the end of the period and net assets valued one quarter in arrears plus current quarter cash flows. 2 out of 23 Real Estate funds are eligible for redemption depending upon the availability of cash for redemptions in the fund. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of 5 to 10 years. For Real Estate investments held in separate accounts and debt program investments, see Note J - Special Purpose Entities of LACERA's CAFR.

5. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Fair Value-Continued

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

Investments by Fair Value Level	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Fixed Income Securities				
Pooled Investments	$ 147,703	$ 147,703	$	$
Total Fixed Income Securities	147,703	147,703		
Total Investments by Fair Value Level	$ 147,703	$ 147,703	$	$
Investments Measured at Net Asset Value (NAV)				
Fixed Income	$ 422,672			
Equity	755,005			
Real Estate Investment Trust (REIT)	142,775			
Total Investments Measured at NAV	1,320,452			
Total Investments	$ 1,468,155			

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

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

(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.

6. CAPITAL ASSETS

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

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

6. CAPITAL ASSETS-Continued

Business-type Activities-Continued

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

Depreciation Expense

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

Governmental activities:	
General government	$ 48,374
Public protection	171,467
Public ways and facilities	91,408
Health and sanitation	52,392
Public assistance	11,292
Education	5,354
Recreation and cultural services	41,848
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	35,349
Total depreciation expense, governmental activities	$ 457,484
Business-type activities:	
Hospitals	$ 79,853
Waterworks	23,819
Aviation	2,526
Total depreciation expense, business-type activities	$ 106,198

6. CAPITAL ASSETS-Continued

Discretely Presented Component Units

LACDA

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

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

First 5 LA

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

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

7. SERVICE CONCESSION ARRANGEMENTS

GASB 60, "Accounting and Financial Reporting for Service Concession Arrangements (SCA)," (GASB 60) defines an SCA as a type of public-private or public-public partnership. An SCA is an arrangement, which meets specific criteria under GASB 60, between a government (the transferor) and an operator.

The County determined that golf courses met the criteria set forth in GASB 60 (where the County is the transferor) and therefore included these SCAs in the County's financial statements as deferred inflows of resources. GASB 60 also provides guidance on accounting treatment if the County were acting as an operator of another government's facility. The County has determined that there are no incidences where the County would qualify as an operator.

Golf Courses

The County manages a public golf course system, which offers affordable greens fees, discount programs for senior citizens and students, and a junior golf program. Each golf course is leased under agreement with an operator, which provides for activities such as golf course management, clubhouse operations, and food and beverage concessions. The operators collect user fees and are responsible for the day-to-day operations of the golf courses. The operators are required to operate and maintain the golf courses, and make installment payments to the County, in accordance with their respective contracts.

As of June 30, 2020, the present value of the installment payments under contract is estimated to be $78.50 million and reported as deferred inflows of resources in the statement of net position. The present values of the installment payments were calculated using discount rates of 5.12%, 3.55% and 3.70% for the term of the agreement for each SCA. The lease terms for the twenty golf courses cover remaining periods ranging from 4 to 19 years as of June 30, 2020. The FY 2019-2020 total monthly installment payments are approximately $718,000. The County primarily uses the proceeds to fund parks and recreation operations, 10% of which is set aside for future golf course capital improvements. The acquisition value of the golf courses, including land, buildings, and construction in progress, is reported at $23.64 million as of June 30, 2020.

8. PENSION PLAN

Plan Description

The County pension plan is administered by LACERA, which was established under the CERL. LACERA is a cost-sharing, multi-employer defined benefit plan. It provides benefits to employees of the County and the following additional entities that are not part of the County's reporting entity:

Los Angeles Superior Court
Little Lake Cemetery District
Local Agency Formation Commission
Los Angeles County Office of Education (LACOE)
South Coast Air Quality Management District (SCAQMD)

New employees of LACOE hired on or after July 1971 and new employees of SCAQMD hired after December 31, 1979 are not eligible for LACERA benefits.

8. PENSION PLAN-Continued

Plan Description-Continued

LACERA issues a stand-alone financial report, which is available at its offices located at Gateway Plaza, 300 N. Lake Avenue, Pasadena, California 91101-4199 or at www.LACERA.com.

Benefits Provided

Benefits are authorized in accordance with the California Constitution, the CERL, the bylaws, and procedures and policies adopted by LACERA's Boards of Retirement and Investments. The Board may also adopt resolutions, as permitted by CERL, which may affect the benefits of LACERA members.

LACERA provides retirement, disability, death benefits and cost of living adjustments to eligible members. Vesting occurs when a member accumulates 5 years of creditable service under contributory plans or accumulates 10 years of creditable service under the general service non-contributory plan. Benefits are based upon 12 or 36 months' average compensation, depending on the plan, as well as age at retirement and length of service as of the retirement date, according to applicable statutory formula. Vested members who terminate employment before retirement age are considered terminated vested (deferred) members. Service-connected disability benefits may be granted regardless of length of service consideration. Five years of service are required for nonservice-connected disability eligibility according to applicable statutory formula. Members of the non-contributory plan, who are covered under separate long-term disability provisions not administered by LACERA, are not eligible for disability benefits provided by LACERA.

Contributions

LACERA has nine benefit tiers known as A, B, C, D, E and G, and Safety A, B and C. All tiers except E are employee contributory. Tier E is employee non-contributory. Prior to December 31, 2012, new general members were only eligible for tier D or E and new safety members were only eligible for Safety B. As of January 1, 2013, new general employees are only eligible for tier G and new safety members are only eligible for Safety C. These new tiers were added as a result of the California Public Employees’ Pension Reform Act of 2013 (PEPRA) and became effective January 1, 2013. Rates for the tiers are established in accordance with State law by LACERA's Boards of Retirement and Investments and the County Board.

The following employer rates were in effect for FY 2019-2020:

July 1, 2019 - September 30, 2019	A	B	C	D	E	G
General Members	26.94%	18.04%	16.85%	18.51%	19.84%	18.53%
Safety Members	34.11%	28.36%	23.97%			

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

8. PENSION PLAN-Continued

Contributions-Continued

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

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

During FY 2019-2020, the County contributed the full amount of the Actuarial Determined Contribution, as determined by the actuarial valuations, in the form of semi-monthly cash payments in the amount of $1.733 billion.

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

At June 30, 2020, the County reported a liability of $11.561 billion for its proportionate share of the net pension liability in accordance with the parameters of GASB 68, "Accounting and Financial Reporting For Pensions-an amendment of GASB Statement No. 27" (GASB 68). The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, projected forward to the measurement date, taking into account any significant changes between the valuation date and the measurement date. The County's proportion of the net pension liability was based on a projection of the County's future contribution effort to the pension plan relative to the projected contributions of all pension plan participants, actuarially determined. At June 30, 2019, the County's proportionate share was 96.22%, which was an increase of 0.05% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of $2.286 billion which is reported as $1.976 billion for governmental activities and $309.58 million for business-type activities. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or methods, and plan benefits. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Inflows of Resources	Deferred Outflows of Resources
Net difference between projected and actual earnings	$ 42,135	$
Change in assumptions		1,852,233
Change in experience	504,419	646,597
Change in proportion and differences between County contributions and proportionate share of contributions	360,907	397,725
Contributions made subsequent to measurement date		1,732,960
Total	$ 907,461	$ 4,629,515

8. PENSION PLAN-Continued

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

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner. Investment gains or losses are recognized in pension expense over a 5 year period and economic/demographic gains or losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members, which is 8 years as of June 30, 2020.

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

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

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

Actuarial Assumptions

Valuation Timing	June 30, 2018, rolled forward to June 30, 2019
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.75%
General Wage Growth	3.25%
Projected Salary Increases	3.51% to 11.51%
Investment Rate of Return	7.38%, net of investment expense, including inflation
Cost of Living Adjustments (COLA)	Post-retirement benefit increases of either 2.75% or 2.00% per year are assumed based on the benefits provided. Supplemental Targeted Adjustment for Retirees (STAR) COLA benefits are assumed to be substantively automatic at the 80% purchasing power level until the STAR reserve is projected to be insufficient to pay further STAR benefits.
Mortality	Various rates based on the RP-2014 Healthy and Disabled Annuitant mortality tables and including projection for expected future mortality improvement using the MP2014 Ultimate Projection Scale. See June 30, 2018 actuarial valuation for details. It can be found at www.LACERA.com.
Experience Study	Covers the 3 year period ended June 30, 2016.

8. PENSION PLAN-Continued

Actuarial Assumptions-Continued

The long-term expected rate of return on pension plan investments (7.25%, net of all expenses) was determined using a building block method in which a median, or expected, geometric rate of return was developed for each major asset class. The median rates were combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentages.

For the year ended June 30, 2019:

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

8. PENSION PLAN-Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.38%. This is equal to the 7.25% long-term investment return assumption adopted by LACERA (net of investment and administrative expenses), plus 0.13% assumed administrative expenses. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and member rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be sufficient to pay all projected future benefit payments of current active and inactive plan members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, gross of administrative expenses.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the County's proportionate share of the net pension liability calculated using the discount rate of 7.38%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.38%) or 1-percentage point higher (8.38%) than the current rate (in thousands):

	1% Decrease (6.38%)	Discount Rate (7.38%)	1% Increase (8.38%)
Net Pension Liability	$20,660,099	$11,560,668	$ 4,036,594

Pension Plan Fiduciary Net Position

Detailed information about pension plan fiduciary net position as of June 30, 2019 is available in the separately issued LACERA financial report, which can be found at www.LACERA.com.

Deferred Compensation Plans

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

8. PENSION PLAN-Continued

Deferred Compensation Plans-Continued

Plan Description and Funding Policy

The Deferred Compensation and Thrift Plan was established as a Section 457 defined contribution plan covering employees who have achieved full time and permanent employment status. The plan is designed to permit these employees to voluntarily defer a portion of their compensation and provide for retirement and death benefits. The plan is funded by employer and employee contributions. As of June 30, 2020, the County provided up to a 4% matching contribution per pay period of the employee's voluntary contribution. As of May 1, 2020, the match for non-represented employees was curtailed to help mitigate the economic effect of COVID-19. Matching contributions are scheduled to resume on July 1, 2021. Employer and employee contributions are deposited into the participant accounts and invested based on participant selected options. Total employer contributions for the year ended June 30, 2020, were $267.05 million.

The Savings Plan is a Section 401(k) defined contribution plan covering eligible full-time permanent employees of the County not covered by collective bargaining agreements and who desire to participate in the plan. Employees eligible for voluntary participation in this plan are also eligible for participation in the Deferred Compensation and Thrift Plan. The plan is funded by employer and employee contributions. For the period July 1 through April 30, 2020, the County provided up to a 4% matching contribution per pay period of the employee's voluntary contribution. As of May 1, 2020, the match for non-represented employees was curtailed to help mitigate the economic effect of COVID-19. Matching contributions are scheduled to resume on July 1, 2021. Employer and employee contributions are deposited into the participant accounts and invested based on participant selected options. Total employer contributions for the year ended June 30, 2020, were $66.31 million.

