MAY 23, 2022 UPDATE TO OFFICIAL STATEMENT DATED OCTOBER 14, 2021

NEW ISSUE – BOOK-ENTRY ONLY **RATINGS: See "RATINGS" herein.**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, 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 Series 2022G Bonds 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. In the further opinion of Bond Counsel, interest on the Series 2022G Bonds 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 Series 2022G Bonds. See "TAX MATTERS" herein.

$225,120,000
LOS ANGELES COUNTY
PUBLIC WORKS FINANCING AUTHORITY
Lease Revenue Refunding Bonds, 2022 Series G (Forward Delivery)

Dated: Date of Delivery **Due: December 1, as shown on the inside cover page**

This cover page contains information for reference only. Investors must read the entire Official Statement to obtain information essential in making an informed investment decision. Capitalized terms used in this cover page shall have the meanings given such terms herein.

This Official Statement updates the Original Official Statement, dated October 14, 2021, pursuant to which the Series 2022G Bonds were offered and sold. This Official Statement is provided in accordance with the Forward Delivery Bond Purchase Agreement, dated October 14, 2021, by and among the County, the Authority, and the Representatives of the Underwriters. See "INTRODUCTION – Updates to Official Statement" for a description of the updates made in this Official Statement as compared to the Original Official Statement.

The Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds, 2022 Series G (Forward Delivery) (the "Series 2022G Bonds") are special obligations of the Los Angeles County Public Works Financing Authority (the "Authority"), payable solely from Lease Revenues and the other assets pledged therefor under the Master Indenture, dated as of February 1, 2015, as previously amended and supplemented and as further amended and supplemented by the Sixth Supplemental Indenture, dated as of June 1, 2022 (the "Sixth Supplemental Indenture" and, as so amended and supplemented, the "Indenture"), by and among the County of Los Angeles, California (the "County"), the Authority and Zions Bancorporation, National Association, as trustee (the "Trustee"). Lease Revenues consist primarily of Base Rental Payments to be made by the County for the use of certain real property and the improvements located thereon (the "Property") pursuant to the Master Sublease, dated as of February 1, 2015, as amended and supplemented as described herein (as so amended and supplemented, the "Sublease"), by and between the County and the Authority. The County has covenanted under the Sublease to make all Base Rental Payments and Additional Rental Payments (collectively, the "Rental Payments") provided for therein, to include all such Rental Payments in its annual budgets and to make necessary annual appropriations for all such Rental Payments. The County's obligation to make Base Rental Payments is subject to abatement during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the County's right to use and occupy any portion of the Property. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022G BONDS" herein.

The Authority has previously issued certain lease revenue bonds pursuant to the Indenture (the "Prior Bonds"), of which $989,845,000 principal amount is outstanding. Subject to satisfaction of certain conditions precedent, the Authority may issue additional bonds (the "Additional Bonds") under the Indenture. The Series 2022G Bonds will be issued as Additional Bonds under the Indenture. The Prior Bonds and the Series 2022G Bonds will be payable from Lease Revenues on a parity with all other Additional Bonds issued under the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022G BONDS – Parity Obligations; Additional Bonds" herein.

The major portion of the proceeds of the Series 2022G Bonds will be used to refund the Authority's outstanding Lease Revenue Bonds (Multiple Capital Projects II), Series 2012 and pay certain costs of issuance incurred in connection with the issuance of the Series 2022G Bonds. See "PLAN OF REFUNDING" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Series 2022G Bonds will be issued in denominations of $5,000 and any integral multiple thereof. The Series 2022G Bonds will be dated their date of delivery and are payable with respect to interest semiannually each June 1 and December 1, commencing on December 1, 2022. The Series 2022G Bonds will be delivered in fully-registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2022G Bonds. Ownership interests in the Series 2022G Bonds may be purchased in book-entry form only. Principal of and interest and redemption premium, if any, on the Series 2022G Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (defined herein) for subsequent disbursement to the Beneficial Owners of the Series 2022G Bonds. See APPENDIX D – "Book-Entry Only System" attached hereto.

The Series 2022G Bonds are subject to redemption prior to maturity, as described herein. See "THE SERIES 2022G BONDS – Redemption of the Series 2022G Bonds" herein.

See "CERTAIN RISK FACTORS" for a discussion of factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Series 2022G Bonds.