The Pension Savings Plan is a Section 457 defined contribution plan covering part-time, temporary and seasonal County employees who are not eligible to participate in the retirement programs provided through the LACERA. The plan was established in lieu of employee coverage under Social Security. Participation in the plan is mandatory and employees must contribute a minimum of 4.5% of their eligible earnings and the County makes a contribution equal to 3% of compensation. Participants may contribute additional amounts beyond the required 4.5%. Total employer contributions for the year ended June 30, 2020, were $9.43 million.

The plans are administered through a third-party administrator. The assets of the plans are held in trust by Wells Fargo Bank, N.A. and invested at the direction of the participants. Thus, plan assets and any related liability to plan participants have been excluded from the County's financial statements.

9. OTHER POSTEMPLOYMENT BENEFITS

Retiree Healthcare

Plan Description

LACERA administers an agent multiple-employer Retiree Healthcare (RHC) OPEB program on behalf of the County, its affiliated Superior Court, and four outside districts. The outside districts include: Little Lake Cemetery District, Local Agency Formation Commission, LACOE and the South Coast Air Quality Management District. As of July 1, 2018, LACERA transitioned the OPEB program from a cost-sharing, multi-employer plan. The agent plan structure determines program liabilities and costs directly by employer and allocates shared expenses. The measurement period for the RHC OPEB program is June 30, 2019 and the first valuation under the agent plan structure was performed as of July 1, 2018 to be implemented in the June 30, 2019 measurement date.

In April 1982, the County adopted an ordinance pursuant to Government Code Section 31691, which provided for a health insurance program and death benefits for retired employees and their dependents. In 1994, the County amended the agreements to continue to support LACERA's retiree insurance benefits program regardless of the status of active member insurance.

In June 2014, the LACERA Board approved the County's request to modify the agreements to create a new retiree healthcare benefit plan in order to lower its Retiree Healthcare Program (RHP) costs. Structurally, this means the County will be segregating all current retirees and current employees into RHP Tier 1 and placing all employees hired after June 30, 2014 into RHP Tier 2. Under the new RHP Tier 2, retirees who are eligible for Medicare will be required to enroll in that program. In addition, coverage will be available for employees or eligible survivors only.

Pursuant to the 1982, 1994, and 2014 Agreements between the County and LACERA, the parties agreed to the continuation of the health insurance benefits then in existence. The County agreed to subsidize a portion of the insurance premiums of certain retired members and their eligible dependents based on the member's length of service. The County further agreed to maintain the status quo of existing benefits provided to participants. As part of the 2014 Agreement, the County modified the existing healthcare benefit plan, which created a new benefit structure, Tier 2, for all employees hired after June 30, 2014. LACERA agreed not to change retired members' contributions toward insurance premiums or modify medical benefit levels without the County's prior consent. Active employees are not required to make contributions to the plan.

Pursuant to the California Government Code, the County established an irrevocable OPEB Trust for the purpose of holding and investing assets to pre-fund the RHP, which LACERA administers. On May 15, 2012, the County Board entered into a trust and investment services agreement with the LACERA Board of Investments to act as trustee and investment manager. The OPEB Trust does not modify the County's benefit programs.

LACERA issues a stand-alone financial report that includes the required information for the OPEB plan. The report is available at its offices located at Gateway Plaza, 300 North Lake Avenue, Pasadena, California 91101-4199 or www.LACERA.com.

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Benefits Provided

Health care benefits earned by County employees are dependent on the number of completed years of retirement service credited to the retiree by LACERA upon retirement; it does not include reciprocal service in another retirement system. Service includes all service on which the member's retirement allowance was based.

The RHC OPEB Program offers members an extensive choice of medical plans as well as two dental/vision plans. The medical plans are either HMOs or indemnity plans, and some are designed to work with Medicare benefits, such as the Medicare Supplement or Medicare HMO plans. Coverage is available regardless of preexisting medical conditions. Under Tier 2, retirees who are eligible for Medicare are required to enroll in that program. Medicare-eligible retirees and their covered dependents must enroll in Medicare Parts A and B and in a Medicare HMO plan or Medicare Supplement plan under Tier 2.

Medical and Dental/Vision - Program benefits are provided through third party insurance carriers with the participant’s cost for medical and dental/vision insurance varying according to the years of retirement service credit with LACERA, the plan selected, and the number of persons covered. The County contribution subsidizing the participant’s cost starts at 10 years of service credit in the amount of 40% of the lesser of the benchmark plan rate or the premium of the plan in which the retiree is enrolled. For each year of retirement service credit earned beyond 10 years, the County contributes 4% per year, up to a maximum of 100% for a member with 25 years of service credit. The County contribution can never exceed the premium of the benchmark plans. Members are responsible for premium amounts above the benchmark plans, including those with 25 or more years of service credit.

Under Tier 1, the County subsidy is based on the coverage elected by the retiree. The benchmark plans are Anthem Blue Cross Plans I and II for medical and Cigna Indemnity Dental/Vision for dental and vision. Under Tier 2, the County subsidy is based on retiree only coverage. Tier 2 medical benchmark plans are Anthem Blue Cross Plans I and II for Medicare-ineligible members, Anthem Blue Cross Plan III for Medicare-eligible members, and Cigna Indemnity Dental/Vision for dental and vision plans.

Medicare Part B - The County reimburses the member’s Medicare Part B Standard rate premiums paid by member to Social Security for Part B coverage, subject to annual approval by the County Board of Supervisors. Eligible members and their dependents must be enrolled in both Medicare Part A and Medicare Part B and enrolled in a LACERA- administered Medicare HMO Plan or Medicare Supplement Plan and meet all of the qualifications. Under Tier 2, the County reimburses for Medicare Part B (at the standard rate) for eligible members or eligible survivors only.

Disability - If a member is granted a service-connected disability retirement and has less than 13 years of service, the County contributes the lesser of 50% of the benchmark plan rate or the premium of the plan in which the retiree is enrolled. Under Tier 2, the benchmark plan rate is based on retiree-only premiums. A member with 13 years of service credit receives a 52% subsidy. This percentage increases 4% for each additional completed year of service, up to a maximum of 100%.

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Benefits Provided-Continued

Death/Burial Benefit - There is a one-time lump-sum $5,000 death/burial benefit payable to the designated beneficiary upon the death of a retiree, reimbursed to LACERA by the County. Active and vested terminated (deferred) members are eligible for this benefit once they retire. Spouses and dependents are not eligible for this death benefit.

Employees Covered by Benefit Terms

Medical and Dental/Vision Benefits

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

Death Benefits

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

Contributions

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

Net OPEB Liability

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

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Actuarial Methods and Assumptions

Valuation Timing	July 1, 2018, rolled forward to June 30, 2019
Actuarial Cost Method	Individual Entry Age Normal, Level Percent of Pay
Asset Valuation Method	Fair Market Value
Inflation	2.75%
Salary Increases	3.25% general wage increase and merit according to Table A-5 of the June 30, 2018 actuarial valuation of retirement benefits. It can be found at: www.LACERA.com.
Mortality	Various rates based on the RP-2014 Healthy and Disabled Annuitant mortality tables and including projection for expected future mortality improvement using the MO Healthcare Cost Trend Rates MP-2014 Ultimate Projection Scale.
Experience Study	Covers the three year period ended June 30, 2016.
Discount Rate	4.69%
Long-term expected rate of return, net of investment expenses	6.00%
20 Year Tax-Exempt Municipal Bond Yield	3.50%

Healthcare Cost Trend rates:

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

Investments

The LACERA Board of Investments is responsible for setting the investment policy and investing any contributions made to the OPEB Trust from the participating employers. In December 2017, the LACERA Board of Investments adopted a revised asset allocation policy which divides the OPEB Trust into four broad functional categories and contains asset classes that align with the purpose of each function. The approved target weights provide for diversification of assets in an effort to meet the LACERA's actuarial assumed rate of return, consistent with market conditions and risk control. The following was the adopted asset allocation policy as of June 30, 2019.

9. 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, 2019, the annual money-weighted rate of return on OPEB Trust investments, net of OPEB Trust investment expense, was 6.00 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the measurement date of June 30, 2018, the annual money-weighted rate of return was 6.30 percent.

Discount Rate

GASB 75 requires determination of whether the OPEB Trust's Fiduciary Net Position is projected to be sufficient to make projected benefit payments. The Plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate incorporates a municipal bond rate based on the 20-year Bond Buyer GO index (municipal bond rate) which was 3.50% as of June 30, 2019. For 2018, the long-term expected rate of return of 3.87% was applied to projected benefit payments from 2018 to 2058. The municipal bond rate was applied to the remaining periods. The resultant blended discount rate used to measure the Total OPEB Liability as of June 30, 2019 was 4.69%, a decrease of 0.42% from the rate as of June 30, 2018.

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Changes in the Net OPEB Liability

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

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

The following represents the County's net RHC OPEB liability calculated using the discount rate of 4.69%, as well as what the County's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.69%) or 1-percentage point higher (5.69%) than the current rate (in thousands):

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

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

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

	1% Decrease	Current Trend Rate	1% Increase
Net RHC OPEB Liability	$ 20,158,802	$ 24,827,815	$ 31,041,404

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

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

For the year ended June 30, 2020, the County recognized OPEB expense of ($1.500) billion which is reported as ($1.221) billion for governmental activities and ($278.81) million for business-type activities. OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of change in investment gain/loss, actuarial gain/loss, actuarial assumptions or methods, and plan benefits.

At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to RHC OPEB from the following sources (in thousands):

	Deferred Inflows of Resources	Deferred Outflows of Resources
Net difference between projected and actual earnings	$ 35,054	$
Change of assumptions	2,538,280	2,095,398
Change in experience	1,023,949	
Change in proportion and differences between County contributions and the proportionate share of contributions	1,077,113	1,077,113
Contributions made subsequent to measurement date		880,949
Total	$ 4,674,396	$ 4,053,460

The deferred inflows of resources and deferred outflows of resources above represent the unamortized portion of changes to the net RHC OPEB liability to be recognized in future periods in a systematic and rationale manner. Investment gains or losses are recognized in OPEB expense over a five year period and economic/demographic gains or losses and assumption changes or inputs are recognized over the average remaining service life of all active and inactive members, which is 9 years as of June 30, 2020.