THE OBLIGATION OF THE COUNTY TO PAY THE BASE RENTAL PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE COUNTY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE COUNTY OR THE STATE OF CALIFORNIA IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY OR THE STATE OF CALIFORNIA HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE Series 2022G Bonds SHALL BE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM THE LEASE REVENUES AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE COUNTY OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE Series 2022G Bonds. THE AUTHORITY HAS NO TAXING POWER AND HAS NO OBLIGATION TO PAY BASE RENTAL PAYMENTS.

The Series 2022G Bonds are offered when, as and if issued, subject to the approval as to their validity by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority and the County by Hawkins Delafield & Wood LLP, Los Angeles, California, Disclosure Counsel, and by County Counsel, and for the Underwriters by their counsel, Katten Muchin Rosenman LLP, New York, New York. It is anticipated that the Series 2022G Bonds will be available for delivery through the facilities of DTC in New York, New York on or about June 2, 2022.

BofA Securities **Siebert Williams Shank & Co., LLC**

American Veterans Group, PBC **Cabrera Capital Markets, LLC** **Piper Sandler & Co.**

Dated: May 23, 2022

MATURITY SCHEDULE

$225,120,000
LOS ANGELES COUNTY
PUBLIC WORKS FINANCING AUTHORITY
Lease Revenue Refunding Bonds, 2022 Series G (Forward Delivery)
(Base CUSIP†: 54473E)

Due (December 1)	Principal Amount	Interest Rate	Yield	CUSIP Suffix†	Due (December 1)	Principal Amount	Interest Rate	Yield	CUSIP Suffix†
2022	$ 6,245,000	5.00%	0.440%	WR1	2033	$10,765,000	5.00%	1.790%[C]	XC3
2023	6,530,000	5.00	0.510	WS9	2034	11,320,000	5.00	1.850[C]	XD1
2024	6,870,000	5.00	0.610	WT7	2035	11,895,000	5.00	1.880[C]	XE9
2025	7,220,000	5.00	0.760	WU4	2036	12,510,000	5.00	1.920[C]	XF6
2026	7,590,000	5.00	0.930	WV2	2037	13,155,000	5.00	1.950[C]	XG4
2027	7,980,000	5.00	1.160	WW0	2038	13,825,000	5.00	1.980[C]	XH2
2028	8,390,000	5.00	1.320	WX8	2039	14,530,000	5.00	2.010[C]	XJ8
2029	8,820,000	5.00	1.470	WY6	2040	15,280,000	5.00	2.040[C]	XK5
2030	9,260,000	5.00	1.580	WZ3	2041	16,060,000	5.00	2.070[C]	XL3
2031	9,745,000	5.00	1.660	XA7	2042	16,890,000	5.00	2.080[C]	XM1
2032	10,240,000	5.00	1.730[C]	XB5					

[C] Priced at the stated yield to the December 1, 2031, optional redemption date at par.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Authority, the County, the Underwriters or their agents or counsel assume responsibility for the accuracy of such numbers.

COUNTY OF LOS ANGELES

LOS ANGELES COUNTY
PUBLIC WORKS FINANCING AUTHORITY
LEASE REVENUE REFUNDING BONDS, 2022 SERIES G (FORWARD DELIVERY)

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained herein. If given or made, such other information or representations must not be relied upon as having been authorized by the County or the Authority. 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 Series 2022G Bonds 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 Series 2022G Bonds. Statements contained herein 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 representations of facts.

The information set forth herein has been obtained from the Authority and the County, and other sources that are believed by the Authority and the County to be reliable. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale of the Series 2022G Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or the Authority since the date hereof. All summaries of the documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions. Preparation of this Official Statement and its distribution have been duly authorized and approved by the County and the Authority.

The Underwriters have provided the following sentence for inclusion herein. The Underwriters have reviewed the information herein 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.

Certain statements included or incorporated by reference herein constitute "forward-looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Neither the County nor the Authority plans to issue any updates or revisions to those forward-looking statements if or when their expectations, or events, conditions or circumstances on which such statements are based, occur.

THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2022G BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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$225,120,000
LOS ANGELES COUNTY
PUBLIC WORKS FINANCING AUTHORITY
Lease Revenue Refunding Bonds, 2022 Series G (Forward Delivery)

INTRODUCTION

Updates to Official Statement

This updated Official Statement, including the cover page and the appendices attached hereto (the "Official Statement"), updates the original Official Statement, dated October 14, 2021 (the "Original Official Statement"), pursuant to which the Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds, 2022 Series G (Forward Delivery) (the "Series 2022G Bonds") were offered and sold. This Official Statement is provided in accordance with the Forward Delivery Bond Purchase Agreement, dated October 14, 2021, by and among the County of Los Angeles, California (the "County"), the Los Angeles County Public Works Financing Authority (the "Authority") and BofA Securities, Inc. and Siebert Williams Shank & Co., LLC (the "Representatives"), acting on behalf of themselves and the other underwriters named on the cover page hereof (collectively, the "Underwriters").

This Official Statement updates the Original Official Statement as follows:

- The inside cover page has been updated to reflect the Chair of the Board of Supervisors and the name of the Acting County Counsel.

- The section entitled "INTRODUCTION – Concurrent Sale of the Series 2021F Bonds", in its entirety, along with any cross-references thereto, has been removed. Further, references to the Series 2021F Bonds, as defined herein, have been removed or consolidated, as applicable, with references to the Prior Bonds, as defined herein.

- References to the Fourth Amendment to Master Sublease and Fourth Amendment to Master Site Lease entered into in connection with the issuance of the Series 2021F Bonds have been removed.

- The sections entitled "INTRODUCTION – Forward Delivery of the Series 2022G Bonds" and "FORWARD DELIVERY OF THE SERIES 2022G BONDS" and Appendix G – "Form of Delayed Delivery Contract", in their entirety, along with any cross-references thereto, have been removed.

- Certain information regarding the use of proceeds of the Series 2022G Bonds on the cover page and under the headings "INTRODUCTION – Purpose of the Series 2022G Bonds" and "PLAN OF REFUNDING" has been updated.

- The estimated uses of funds described in the section entitled "ESTIMATED SOURCES AND USES OF FUNDS" has been updated.

- Certain information under the heading "CERTAIN RISK FACTORS – COVID-19 and Related Impacts on the County" has been updated.

- Certain information under the heading "CONTINUING DISCLOSURE" has been updated.

- The information under the heading "FINANCIAL STATEMENTS" has been updated to reflect the release of the financial statements of the County for the Fiscal Year ended June 30, 2021.

- Appendix A in its entirety has been replaced with the Appendix A attached hereto.

- Appendix B in its entirety has been replaced with the Appendix B attached hereto.

General

This Official Statement provides certain information concerning the sale and issuance of the Series 2022G Bonds. The Series 2022G Bonds are being issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Section 6584 *et seq.* of the California Government Code and the Master Indenture, dated as of February 1, 2015, by and among the County, the Authority and Zions Bancorporation, National Association, as trustee (the "Trustee"), as previously amended and supplemented and as further amended and supplemented by the Sixth Supplemental Indenture, dated as of June 1, 2022 (the "Sixth Supplemental Indenture"), by and among the County, the Authority and the Trustee (as so amended and supplemented, the "Indenture").

The Series 2022G Bonds are special obligations of the Authority, and are payable solely from the Lease Revenues (as defined below) and the other assets pledged for the Series 2022G Bonds under the Indenture as described herein. Lease Revenues consist primarily of Base Rental Payments (as defined below) to be made by the County for the use of certain real property and the improvements located thereon, as more particularly described herein (the "Property"), pursuant to the Master Sublease, dated as of February 1, 2015, by and between the County and the Authority, to be amended and supplemented by the Fifth Amendment to Master Sublease, dated as of June 1, 2022 to be entered into in connection with the issuance of the Series 2022G Bonds (hereinafter referred to) (as so amended and supplemented, the "Sublease"). "Lease Revenues" means all Base Rental Payments payable by the County pursuant to the Sublease, including any prepayments thereof, any Net Proceeds (as defined below) and any amounts received by the Trustee from, as a result of or in connection with the Trustee's pursuit of remedies under the Sublease upon a Sublease Default Event (as defined below). "Base Rental Payments" means all amounts payable to the Authority by the County as Base Rental Payments pursuant to the Sublease. "Net Proceeds" means any insurance proceeds or condemnation award paid with respect to any of the Property, which proceeds or award, after payment therefrom of all reasonable expenses incurred in the collection thereof, are in an amount greater than $50,000. "Sublease Default Event" means an event of default pursuant to and as described in the Sublease.