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

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

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

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability

Plan Description

The County provides LTD benefits to employees and these benefits have been determined to fall within the definition of OPEB. The LTD plans are administered by the County and are not administered through a trust. Each of the LTD plans are a single employer plan and the amounts paid by the County are on a pay-as-you-go basis. These LTD benefits provide for income replacement if an employee is unable to work because of illness or injury. The Board approved the County's original LTD plan effective March 3, 1982. Effective January 1, 1991, a new Megaflex plan was approved by the Board and includes a Megaflex LTD plan and a LTD Health plan. The LTD Health plan was added to the LTD program and made available to all participants effective January 1, 2002.

Benefits Provided

The benefit provisions of the four LTD plans are as follows:

Eligibility

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

(1) An employee who becomes totally disabled as a direct result of an injury or disease while performing his/her assigned duties; or,
(2) An employee who becomes totally disabled after having completed five or more years of continuous service with the County; or,
(3) A qualified beneficiary of a deceased employee who had previously become totally disabled as a direct result of an injury or disease while performing his/her assigned duties; or,
(4) A qualified beneficiary of a deceased employee who had previously become totally disabled after having completed five or more years of continuous service with the County; or,
(5) A qualified beneficiary of an employee who dies as a direct result of an injury or disease while performing his/her assigned duties, or,
(6) A qualified beneficiary of an employee who dies in active service after having completed five or more years of continuous service with the County.

Megaflex Income/SIB - The plan covers:

(1) An employee purchases LTD coverage and then becomes totally disabled; or,
(2) An employee who becomes totally disabled after having completed five or more years of continuous service with the County and is a member of Retirement Plan E.
(3) The Qualified Beneficiary of a Retirement Plan E participant who is currently enrolled in the SIB plan at the time of death.

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability-Continued

Benefits Provided-Continued

Non-MegaFlex Member LTD Health Plan - The plan continues medical insurance coverage for employees who are receiving or eligible to receive LTD Income benefits and are enrolled in one of the County approved health plans.

MegaFlex Member LTD Health Plan - The plan continues medical insurance coverage for employees who are receiving or eligible to receive LTD Income benefits and are enrolled in one of the County approved health plans.

Benefit Formula

Non-Megaflex Income/SIB - The plan provides a basic monthly benefit of:

(1) 60% of Basic Monthly Compensation (commences after 6 months of disability).
(2) Annual COLA, beginning after 2 years of benefit payments (limited to a maximum of 2%/ year), if disabled after 1/1/2001.
(3) For a qualified beneficiary, 55% of the LTD disability benefit that the employee was receiving or would have received immediately prior to death; and, continues for the life of the qualified surviving spouse/domestic partner and upon spousal death to the qualified children beneficiaries.

Megaflex Income/SIB - The plan provides a basic monthly benefit of:

(1) 40% or 60% of Basic Monthly Compensation (commences after 6 months of disability)
    a. Plan E members
        (1) With 5+ years of services 40% non-elective or can buy up to 60%
        (2) With less than 5 years of service: can buy 40% or 60%
    b. Plan A, B, C, or D members: can buy 40% or 60%
(2) Annual COLA, beginning after 2 years of benefit payments (limited to a maximum of 2% per year), if disabled after 1/1/2001.
(3) For a qualified beneficiary, the plan provides a basic monthly benefit of 10%, 15%, 25%, 35%, or 50% of employee’s monthly salary if they elected.

Non-MegaFlex Member LTD Health Plan - The plan pays 75% of monthly medical premiums for disabled members.

MegaFlex Member LTD Health Plan - The plan pays 75% of monthly medical premiums for disabled members.

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability-Continued

Benefits Provided-Continued

Maximum Period

Non-Megaflex Income/SIB and Megaflex Income/SIB - LTD benefits stop when:

(1) Employee is no longer totally disabled or turns age 65, whichever occurs first. However, if employee is age 62 or older when benefit commences, benefit can continue beyond age 65 (length depends on age at commencement) as follows:

Age at Disability	Maximum Period
62	3 ½
63	3
64	2 ½
65	2
66	1 ¾
67	1 ½
68	1 ¼
69 and older	1

or

(2) Employee takes early or normal retirement under Plan E.

Employees covered by benefit terms

At June 30, 2019, the following employees were covered by the benefit terms:

LTD Income and Survivor Benefit Plans:	
Inactive employees or beneficiaries currently receiving benefit payments	2,249
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	82,263
LTD Health Plans	
Inactive employees or beneficiaries currently receiving benefit payments	618
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	78,793

Total LTD OPEB Liability

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

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability-Continued

Actuarial Methods and Assumptions

Valuation Timing	July 1, 2019
Actuarial Cost Method	Individual Entry Age Normal, Level Percent of Pay
Inflation	The inflation rate is included in the salary increase percentage and the Healthcare cost trend rates.
Salary Increases	3.25% general wage increase and merit according to Table A-5 of the June 30, 2019 RHC OPEB Program's actuarial valuation report. It can be found at www.LACERA.com.
Mortality	Various rates based on the RP-2014 Healthy and Disabled Annuitant mortality tables and including projection for expected future mortality improvement using the MO Healthcare Cost Trend Rates - MP-2014 Ultimate Projection Scale.
Discount Rate	Equal to the municipal bond rate based on the 20-year Bond Buyer GO index (municipal bond rate), which was 3.87% as of June 30, 2018, and 3.50% as of June 30, 2019.

Healthcare Cost Trend rates:

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

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability-Continued

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

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

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

Sensitivity of the Total LTD OPEB Liability to Changes in the Discount Rate

The following represents the County's total LTD OPEB liability calculated using the discount rate of 3.50%, as well as what the County's total LTD OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.50%) or 1-percentage point higher (4.50%) than the current rate (in thousands):

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

Sensitivity of the County's Total LTD OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	1% Decrease	Current Trend Rate	1% Increase
Total LTD OPEB Liability	$ 1,079,589	$ 1,093,684	$1,111,272

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long Term Disability-Continued

OPEB Expense and the Deferred Outflows of Resources and Deferred Inflows of Resources Related to LTD OPEB

For the year ended June 30, 2020, the County recognized LTD OPEB expense of $12.16 million which is reported as $14.15 million for governmental activities and ($1.99) million for business-type activities. OPEB expense represents the change in the total LTD OPEB liability during the measurement period, adjusted for the deferred recognition of change in actuarial gain/loss, actuarial assumptions or methods, and plan benefits.

At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to LTD OPEB from the following sources (in thousands):

	Deferred Inflows of Resources	Deferred Outflows of Resources
Change in experience	$ 50,145	$ 1,368
Change of assumptions	115,961	71,083
Change in proportionate share	73,758	73,758
Total	$ 239,864	$ 146,209

The deferred inflows of resources and deferred outflows of resources above represent the unamortized portion of changes to the total LTD OPEB liability to be recognized in future periods in a systematic and rational manner. Economic/demographic gains or losses, assumption changes or inputs, and change in proportion are recognized over the average remaining service life of all active and inactive members, which is 11 years. The change in proportionate share represents the changes in allocation percentages to the individual funds, including the proprietary funds, of the total OPEB LTD liability from the prior measurement date to the current measurement date.

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

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

9. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long Term Disability-Continued

Combined Balances of the Net OPEB Liability, Deferred Outflows of Resources, Deferred Inflows of Resources and the OPEB Expense

The following total balances are reflected in the accompanying statement of net position (in thousands):

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

10. LEASES

Operating Leases

The following is a schedule of future minimum rental payments required under operating leases entered into by the County that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2020 (in thousands):

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

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

10. LEASES-Continued

Capital Lease Obligations

The following is a schedule of future minimum lease payments under capital lease obligations together with the present value of future minimum lease payments as of June 30, 2020 (in thousands):

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

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

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

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

Leases of County-Owned Property

The County has entered into operating leases relative to the Marina del Rey Project area, regional parks, asset development projects and Whiteman Airport. Substantially all of the Marina's land and harbor facilities are leased to others under agreements classified as operating leases. Certain regional parks are leased under agreements, which provide for activities such as food and beverage concessions, and recreational vehicle camping. The asset development projects are ground leases and development agreements are entered into by the County for private sector development of commercial, industrial, residential, and cultural uses on vacant or underutilized County owned property. The Whiteman Airport lease is for hanger space. The asset development leases cover remaining periods ranging generally from 7 to 78 years and are accounted for in the General Fund. The lease terms for the regional parks cover remaining periods ranging from 1 to 19 years and are also accounted for in the General Fund. The Marina del Rey leases cover remaining periods ranging from 2 to 58 years and are accounted for in the General Fund. The airport lease covers a remaining period of 11 years and is accounted for in the Aviation Enterprise Fund.

10. LEASES-Continued

Leases of County-Owned Property-Continued

The land carrying value of the asset development project ground leases and the Marina del Rey Project area leases is $753.34 million. The carrying value of the capital assets associated with the regional park and Whiteman Aiport operating leases is not determinable.

The following is a schedule of future minimum rental receipts on noncancelable leases as of June 30, 2020 (in thousands):

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

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

	Governmental Activities	Business-type Activities
Minimum rentals	$ 49,708	$ 192
Contingent rentals	18,455	
Total	$ 68,163	$ 192

The minimum rental income is a fixed amount based on the lease agreements. The contingent rental income is a percentage of revenue above a certain base for the asset development leases or a calculated percentage of the gross revenue less the minimum rent payment for the other leases.

11. LONG-TERM OBLIGATIONS

Long-term obligations of the County consist of bonds, notes and loans from direct borrowings and direct placements, pension (see Note 8), OPEB (see Note 9), capital lease obligations (see Note 10) and other liabilities, which are payable from the General, Special Revenue, Debt Service, Enterprise and Internal Service Funds.

11. LONG-TERM OBLIGATIONS-Continued

A summary of bonds, and notes and loans from direct borrowings and direct placements recorded within governmental activities follows (in thousands):

	Original Par Amount of Debt	Balance June 30, 2020
NPC Bonds, 5.00%	$ 26,986	$ 443
Public Buildings Bonds and Notes, 0.32% to 7.62%	1,435,466	1,394,827
Los Angeles County Securitization Corporation Tobacco Settlement Asset-Backed Bonds, 1.75% to 5.35%	349,584	382,333
NPC Bond Anticipation Notes, 0.675% to 2.96%	40,000	40,000
Marina del Rey Loans, 4.50% to 4.70%	23,500	11,227
Lease Revenue Obligation Notes, 0.20% to 0.45%	224,818	224,818
Total	$ 2,100,354	$ 2,053,648

A summary of bonds, and notes and loans from direct borrowings and direct placements recorded within business-type activities follows (in thousands):

	Original Par Amount of Debt	Balance June 30, 2020
NPC Bonds, 5.00%	$ 10,494	$ 172
Public Buildings Bonds and Notes, 2.00% to 7.62%	968,128	959,287
Lease Revenue Obligation Notes, 0.20% to 0.45%	99,972	99,972
Waterworks District Loans, 2.28%	8,869	6,539
Aviation Loan, 2.95%	2,000	1,510
Total	$ 1,089,463	$ 1,067,480

Assessment Bonds

The RPOSD issued voter approved assessment bonds in 1997, some of which were advance refunded in FY 2004-2005 and the remainder in FY 2007-2008, to fund the acquisition, restoration, improvement and preservation of beach, park, wildlife and open space resources within the RPOSD. As discussed in Note 4, the bonds were purchased by the Public Works Financing Authority (Authority) and similar bonds were issued as a public offering. The bonds issued by the Authority are payable from the pledged proceeds of annual assessments levied on parcels within RPOSD's boundaries. The bonds matured on October 1, 2019.

11. LONG-TERM OBLIGATIONS-Continued

Certificates of Participation and Bonds

The County has issued lease revenue bonds through various financing entities that have been established and are component units of the County. The debt proceeds have been used to finance the acquisition of County facilities and equipment. The County makes annual payments to the financing entities for the use of the property and the debt is secured by the underlying capital assets that have been financed. The County has pledged a total of 15 County-owned properties as collateral for various bonds, including the new bonds below.

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

Principal and interest requirements on NPC bonds and Public Buildings certificates of participation and bonds for governmental activities and business-type activities are as follows (in thousands):

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

11. LONG-TERM OBLIGATIONS-Continued

Tobacco Settlement Asset-Backed Bonds

In 2006, the County entered into a Sale Agreement with the LACSC under which the County relinquishes to the LACSC a portion of its future tobacco settlement revenues (TSRs) for the next 40 years. The County received from the sold TSRs a lump sum payment of $319.83 million and a residual certificate in exchange for the rights to receive and retain 25.90% of the County's TSRs through 2046. The residual certificate represented the County's ownership interest in excess TSRs to be received by the LACSC during the term of the Sale Agreement. Residuals through 2020 were $131.51 million. The total TSRs sold, based on the projected payment schedule in the Master Settlement Agreement and adjusted for historical trends, was estimated to be $1.438 billion. The estimated present value of the TSRs sold, net of the expected residuals and assuming a 5.70% interest rate at the time of the sale, was $309.23 million. In the event of a decline in the tobacco settlement revenues for any reason, including the default or bankruptcy of a participating cigarette manufacturer, resulting in a decline in the tobacco settlement revenues and possible default on the Tobacco Bonds, neither the California County Tobacco Securitization Agency, the County, nor the LACSC has any liability to make up any such shortfall.

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

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

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

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

11. LONG-TERM OBLIGATIONS-Continued

Tobacco Settlement Asset-Backed Bonds-Continued

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

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

Notes, Loans, and Lease Revenue Obligation Notes

Notes from Direct Placements

BANs are issued by LACCAL to provide interim financing for equipment purchases. BANs are purchased by the County Treasury Pool and are payable within 5 years. In addition, the BANs are issued with a formal agreement that, in the event they are not liquidated within the five-year period, they convert to capital lease obligations with a three-year term secured by County real property. During FY 2019-2020, LACCAL, an Internal Service Fund, issued additional BANs in the amount of $10.00 million as reflected in governmental activities. As of June 30, 2020, the note balance is $40.00 million for governmental activities only.

Loans from Direct Borrowings

Marina del Rey loans were obtained from the California Department of Boating and Waterways for the restoration and renovation of the marina seawall. The loans are secured by Marina del Rey lease revenue and by Los Angeles County Music Center parking revenues. The loan contract contains a provision that in the event the County fails to make payment due, all principal and interest outstanding shall become immediately due and payable, and the deficiency will be added to, and become part of, the principal of the loan. As of June 30, 2020, the balance is $11.23 million.

11. LONG-TERM OBLIGATIONS-Continued

Notes, Loans, and Lease Revenue Obligation Notes-Continued

Loans from Direct Borrowings-Continued

In June 2010, the Board approved a resolution authorizing the Waterworks Districts to obtain Safe Drinking Water State Revolving loans in the amount of $3.41 million and $5.47 million from the California Department of Public Health to fund the Sepulveda Feeder Interconnection project (Malibu) and the Marina del Rey Waterline Replacement project (Marina), respectively. The loans will be repaid over 20 years and are secured by revenues from surcharges collected for capital improvements. Annual principal and interest payments of the loans are expected to require less than 46.73% of the annual surcharge revenues. The funding agreements contain a provision that in an event of default, obligations may be immediately due and payable, and further disbursements may be terminated. During FY 2019-2020, the County did not obtain any additional loans. As of June 30, 2020, total loans drawn are $3.40 million on the Sepulveda Feeder Interconnection project and $5.47 million on the Marina del Rey Waterline Replacement project. As of June 30, 2020, the balance is $6.54 million.

In July 2014, the Board approved the Whiteman Airport Leasehold Interest Acquisition Project, with a total Project cost of $4.02 million. To partially finance the acquisition, the Aviation Enterprise Fund obtained an Airport Development Loan from the State of California Department of Transportation, Aeronautics Program for $2.00 million with an annual interest rate of 2.95%. The Airport Development Loan will be repaid over 17 years with revenue generated by rental income. The loan agreement contains a provision that if the County fails to comply with or perform any term or condition in the agreement, or fails to pay the annual loan payment, the entire outstanding principal amount of the loan and all accrued interest may be immediately due and payable. In addition, the County may be ineligible for future financing under the program. During FY 2019-2020, the County did not obtain any additional airport development loans. As of June 30, 2020, the balance is $1.51 million.

Lease Revenue Obligation Notes from Direct Borrowings

LRON provide the County with a flexible and cost-effective source of financing to provide interim funding during the initial construction phase of a capital project, which may be refinanced with the issuance of long-term bonds upon completion. Repayment of LRON are secured by four irrevocable direct-pay letters of credit (LOC) from separate banks supporting the issuance of LRON. This program is secured by fifteen County-owned properties pledged as collateral in a lease-revenue financing structure with LACCAL. The LOCs were issued for a five-year period and have a termination date of April 4, 2024. The County has the option to extend the LOCs for an additional one-year period or to some other term mutually agreed to with the participating banks.

11. LONG-TERM OBLIGATIONS-Continued

Notes, Loans, and Lease Revenue Obligation Notes-Continued

Lease Revenue Obligation Notes from Direct Borrowings-Continued

The aggregate maximum principal amount of the four LOCs is $600.00 million, which consists of $100.00 million of Series A (Bank of the West), $200.00 million of Series B (U.S. Bank), $200.00 million of Series C (Wells Fargo Bank), and $100.00 million of Series D (State Street Bank). The County is responsible for the payment of a non-refundable letter of credit fee for each LOC on a quarterly basis in an amount equal to the rate per annum corresponding to the lowest long-term unenhanced debt ratings assigned by any of Moody's, S&P, or Fitch to any Lease Obligation Debt of the County. The letter of credit fee for all four series of LOCs is equal to 0.35% of the maximum principal amount of the LOC. As of June 30, 2020, $324.79 million of LRON issued under the program were outstanding, including $76.60 million of Series A, $103.27 million of Series B, $90.80 million of Series C, and $54.12 million of Series D.

LRON are issued as variable rate instruments with a maximum term not to exceed 270 days. On the maturity date of LRON, the notes are reissued at the prevailing interest rates in the note market, which reflects the term of the note and the perceived credit quality of the supporting letter of credit bank. In the event the notes are not able to be reissued in the note market, the bank will make a Principal Advance to pay the principal of the maturing note. If the Principal Advance remains outstanding longer than 90 days, a term loan is created to repay the bank. During FY 2019-2020, the County redeemed $343.53 million and reissued $239.18 million for governmental activities and reissued $323.14 million for business-type activities, representing the total amounts outstanding at the beginning of the year. These reissues, along with an additional $106.00 million of new County LRON, which is reported as $83.90 million for governmental activities and $22.10 million for business-type activities, are reflected as notes payable. The total outstanding LRON as of June 30, 2020 is $324.79 million, which is reported as $224.82 million for governmental activities and $99.97 million for business-type activities. The average interest rate on LRON issued in FY 2019-2020 was 1.37%.

Principal and interest requirements on NPC BANS, Marina del Rey Loans and LRON for governmental activities and NPC BANS, Waterworks District Loans, Aviation Loan and LRON for business-type activities are as follows (in thousands):

Year Ending	Governmental Activities		Business-type Activities	
June 30	Principal	Interest	Principal	Interest
2021	$ 255,857	$ 505	$ 100,278	$ 119
2022	11,086	458	516	184
2023	1,135	410	529	171
2024	1,186	359	541	159
2025	1,240	305	554	145
2026-2030	5,541	637	2,981	517
2031-2035			2,622	148
Total notes, loans, and LRON	$ 276,045	$ 2,674	$ 108,021	$ 1,443

11. LONG-TERM OBLIGATIONS-Continued

Summary-All Future Principal, Interest and Accretions

The following summarizes total future principal and interest requirements for the various debt issues referenced above (in thousands):

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

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

Bonds Defeased in Prior Years

In prior years, various debt obligations, consisting of bonds and certificates of participation, were defeased by placing the proceeds of refunding bonds in an irrevocable trust to provide for all future debt service payments on the old obligations. GASB 86, "Certain Debt Extinguishment Issues," requires that debt also be considered defeased when cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust to extinguish debt. Accordingly, the trust account assets and the related debt service payments for the defeased bonds would not be reflected in the County's statement of net position. At June 30, 2020, there were no outstanding bonds and certificates of participation considered defeased.

11. LONG-TERM OBLIGATIONS-Continued

Changes in Long-term Liabilities

The following is a summary of long-term liabilities and corresponding activity for the year ended June 30, 2020 (in thousands):

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

11. LONG-TERM OBLIGATIONS-Continued

Changes in Long-term Liabilities-Continued

For governmental activities, the General Fund, the Fire Protection District Special Revenue Fund and the LA County Library Special Revenue Fund have typically been used to liquidate workers' compensation, accrued compensated absences, pension, OPEB, and litigation and self-insurance.

Bond interest accretions for deep discount bonds have been included in the amounts reported for Bonds. Accretions decreased during FY 2019-2020, thereby decreasing liabilities for Bonds by $135.91 million for governmental activities. Note 18 contains information about changes in the combined current and long-term liabilities for workers' compensation and litigation and self-insurance.

Discretely Presented Component Unit

Long-term debt obligations and corresponding activity for the LACDA discretely presented component unit for the year ended June 30, 2020, was as follows (in thousands):

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

12. SHORT-TERM DEBT

On July 1, 2019, the County issued $700.00 million of short-term Tax and Revenue Anticipation Notes at an effective interest rate of 1.24%. The proceeds of the notes were used to assist with County General Fund cash flow needs prior to the first major apportionment of property taxes, which occurred in December 2019. The notes matured and were redeemed on June 30, 2020.