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices to this Official Statement, and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The sale and delivery of Series 2022G Bonds to potential investors is made only by means of this Official Statement.

All capitalized terms used herein (unless otherwise defined herein) which are defined in the Indenture or the Sublease shall have the same meanings assigned to such terms as set forth therein. See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

The County

The County is located in the southern coastal portion of the State of California (the "State") and covers approximately 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 California and is more populous than 41 states. The economy of the County includes manufacturing, technology, world trade, financial services, motion picture and television production and tourism. For additional economic, demographic and financial information with respect to the County, see APPENDIX A – "THE COUNTY OF LOS ANGELES INFORMATION STATEMENT" and APPENDIX B – "THE COUNTY OF LOS ANGELES AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020."

The Authority

The Authority was formed pursuant to a Joint Exercise of Powers Agreement, dated May 18, 1993 (as amended by a Certificate of Amendment dated April 26, 1994, and a Certificate of Amendment dated October 22, 1996, and as further amended from time to time, the "JPA Agreement"), to provide financial assistance from time to time to the County, the Los Angeles County Flood Control District, the Los Angeles County Regional Park and Open Space District, the Community Facilities District No. 2 (Rowland Heights Area) of the County of Los Angeles and any entity that becomes a party to the JPA Agreement in accordance with its terms. The Authority has previously issued obligations secured by certain revenues of and rental payments from certain contracting parties and may issue additional obligations in the future. These other obligations of the Authority are not secured by the Lease Revenues, and the Prior Bonds, the Series 2022G Bonds and any other Additional Bonds (each as defined herein) are not secured by any other assets or property of the Authority other than the Lease Revenues and the other assets pledged to the payment of the Series 2022G Bonds under the Indenture.

Description of the Series 2022G Bonds

The Series 2022G Bonds will be issued in denominations of $5,000 and any integral multiple thereof (the "Authorized Denominations"). The Series 2022G Bonds will be dated their date of delivery and are payable with respect to interest semiannually each June 1 and December 1, commencing on December 1, 2022.

The Series 2022G Bonds will be delivered in fully-registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2022G Bonds. Ownership interests in the Series 2022G Bonds may be purchased in book-entry form only. Principal of and interest on the Series 2022G Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (defined herein) for subsequent disbursement to the beneficial owners (the "Beneficial Owners") of the Series 2022G Bonds. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM."

The Series 2022G Bonds are subject to redemption prior to maturity, as described herein. See "THE SERIES 2022G BONDS – Redemption of the Series 2022G Bonds."

For a more complete description of the Series 2022G Bonds, see "THE SERIES 2022G BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022G BONDS" and APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

Security and Sources of Payment for the Bonds

The County leases the Property to the Authority pursuant to a Master Site Lease, dated as of February 1, 2015, by and between the County and the Authority, as previously amended and supplemented and to be amended and supplemented by the Fifth Amendment to Master Site Lease, dated as of June 1, 2022 to be entered into in connection with the issuance of the Series 2022G Bonds (as so amended and supplemented, the "Site Lease"). The County subleases the Property from the Authority pursuant to the Sublease. The Series 2022G Bonds shall be special obligations of the Authority, payable solely from the Lease Revenues and the other assets pledged therefor under the Indenture as described herein.

Pursuant to the Indenture the Authority has previously issued the (i) Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects), 2015 Series A (the "Series 2015A Bonds") in the original aggregate principal amount of $153,215,000; (ii) Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds, 2015 Series B (Tax-Exempt) (the "Series 2015B Bonds") in the original aggregate principal amount of $133,330,000; (iii) Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds, 2015 Series C (Federally Taxable) (the "Series 2015C Bonds") in the original aggregate principal amount of $85,010,000; (iv) Los Angeles County Public Works Financing Authority Lease Revenue Bonds, 2016 Series D (the "Series 2016D Bonds") in the original aggregate principal amount of $255,855,000; (v) Los Angeles County Public Works Financing Authority Lease Revenue Bonds, 2019 Series E-1 in the original aggregate principal amount of $219,335,000 (the "Series 2019E-1 Bonds"); (v) Los Angeles County Public Works Financing Authority Lease Revenue Bonds, 2019 Series E-2 in the original aggregate principal amount of $32,555,000 (the "Series 2019E-2 Bonds"); and (v) Los Angeles County Public Works Financing Authority Lease Revenue Bonds, 2021 Series F (Green Bonds) in the original aggregate principal amount of $260,110,000 (the "Series 2021F Bonds", and together with the Series 2015A Bonds, the Series 2015B Bonds, the Series 2015C Bonds, the Series 2016D Bonds, the Series 2019E-1 Bonds and the Series 2019E-2 Bonds, the "Prior Bonds"). Subject to satisfaction of certain conditions precedent, the Authority may issue additional bonds (the "Additional Bonds") under the Indenture. The Series 2022G Bonds will be issued as Additional Bonds under the Indenture, and the Prior Bonds, the Series 2022G Bonds and any other Additional Bonds hereafter issued (collectively, the "Bonds") are payable from Lease Revenues on a parity with all other Bonds issued under the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022G BONDS – Parity Obligations; Additional Bonds" herein.