13. CONDUIT DEBT OBLIGATIONS

Community Facilities and Improvement District Bonds

As of June 30, 2020, various community facilities and improvement districts established by the County had outstanding special tax bonds payable totaling $19.16 million and limited obligation improvement bonds totaling $798,487. The bonds were issued to finance the cost of various construction activities and infrastructure improvements, which have a regional or direct benefit to the related property owners.

The bonds do not constitute an indebtedness of the County and are payable solely from special taxes and benefit assessments collected from property owners within the districts. In the opinion of County officials, these bonds are not payable from any revenues or assets of the County and neither the full faith and credit of the County, the State or any political subdivision thereof is obligated to the payment of the principal or interest on the bonds. Accordingly, no liability has been recorded in the accompanying basic financial statements.

The County functions as an agent for the districts and bondholders. Debt service transactions related to the various bond issues are reported in the agency funds. Construction activities are reported in the Improvement Districts' Capital Projects Fund.

Industrial Development and Other Conduit Bonds

Industrial development bonds, and other conduit bonds, have been issued to provide financial assistance to private sector entities and nonprofit corporations for the acquisition of industrial and health care facilities, which provide a public benefit. The bonds are secured by the facilities acquired and/or bank letter of credit and are payable solely from project revenue or other pledged funds. The County is not obligated in any manner for the repayment of the bonds. Accordingly, no liability has been recorded in the accompanying basic financial statements.

As of June 30, 2020, the amount of industrial development and other conduit bonds outstanding was $68.14 million.

Redevelopment Refunding Bonds

The County of Los Angeles Redevelopment Refunding Authority, a JPA between the County and the Public Works Financing Authority, was established to issue bonds that would enable successor agencies to former redevelopment agencies within the County to refund their outstanding tax allocation bonds in order to achieve debt service savings and to provide significant economies of scale through reduced costs of issuance and lower interest rates. The bonds are secured by a lien on future tax revenues of successor agencies. The County is not obligated in any manner for the repayment of the bonds. Accordingly, no liability has been recorded in the accompanying basic financial statements.

As of June 30, 2020, the amount of redevelopment refunding bonds outstanding was $571.09 million.

14. HOSPITAL AND OTHER PROGRAM REVENUES

Net patient service revenue is reported at the estimated net realizable amounts from patients, third party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Medi-Cal Demonstration Project: Medi-Cal 2020

On December 30, 2015, the federal Centers for Medicaid and Medicare Services (CMS) approved the special terms and conditions (STCs) for Medi-Cal 2020 - a five-year renewal of California's Section 1115(a) Medi-Cal Demonstration Project, which provides California with new federal funding through programs with an intent to shift focus away from hospital-based and inpatient care, towards outpatient, primary, and preventative care. Medi-Cal 2020 covers the period January 1, 2016 to December 31, 2020.

Revenues for the public hospitals under Medi-Cal 2020 are composed of:

1. Global Payment Program
2. Public Hospitals Redesign and Incentives in Medi-Cal
3. Whole Person Care

Global Payment Program

The Global Payment Program (GPP) is a payment reform program that aims to change the way county-owned and operated Public Hospital Systems (PHS) in California are compensated for providing care to the remaining uninsured. The program encourages a shift away from cost-based, hospital-centric models of care, through financial incentives to provide cost-effective primary and specialty care.

The GPP funds are comprised of Disproportional Share Hospital (DSH) funds that otherwise would have been allotted to a PHS, and Safety Net Uncompensated Care Pool (SNCP). DSH is a federal program to support safety-net hospital caring for a disproportionate share of low-income patients. SNCP was established under California's 2005 waiver to support services provided to uninsured patients. The GPP lifts restrictions that have historically impeded providing services for the remaining uninsured in the most appropriate setting for each patient, and now includes non-traditional methods of care delivery that have not been covered under either program.

The shift from volume to value is done through a value-based point methodology, which takes into account both the value of care to the patient, and the recognition of costs to the health care system.

Each participating PHS has an opportunity to earn a global budget for care to the remaining uninsured, and must meet service thresholds to receive full funding. Points are assigned to services in the following categories:

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

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

Global Payment Program-Continued

- Traditional Outpatient (e.g., primary or specialty care visit, dental, ER/urgent care, mental health visit).
- Non-Traditional Outpatient (e.g., health coaching, care navigation, community wellness encounters).
- Technology-Based Outpatient (e.g., nurse advice line, email consultation, provider-to-provider eConsult for specialty care).
- Inpatient and Facility Stays (e.g., trauma care, ICU stays, recuperative care, respite care, sober center stays, skilled nursing facility stays).

The County provides funding for the State of California's (State's) share of the program by using "Intergovernmental Transfers (IGTs)" to draw down federal matching funds.

The estimated GPP revenues and related IGTs recorded in FY 2019-2020, in thousands, were as follows:

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

The General Fund received $302.67 million for GPP and paid $95.42 million of related IGTs, which were recorded as "Charges for Services" revenue and "Health and Sanitation" expenditures, respectively, on the governmental funds statement.

Public Hospital Redesign and Incentives in Medi-Cal

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

PRIME directs PHS, district, and municipal hospitals to use evidence-based quality improvement methods to achieve ambitious, year-over-year performance targets. All federal funding for this program is contingent on meeting these targets.

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

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

Public Hospital Redesign and Incentives in Medi-Cal-Continued

Efforts within PRIME include (1) increasing the capability to furnish patient-centered, data driven, team-based care, (2) improving the capacity to provide point-of-care services, complex care management and population health management, (3) improving population and health outcomes, (4) high quality care that integrates physical and behavioral health services in the most appropriate setting and (5) moving towards value-based payments. The estimated revenues below, in thousands, were recorded as “other operating revenues” in FY 2019-2020:

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

The General Fund received $254.00 million for PRIME and paid $101.92 million of related IGTs, which were recorded as “Intergovernmental Revenue Federal” and "Health and Sanitation" expenditures, respectively, on the governmental funds statement.

Whole Person Care

Whole Person Care (WPC) pilot program focuses on coordination of health, behavioral health, and social services in a patient-centered manner with the goals of improved beneficiary health and well-being through more efficient and effective use of resources.

WPC program is on a calendar year basis, starting with 2016. The General Fund received $326.95 million for WPC revenues, which were recorded as "Intergovernmental Revenue Federal" on the governmental funds statement. In addition, the General Fund recorded $185.77 million of WPC IGT expenditures, which were recorded as "Health and Sanitation" expenditures on the governmental funds statement.

Medi-Cal Demonstration Project: Bridge to Reform

Bridge to Reform was approved in November 2010 by CMS, pursuant to Section 1115(a) of the Social Security Act. This waiver affected many aspects of Medi-Cal revenue for the County hospitals and clinics including the financing methods by which the State drew down federal matching funds. Bridge to Reform covered the period November 1, 2010 to October 31, 2015, with a temporary extension to December 31, 2015.

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

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

Disproportionate Share Hospital Program

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

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

Safety Net Care Pool

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

Healthy Way LA

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

Medi-Cal Demonstration Project: Medi-Cal Redesign

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

Coverage Initiative Settlements

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

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Managed Care for Seniors and Persons with Disabilities

Under the Medi-Cal Demonstration Project, in an effort to provide more coordinated care and contain costs, Medi-Cal beneficiaries who are Seniors and Persons with Disabilities (SPDs) are required to enroll in managed care plans, rather than using a fee for service system. In FY 2019-2020, an estimated $92.87 million of SPD revenues were recorded as part of net patient service revenue and ($75.48) million of related IGTs were recorded as part of non-operating expense.

The General Fund received $30.44 million for SPD, which were recorded as "Charges for Services" revenue on the governmental funds statement.

Affordable Care Act

On January 1, 2014, when the federal health care reform of the Patient Protection and Affordable Care Act went into effect, the Hospital Presumptive Eligibility program also provided individuals with temporary Medi-Cal benefits while a formal, permanent Medi-Cal application is being processed.

Medicaid Coverage Expansion

The Medicaid Coverage Expansion (MCE), also known as the Optional Medicaid Expansion program, provides Medi-Cal coverage for adult citizens or legal residents (ages 19-64) who are uninsured and have incomes at or below 138% of the Federal Property Level. The Federal Medical Assistance Percentage (FMAP) for the MCE Program is 100.00% from July 1, 2016 through December 31, 2016, 95.00% from January 1, 2017 through December 31, 2017, 94.00% from January 1, 2018 through December 31, 2018, 93.00% from January 1, 2019 through December 31, 2019, and 90% effective January 2020 and thereafter.

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

In FY 2019-2020, the total estimated MCE revenues and related estimated IGTs, including prior year over/under-realization were as follows (in thousands):

	Program Revenues	Intergovernmental Transfers Expense
MCE	$ 126,178	$ (42,143)
MCRS - MCE	45,757	3,601
Total	$ 171,935	$ (38,542)

The General Fund received $320.44 million for MCE and paid ($3.25) million of related IGTs, which were recorded as "Charges for Services" revenue and "Health and Sanitation" expenditures, respectively, on the governmental funds statement.

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs

Medi-Cal Fee-For-Service

The Medi-Cal Demonstration Project restructured the financing method by which the State draws down federal matching funds for the inpatient hospital FFS to cost based reimbursement. The non-federal share of the Medi-Cal FFS is provided by the hospitals primarily through certified public expenditures (CPE) whereby the hospital expends its local funding for services to draw down the federal financing participation, currently provided at a 50% match. For FY 2019-2020, an estimated $341.27 million of Medi-Cal FFS revenues were recorded as part of net patient service revenue.

Medi-Cal Physician State Plan Amendment

The Medi-Cal Demonstration Project payment for inpatient and other facility services excluded professional services. State Plan Amendment 05-23 allows professional services provided by public entities to be paid similarly to the inpatient hospital services under the Medi-Cal Demonstration Project. Hospitals are allowed to claim federal reimbursement for unreimbursed costs of Medi-Cal professional services (Hospital Inpatient, Emergency Room, and Psychiatric services), which is matched at the applicable FMAP rate for the year.

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

Cost Based Reimbursement Clinics

Cost Based Reimbursement Clinics (CBRC) reimburse 100% of allowable costs for outpatient services provided to Medi-Cal beneficiaries at the County's hospital-based clinics, outpatient centers and Ambulatory Care Network health centers (excluding clinics that provide predominately public health services). In FY 2019-2020, CBRC revenues were $123.77 million for the enterprise funds.

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

As of June 30, 2020, the County estimated that approximately $43.59 million of CBRC accounts receivable would not be collectible within 12 months and this amount is classified as a non-current asset in the proprietary fund statements of net position for each hospital.

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

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Medi-Cal Cost Report Settlements

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

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

Medi-Cal Managed Care Graduate Medical Education

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

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

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

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

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

Medi-Cal Managed Care Rate Supplements

The State is obtaining CMS' approval to continue the Medi-Cal Managed Care Rate Supplements (MCRS) paid to LA Care and Health Net Health Plans for FY 2019-2020. The supplements are funded by IGTs made by the County. The County does not receive the supplemental payments directly from the State; rather, the State contracts with LA Care and Health Net, which then subcontract for services with various provider networks.

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Medi-Cal Managed Care Rate Supplements-Continued

In addition, in order to receive the supplemental payments, the County is required by Welfare and Institutions Code Section 14301.4, to pay the State a 20% administrative fee that is assessed on the full amount of the IGTs. This amount is also recorded as part of the IGT.

The total estimated managed care rate supplement revenues and related estimated IGTs recorded in FY 2019-2020, including prior year over/under realization, were as follows (in thousands):

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

The General Fund recorded $102.42 million of MCRS revenues and $90.86 million of related IGTs as "Charges for Services" revenue and "Health and Sanitation" expenditures, respectively, on the governmental funds statement.

Managed Care Rule

On April 25 2016, CMS published the Medicaid and Children's Health Insurance Program (CHIP) Managed Care Final Rule. The rule, many provisions of which went into effect July 1, 2017, is an update to the regulatory framework for Medicaid, aligning it as much as possible with Medicare and other commercial insurance requirements for issues like rate setting, access standards, grievances and appeals, and quality.

The managed care rule limits the ability of states to direct payments to health care providers, unless certain conditions are met. Among the allowable exceptions are payments tied to performance, and payments that provide a uniform payment increase which includes a pre-determined increase over contracted rates. The previous SPD-SB208 and AB85 MCE-to-Cost programs did not meet these conditions. In order to retain this critical funding, the following two programs were introduced:

1. Enhanced Payment Program
2. Quality Incentive Program

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Managed Care Rule-Continued

Enhanced Payment Program

The Enhanced Payment Program (EPP) creates a funding to be used to supplement the base rates public health care systems receive through Medi-Cal managed care contracts, meant to meet the managed care rule's exception that allows payments that provide a uniform increase within a class of providers such as a predetermined increase over contracted rates.

Enhanced payments public health care systems would be eligible to receive depend largely on systems' existing payment arrangements with their managed care plans. Under the proposed structure, health plans would receive an add-on to their managed care rates and would provide interim payments to providers throughout the year. Payments would be reconciled at the end of the year, protecting health plans from any risk associated with payment.

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

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

The General Fund received $325.11 million for EPP and paid $42.41 million of related IGTs, which were recorded as "Charges for Services" revenue and "Health and Sanitation" expenditures, respectively, on the governmental funds statement.

Quality Incentive Program

The Quality Incentive Program (QIP) is meant to meet the Managed Care Rule's exception that allows payments tied to performance.

The QIP represents a new pay for performance program for California's public health care systems that would convert funding from previously existing supplemental payments into a value-based structure. QIP payments are tied to the achievement of performance on a set of clinically established quality measures for Medi-Cal managed care enrollees.

The QIP is structured similar to the PRIME program. The QIP's measures do not directly overlap with any of the quality measures being used in PRIME, but are designed to be complementary.

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Managed Care Rule-Continued

Quality Incentive Program-Continued

At FY 2019-2020 year end, the estimated QIP revenues, recorded as "other operating revenues", and related IGTs, including prior year over/under realization, are as follows (in thousands):

	QIP Revenues	Intergovernmental Transfers Expense
Harbor-UCLA Medical Center	$ 43,598	$ 3,044
Olive View-UCLA Medical Center	15,258	879
LAC+USC Medical Center	37,524	1,603
Rancho Los Amigos National Rehab Center	(3,447)	(1,217)
Total	$ 92,933	$ 4,309

The General Fund received $101.13 million for QIP and paid $12.58 million of related IGTs, which were recorded as "Intergovernmental Revenue Federal" and "Health and Sanitation" expenditures, respectively, on the governmental funds statement.

Third Party Payor Liability

The County's Hospitals reported third party payor liabilities of $441.82 million (see Note 11) as of June 30, 2020, as reported on the statement of net position for proprietary funds. The current liabilities for amounts due within one year are $171.00 million.

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

Accounts Receivable-Net

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

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

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Charity Care

Charity care includes those uncollectible amounts for which the patient is unable to pay. Generally, charity care adjustment accounts are those accounts for which an indigence standard has been established and under which the patient qualifies. Inability to pay may be determined through DHS's Ability-to-Pay program, through other collection efforts by DHS, by the Treasurer and Tax Collector, or by an outside collection agency. Determinations of charity care may be made prior to, at the time of service, or any time thereafter. The estimated cost of charity care for the year ended June 30, 2020 was $632.25 million. A portion of the charity care is funded by GPP at a rate of 20.87%. The total amount of such charity care provided by the hospitals for the year ended June 30, 2020 is as follows (in thousands):

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

Realignment

As a result of the ACA, the State adopted and passed Assembly Bill 85 (AB85), as amended by Senate Bill 98, which lays out the process by which a portion of the 1991 County Health Realignment funds will be redirected to support Social Services programs based on a formula. The redirection is based on the assumption that the counties will decrease their cost for healthcare for the indigent population. These savings will be shared between the counties' health departments and the State. The sharing ratio is 80% to the State and 20% to the County. This ratio has been in place since FY 2014-2015. AB85, as amended, provides a unique formula for the County to determine the amount to be redirected.

In FY 2019-2020, the State did not withhold any of the County's Health Realignment funds. This amount is expected to be reconciled against actual revenues and expenses for FY 2019-2020 within two years. The redirection amount will be subject to the State's review and approval. The financial impact of the potential redirection of realignment funding in future years is not yet known.

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

In FY 2017-2018, the State did not withhold any of the County's Health Realignment funds. However, based on updated revenues realized for FY 2017-2018 services in FY 2019-2020, the projected redirection amount is $351.20 million. As a result, the "Intergovernmental Revenue - State" revenue has been reduced by $351.20 million in the County's General Fund in FY 2019-2020.

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Martin Luther King, Jr. Community Hospital

The County and the University of California (UC), with the State, have created a wholly independent, non-profit 501(c)(3) entity, the Martin Luther King, Jr. - Los Angeles Healthcare Corporation (MLK-LA), to operate a new hospital at the MLK-MACC site. The hospital will: i) serve as a safety-net provider treating a high volume of Medi-Cal and uninsured patients and ii) be integrated with the County's existing network of specialty and primary care ambulatory clinics. The seven-member MLK Hospital Board of Directors was appointed by the County and UC in August 2010. The new MLK Community Hospital opened on May 14, 2015.

To assist with the opening of the MLK Hospital, the County provided MLK-LA with $50.00 million of coordination start-up funds, $39.10 million of grant funding, and $82.00 million of long-term loan funding, which includes a 30-year loan in the amount of $50.00 million, a 10-year revolving line of credit in the amount of $20.00 million, and a 2-year loan in the amount of $12.00 million. On January 5, 2016, the Board approved an additional short-term revolving loan in the amount of $40.00 million to assist MLK-LA with post-hospital opening expenses. All the loans have been repaid in full, with the exception of the 30-year loan, which has a current outstanding balance of $42.86 million. In addition, the DHS has committed to make ongoing annual payments of $18.00 million for indigent care support, and $50.00 million of intergovernmental transfers for the benefit of the MLK Hospital.

15. INTERFUND TRANSACTIONS

Interfund Receivables/Payables

Interfund receivables and payables have been eliminated in the government-wide financial statements, except for “internal balances” that are reflected between the governmental and business-type activities. The majority of the interfund balances resulted from the time lag between the time that (1) goods and services were provided; (2) the recording of those transactions in the accounting system; and (3) payments between the funds were made. Interfund receivables and payables have been recorded in the fund financial statements. Such amounts arise due to the exchange of goods or services (or subsidy transfers) between funds that were pending the transfer of cash as of June 30, 2020.

15. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

Cash transfers related to interfund receivables/payables are generally made within 30 days after year-end. Amounts due to/from other funds at June 30, 2020 are as follows (in thousands):

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

15. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

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

15. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

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

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.

15. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

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

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

15. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

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

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.

15. INTERFUND TRANSACTIONS-Continued

Interfund Advances-Continued

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

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

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

The County's statement of revenues, expenditures and changes in fund balances-budget and actual on budgetary basis for the major governmental funds has been prepared on the budgetary basis of accounting, which is different from GAAP.

The amounts presented for the governmental funds statements are based on the modified accrual basis of accounting and differ from the amounts presented on a budgetary basis of accounting. The major areas of difference are as follows:

- For budgetary purposes, nonspendable, restricted, committed and assigned fund balances and the portion of unassigned fund balance reserved for the "Rainy Day" fund are recorded as other financing uses at the time they are established. The County recognizes them as uses of budgetary fund balance. The nonspendable, restricted, committed and assigned fund balances that are subsequently canceled or otherwise made available are recorded as changes in fund balance in other financing sources.

- Under the budgetary basis, revenues (primarily intergovernmental) are recognized at the time encumbrances are established for certain programs and capital improvements. The intent of the budgetary policy is to match the use of budgetary resources (for amounts encumbered, but not yet expended) with funding sources that will materialize as revenues when actual expenditures are incurred. Under the modified accrual basis, revenues are not recognized until the qualifying expenditures are incurred and amounts are collected within the County's availability period.

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

- For the General Fund, obligations for accrued compensated absences and estimated liabilities for litigation and self-insurance are recorded as budgetary expenditures to the extent that they are estimated to be payable within one year after year-end. Under the modified accrual basis of accounting, such expenditures are not recognized until they become due and payable in accordance with GASB Interpretation 6.

- In conjunction with the sale of Tobacco Settlement Asset-Backed bonds in FY 2005-2006, the County sold 25.9% of its future tobacco settlement revenues. Under the budgetary basis, the proceeds were recognized as revenues. Under the modified accrual basis, the proceeds were recorded as deferred inflows of resources and are being recognized over the duration of the sale agreement, in accordance with GASB 48 and 65. This matter is also discussed in Note 11, under the caption, "Tobacco Settlement Asset-Backed Bonds."

- Under the budgetary basis, property tax revenues are recognized to the extent that they are collectible within one year after year-end. Under the modified accrual basis, property tax revenues are recognized only to the extent that they are collectible within 60 days.

- For budgetary purposes, investment income is recognized prior to the effect of changes in the fair value of investments. Under the modified accrual basis, the effects of such fair value changes have been recognized.

- The County determined that certain assets were held by LACERA (the OPEB administrator) in an OPEB Agency Fund. For budgetary purposes, any excess payments (beyond the pay-as-you-go amount) are recognized as expenditures. Under the modified accrual basis, the expenditures are adjusted to recognize the OPEB Agency assets at June 30, 2020.

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

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

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

17. OTHER COMMITMENTS

Construction and Other Significant Commitments

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

LACERA Capital Commitments

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

17. OTHER COMMITMENTS-Continued

Encumbrances

The County uses "encumbrances" to control expenditure commitments for the year. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve applicable appropriations. Depending on the source(s) of funding, encumbrances are reported as part of restricted, committed or assigned fund balance on the governmental funds balance sheet. As of June 30, 2020, the encumbrance balances for the governmental funds (in thousands) are reported as follows:

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

18. RISK MANAGEMENT

The County purchases insurance for certain risk exposures such as property, aviation, employee fidelity, boiler and machinery, cyber, catastrophic workers' compensation, art objects, volunteers, special events, public official bonds, crime, safety reserve employee death and disability, and fiduciary liability for the deferred compensation plans. There have been settlements related to these programs that exceeded self-insured retention in the last three years. Losses did not exceed coverage in FY 2017-2018, FY 2018-2019 or FY 2019-2020.

The County retains the risk for all other loss exposures. Major areas of risk include workers' compensation, medical malpractice, law enforcement, natural disasters, inverse condemnation, non-tort and tort liability. Expenditures are accounted for in the fund whose operations resulted in the loss. Claims expenditures and liabilities are reported when it is probable that a loss has been incurred and the amount of that loss, including those incurred but not reported, can be reasonably estimated. The County utilizes actuarial studies, historical data, and individual claims reviews to estimate these liabilities. The liabilities include estimable incremental claim adjustment expenses, net of salvage, and recovery/subrogation of approximately 10% of the total liability expenditures. They do not include other claim adjustment costs because the County does not believe it is practical or cost effective to estimate them.

As indicated in the following table, the County's workers' compensation balance as of June 30, 2020 was approximately $3.134 billion. This amount is undiscounted and is based on an actuarial study of the County's self-insured program as of June 30, 2020. Approximately $128.33 million of the total liabilities pertain to salary continuation payments and other related costs mandated by the State Labor Code.

18. RISK MANAGEMENT-Continued

As of June 30, 2020, the County's estimate of these liabilities is $3.731 billion. Changes in the reported liability since July 1, 2018 resulted from the following (in thousands):

	Beginning of Fiscal Year Liability	Current Year Claims and Changes In Estimates	Claim Payments	Balance At Fiscal Year-End
2018-2019				
Workers' Compensation	$ 2,858,428	633,766	(502,377)	$ 2,989,817
Other	299,273	146,178	(97,821)	347,630
Total	$ 3,157,701	779,944	(600,198)	$ 3,337,447
2019-2020				
Workers' Compensation	$ 2,989,817	645,130	(500,754)	$ 3,134,193
Other	347,630	354,352	(104,897)	597,085
Total	$ 3,337,447	999,482	(605,651)	$ 3,731,278

In addition to the above estimated liabilities, the County has determined that claims seeking damages of approximately $190.91 million are reasonably possible of creating adverse judgments against the County. Because of the uncertainty of their outcome, no loss has been accrued for these claims.

The County receives substantial federal revenues and operates many programs which are subject to federal rules and regulations. Federal assistance is especially critical to the County's ability to operate its four County hospitals and health care network. The County is carefully monitoring State and federal policy developments to determine the future impacts, if any, on its ability to administer federal programs and deliver County services that rely upon federal funding.

19. POLLUTION REMEDIATION

The County is involved in several remediation actions to clean up pollution sites within its boundaries. These matters generally coincide with the County's ownership of land, buildings and infrastructure assets. In some cases, regulatory agencies (e.g., Regional Water Quality Board, State Department of Toxic Control, California Coastal Commission) notified the County of the need for remedial action. In addition, the County conducts its own environmental monitoring and this activity identifies pollution sites and matters requiring further investigation and possible remediation. Once the County is aware of these conditions, it commences monitoring, assessment, testing and/or cleanup activities, and recognizes a pollution remediation obligation when estimates can reasonably be determined. The pollution remediation obligation is an estimate and is subject to revision because of price increases or reductions, changes in technology, or changes in applicable laws or regulations. The types of pollution that have been identified include leaking underground storage tanks, water, groundwater and soil contamination, asbestos and lead paint contamination, methane gas detection and excessive levels of other contaminants. Remediation efforts include developing remediation and feasibility studies, source identification studies, site testing, sampling and analysis, ground water cleanup, and removal of storage tanks, asbestos tiles and other hazardous materials.

19. POLLUTION REMEDIATION-Continued

As of June 30, 2020, the County's estimated pollution remediation obligation totaled $48.67 million. This obligation was associated with the County's governmental activities. Obligations of enterprise and internal service funds were immaterial. The estimated liability was determined by project managers, based on historical cost information for projects of the same type, size and complexity and measured at their current value. In subsequent periods, the County will adjust the estimated obligation when new information indicates that such changes are required. At this time, the County has determined there are no estimated recoveries reducing the obligation.

20. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows and inflows of resources balances in the government-wide and the proprietary funds statement of net position as of June 30, 2020 are described as follows:

– The deferred outflows of resources, included on the government-wide statement of net position, relate to the unamortized losses on refunding of debt, changes in the net pension liability as discussed in Note 8, and changes in the net OPEB liability as discussed in Note 9. The unamortized losses on refunding of debt are a deferred charge on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

– The deferred inflows of resources, included on the government-wide statement of net position, relate to the future installment payments of service concession arrangements as discussed in Note 7, from changes in the net pension liability as discussed in Note 8, and from changes in the net OPEB liability as discussed in Note 9.

Government-wide
Statement of Net Position (in thousands)

	Governmental Activities	Business-type Activities	Total
Deferred outflows of resources:			
Unamortized losses on refunding of debt	$ 12,927		$ 12,927
Pensions	4,025,125	604,390	4,629,515
OPEB	3,697,164	502,505	4,199,669
Total government-wide deferred outflows of resources	$ 7,735,216	1,106,895	$ 8,842,111
Deferred inflows of resources:			
Service concession arrangements	$ 78,497		$ 78,497
Pensions	727,345	180,116	907,461
OPEB	3,839,276	1,074,984	4,914,260
Total government-wide deferred inflows of resources	$ 4,645,118	1,255,100	$ 5,900,218

20. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES-Continued

Proprietary Funds
Statement of Net Position (in thousands):

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

Deferred outflows and inflows of resources balances in the governmental funds balance sheet as of June 30, 2020 are described as follows:

– The intra-entity sales of future tobacco settlement revenues are reported as deferred inflows of resources in the General Fund and deferred outflows of resources in the nonmajor governmental funds.

– Under the modified accrual basis of accounting, earning revenues during the current period is not sufficient for revenue recognition in the current period. Revenue must also be susceptible to accrual (i.e., measurable and available to finance expenditures of the current period). Governmental funds report revenues not susceptible to accrual as deferred inflows of resources. The County has included two such items, which are property tax revenues to be collected beyond the 60 day accrual period, plus other long-term receivables, related mostly to SB90 claims, expected to be collected beyond the 12 month accrual period.

Governmental Funds
Balance Sheet (in thousands):

	General Fund	Fire Protection District	Flood Control District	LA County Library	Regional Park and Open Space District	Nonmajor Funds	Total
Deferred outflows of resources -							
Tobacco settlement revenues	$					212,504	$ 212,504
Deferred inflows of resources:							
Tobacco settlement revenues	$ 212,504						$ 212,504
Property tax revenues	177,457	37,311	11,576	5,556	2,846	13,430	248,176
Other long-term receivables	228,596	971				3,844	233,411
Total governmental funds deferred inflows of resources	$ 618,557	38,282	11,576	5,556	2,846	17,274	$ 694,091

21. FUND BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned as described in Note 1. A detailed schedule of fund balances for all the major and nonmajor governmental funds at June 30, 2020 (in thousands) is as follows:

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

21. FUND BALANCES-Continued

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

Reserve for "Rainy Day" Fund

On June 22, 2009, the Board established a Reserve for "Rainy Day" fund. The Reserve for "Rainy Day" fund was established and maintained to protect essential County programs against unforeseen emergencies and economic downturns. The Reserve cap should be 10.00% of on-going locally generated revenue. Transfers, at a minimum of ten percent (10.00%) of excess fund balance, less Board approved carryovers, will be set aside in the Rainy Day Fund and/or OPEB trust fund each year until the 10.00% cap is met. Excess fund balance is defined as the difference between the actual year-end fund balance amount as determined by the Auditor-Controller, less the estimated fund balance amount included in the Adopted Budget. Board approved carryover is defined as unspent funding that was previously approved by the Board for critical programs and/or uncompleted projects.

When the Reserve cap of 10.00% is reached, the annual 10.00% of excess fund balance amount should be deposited into the OPEB trust fund to be made available for unfunded retiree health obligations. The objective is to avoid on-going commitments with funding that may not be sustainable in an economic downturn.

The County's "Rainy Day" fund does not meet the criteria for a stabilization arrangement for reporting the funds as either restricted or committed. As such, the Reserve for "Rainy Day" funds in the amount of $642.42 million is reported as unassigned fund balance in the General Fund.

22. CORONAVIRUS DISEASE 2019 (COVID-19)

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

Federal CARES Act Funding

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

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

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

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

Federal Emergency Management Agency

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

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

CARES Act Provider Relief Funds

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

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

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

23. SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes (TRANS)

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

LACCAL Lease Revenue Bonds

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

23. SUBSEQUENT EVENTS-Continued

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

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

Lease Revenue Commercial Paper Obligation Notes (LRON)

On August 11, 2020, LACCAL issued an additional $60.00 million in LRON, which includes $20.00 million with an interest rate of 0.16%, $26.20 with an interest rate of 0.17%, and $13.80 million with an interest rate of 0.18%. On November 20, 2020, LACCAL issued an additional $70.00 million in LRON, which includes $41.50 million with an interest rate of 0.16% and $28.50 million with an interest rate of 0.18%. The proceeds are being used to fund capital requirements of various capital projects. LRON issuances are supported and secured by four separate series of letters of credit and pledged County properties.

Measure J

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

COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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

	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Pension Plan's fiduciary net position as percentage of total pension liability	82.910 %	83.960 %	82.370 %	81.749 %	86.296 %	86.804 %
County's proportionate share of the collective net pension liability	$ 11,560,668	$ 10,345,209	$ 10,849,931	$ 10,272,671	$ 7,448,374	$ 6,957,082
County's proportion as percentage of the collective net pension liability	96.223 %	96.169 %	96.119 %	96.170 %	96.081 %	95.897 %
Covered payroll	$ 8,031,454	$ 7,631,381	$ 7,320,575	$ 6,986,004	$ 6,948,738	$ 6,672,228
County's proportionate share of the collective net pension liability as a percentage of its covered payroll	143.942 %	135.561 %	148.211 %	147.046 %	107.190 %	104.269 %

Schedule of County's Pension Contributions
Last 10 Fiscal Years[1,3]
(Dollar amounts in thousands)

	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution (ADC)	$ 1,732,960	$ 1,605,150	$ 1,466,411	$ 1,300,711	$ 1,389,628	$ 1,437,555
Less: Contributions in relation to the ADC	1,732,960	1,605,150	1,466,411	1,300,711	1,389,628	1,437,555
Contribution Deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered payroll	$ 8,377,352	$ 8,031,454	$ 7,631,381	$ 7,320,575	$ 6,986,004	$ 6,948,738
Contributions as a percentage of total covered payroll	20.686 %	19.986 %	19.216 %	17.768 %	19.892 %	20.688 %

(1) Historical information is required only for measurement periods for which GASB 68 is applicable. Eventually, 10 years of data will be shown.
(2) Reflects data as of the measurement date.
(3) Reflects data as of the reporting date.

Los Angeles County Employees Retirement Association
Notes to Required Supplementary Information

Changes of benefit terms

There were no plan changes after June 30, 2013.

Changes of assumptions

There were no changes of assumptions used to determine the Total Pension Liability.

There were no changes of assumptions in determining the ADC since FY 2014-2015.

Los Angeles County Employees Retirement Association
Schedule of Changes in Net RHC OPEB Liability and Related Ratios
Last 10 Fiscal Years [1,2,3]
(Dollar amounts in thousands)

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

Notes to Schedule:
Changes of benefit terms: No changes to benefit terms

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

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

(1) Historical information is required only for measurement periods for which GASB 75 is applicable. Eventually, 10 years of data will be shown.
(2) Reflects data as of the Measurement Date.
(3) As of July 1, 2018, LACERA transitioned from a cost-sharing, multiple employer plan to an agent plan structure. Therefore, this schedule only reflects one year of data.

COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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

	2020	2019	2018
Actuarially Determined Contribution (ADC)	$ 1,482,200	$ 1,549,500	$ 1,901,000
Less: Contributions in relation to the ADC	880,949	787,366	679,872
Contribution Deficiency (excess)	$ 601,251	$ 762,134	$ 1,221,128
Covered-employee payroll	$ 9,404,208	$ 9,071,329	$ 8,571,345
Contributions as a percentage of total covered-employee payroll	9.368 %	8.680 %	6.523 %

(1) Historical information is required only for measurement periods for which GASB 75 is applicable. Eventually, 10 years of data will be shown.
(2) Reflects data as of the measurement date.
(3) Reflects data as of the reporting date.

Actuarial Methods and Assumptions

Valuation Timing	July 1, 2018, rolled forward to June 30, 2019
Actuarial Cost Method	Individual Entry Age Normal, Level Percent of Pay
Asset Valuation Method	Fair Market Value
Inflation	2.75%
Salary Increases	3.25% general wage increase and merit according to Table A-5 of the June 30, 2017 actuarial valuation of retirement benefits. It can be found at www.LACERA.com.
Mortality	Various rates based on the RP-2014 Healthy and Disabled Annuitant mortality tables and including projection for expected future mortality improvement using the MO Healthcare Cost Trend Rates MP-2014 Ultimate Projection Scale.
Experience Study	Covers the three year period ended June 30, 2016.
Discount Rate	4.69%
Long-term expected rate of return, net of investment expenses	6.00%
20 Year Tax-Exempt Municipal Bond Yield	3.50%

COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Schedule of Changes in the Total LTD OPEB Liability and Related Ratios
Last 10 Fiscal Years[1]
(Dollar amounts in thousands)

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

Notes to schedule:

Changes of benefit terms: No changes to benefit terms

Changes of assumptions:

Changes of Assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

As of June 30, 2017	3.58 %
As of June 30, 2018	3.87 %
As of June 30, 2019	3.50 %

(1) Historical information is required only for measurement periods for which GASB 75 is applicable. Eventually, 10 years of data will be shown.

COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Total LTD OPEB Liability
Notes to Required Supplementary Information

Changes of benefit terms

None

Changes of assumptions

The Discount rate decreased from 3.87% as of June 30, 2019 to 3.50% as of June 30, 2020.

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

COUNTY OF LOS ANGELES

CALIFORNIA

APPENDIX C

PROPOSED FORM OF APPROVING OPINION OF BOND COUNSEL

COUNTY OF LOS ANGELES
CALIFORNIA

PROPOSED FORM OF BOND COUNSEL OPINION

Upon delivery of the Notes, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County, proposes to render its final opinion in substantially the following form:

County of Los Angeles
Los Angeles, California

County of Los Angeles
2021-22 Tax and Revenue Anticipation Notes
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the County of Los Angeles (the "County") in connection with the issuance of $1,000,000,000 aggregate principal amount of County of Los Angeles 2021-22 Tax and Revenue Anticipation Notes (the "Notes"), issued pursuant to a resolution of the Board of Supervisors of the County adopted on May 18, 2021 (the "Resolution") and the Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2021-22 Tax and Revenue Anticipation Notes, dated July 1, 2021, executed by the County (the "Financing Certificate"), and Article 7.6, Chapter 4, Part 1, Division 2 of Title 5 (commencing with Section 53850) of the California Government Code. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Financing Certificate.

In such connection, we have reviewed the Resolution, the Financing Certificate, the Tax Certificate of the County, dated the date hereof (the "Tax Certificate"), an opinion of County Counsel of the County, certificates of the County and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Notes on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Notes on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Notes has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the County. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution, the Financing Certificate and the Tax Certificate, including, without limitation, covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Notes to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Notes, the Resolution, the Financing Certificate and the Tax Certificate and their enforceability, may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against counties in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or having the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the documents mentioned in the preceding sentence. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Notes, and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Notes constitute the valid and binding obligations of the County.

2. The Financing Certificate has been duly executed and delivered by, and constitutes the valid and binding obligation of, the County.

3. Interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. The amount treated as interest and excluded from gross income may depend upon the taxpayer's election under Internal Revenue Notice 94-84. Interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

COUNTY OF LOS ANGELES

CALIFORNIA

The information in this Appendix D concerning The Depository Trust Company ("DTC"), New York, New York, and DTC's book entry system has been obtained from DTC, and the County and the Underwriters take no responsibility for the completeness or accuracy thereof. The County and the Underwriters cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Notes, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Notes, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Notes, or that they will do so on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company, New York, NY, will act as securities depository for the Notes (the "Notes"). The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Notes in the aggregate principal amount thereof and will be deposited with DTC.

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information on this website is not incorporated herein by reference.

3. Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

4. To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

7. Distributions and other payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the County or its agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and other payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

8. DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

9. The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC and the requirements of the Resolution and Financing Certificate with respect to certificated Notes will apply.

10. The information in this Appendix D concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

NEITHER THE COUNTY NOR ANY OF THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OF THE NOTES OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

COUNTY OF LOS ANGELES

CALIFORNIA

APPENDIX E

FORM OF DISCLOSURE CERTIFICATE

COUNTY OF LOS ANGELES

CALIFORNIA

$1,000,000,000
COUNTY OF LOS ANGELES
2021-22 TAX AND REVENUE ANTICIPATION NOTES

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this **"Disclosure Certificate"**) is executed and delivered by the County of Los Angeles (the **"County"**) in connection with the issuance of $1,000,000,000 aggregate principal amount of the County's 2021-22 Tax and Revenue Anticipation Notes (the **"**Notes**"**). The Notes are being issued pursuant to a Resolution adopted by the County on May 18, 2021 (the **"Resolution")**, and a Financing Certificate executed by the Treasurer on July 1, 2021 (the **"Certificate"**). The County covenants and agrees as follows:

Section 1. <u>**Purpose of this Disclosure Certificate**</u>. This Disclosure Certificate is being executed and delivered by the County for the benefit of the Holders and Beneficial Owners of the Notes and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission ("SEC") Rule 15c2-12(b)(5) (the **"Rule"**).

Section 2. <u>**Definitions**</u>. In addition to the definitions set forth in the Certificate, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Beneficial Owner" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

"Dissemination Agent" shall initially mean the County, or any successor Dissemination Agent designated in writing by the County and which has filed with the County a written acceptance of such designation.

"EMMA System" shall mean the MSRB's Electronic Municipal Market Access system.

"Financial Obligation" means "financial obligation" as such term is defined in the Rule.

"Holders" or **"Noteholders"** shall mean the registered owners of the Notes.

"Listed Events" shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate.

"Participating Underwriters" shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of California.

Section 3. **Reporting of Listed Events**.

(a) The County shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Notes in a timely manner not later than ten business days after the occurrence of the event:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;

3. unscheduled draws on debt service reserves reflecting financial difficulties of the County;

4. unscheduled draws on any credit enhancement reflecting financial difficulties of the County;

5. substitution of credit or liquidity providers or failure of a credit or liquidity provider to perform its obligations with respect to the Notes;

6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;

7. modifications to rights of Noteholders, if material;

8. redemption or call of the Notes, if material, and tender offers;

9. defeasances;

10. release, substitution or sale of property securing repayment of the Notes, if material;

11. rating changes;

12. bankruptcy, insolvency, receivership or similar event of the County; *provided* that for the purposes of the events described in this clause, such an event is considered to occur upon: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County;

13. the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such

an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. appointment of a successor or additional trustee or the change of name of the trustee, if material;

15. incurrence of a Financial Obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect security holders, if material; and

16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflect financial difficulties.

Certain of the foregoing events may not be applicable to the Notes.

Section 4. **Termination of Reporting Obligation**. The County's obligations under this Disclosure Certificate shall terminate upon the payment in full of all the Notes. If such termination occurs prior to the final maturity of the Notes, the County shall give notice of such termination in the same manner as for a Listed Event under Section 3(a).

Section 5. **Dissemination Agent**. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent, if other than the County, shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Certificate.

Section 6. **Amendment; Waiver**. Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Notes.

Section 7. **Additional Information**. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

Section 8. **Default**. In the event of a failure of the County to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in the Superior Court of the State of California in and for the County of Los Angeles or in a U.S. District Court in or nearest to Los Angeles County. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution or the Certificate, and the sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance.

Section 9. **Duties, Immunities and Liabilities of Dissemination Agent**. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

Section 10. **Beneficiaries**. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

Dated: July 1, 2021

COUNTY OF LOS ANGELES, CALIFORNIA

By: ______________________________

KEITH KNOX
Treasurer and Tax Collector

COUNTY OF LOS ANGELES • 2021-22 TAX AND REVENUE ANTICIPATION NOTES

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