Base Rental Payments to be made by the County under the Sublease will be used to pay principal of and interest and premium, if any, on the Bonds when due. The Base Rental Payments are equal to the principal of and interest on the Bonds when due. The County has covenanted under the Sublease to make all Base Rental Payments and Additional Rental Payments (as defined below) (collectively, the "Rental Payments") provided for in the Sublease, to include all such Rental Payments in the County's annual budgets and to make necessary annual appropriations for all such Rental Payments. "Additional Rental Payments" means all amounts payable by the County as Additional Rental Payments pursuant to the Sublease.

The County's obligation to pay Base Rental Payments is subject to abatement during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the County's right to use and occupy any portion of the Property. Failure of the County to pay Base Rental Payments during any such period shall not constitute a default under the Sublease, the Indenture or the Bonds.

The obligation of the County to pay the Base Rental Payments does not constitute a debt of the County or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the County or the State is obligated to levy or pledge any form of taxation or for which the County or the State has levied or pledged any form of taxation. The Bonds shall be special obligations of the Authority, payable solely from the Lease Revenues and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the County or the State, or any political subdivision thereof, is pledged to the payment of the Bonds. The Authority has no taxing power and has no obligation to pay Base Rental Payments. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022G BONDS" and APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

Reserve Fund

The Series 2022G Bonds are not Common Reserve Bonds secured by any Reserve Account. No amounts in the Reserve Fund, including the Common Reserve Account established and maintained thereunder, are available for payment of any amounts due on the SERIES 2022G BONDS. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022G BONDS –Reserve Fund."

Additional Bonds

The Series 2022G Bonds will be issued as Additional Bonds under the Indenture payable from the Lease Revenues on a parity with all other outstanding Bonds under the Indenture. The Authority has previously issued the Prior Bonds pursuant to the Indenture payable from Lease Revenues. Under the Indenture, in addition to the Series 2022G Bonds, the Authority may issue other Additional Bonds payable from Lease Revenues on a parity with all other Bonds theretofore issued under the Indenture, but subject to the satisfaction of certain conditions precedent, including, (1) the provision to the Trustee of a Supplemental Indenture that, among other things, specifies whether such Additional Bonds shall (a) constitute Common Reserve Bonds secured by the Common Reserve Account, (b) be secured by any other Reserve Account, or (c) not be secured by any Reserve Account, and (2) the filing with the Trustee, among other things, of (a) a certificate of the County to the effect that, upon the issuance of such Additional Bonds, the sum of Base Rental Payments, including any increase in the Base Rental Payments as a result of the issuance of such Additional Bonds, plus Additional Rental Payments, in any Rental Period, is not in excess of the annual fair rental value of the Property after taking into account the use of the proceeds of such Additional Bonds, and (b) a CLTA title insurance policy or other appropriate form of policy in the amount of the Additional Bonds of the type and with the endorsements set forth in the Sublease. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022G BONDS – Parity Obligations; Additional Bonds" and APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – INDENTURE – The Bonds – Conditions for the Issuance of Additional Bonds" and "– Procedure for the Issuance of Additional Bonds."

Purpose of the Series 2022G Bonds

The Authority previously issued Lease Revenue Bonds (Multiple Capital Projects II), Series 2012 (the "Series 2012 Bonds") for, among other purposes, the financing and refinancing of certain capital improvement projects. The major portion of the proceeds of the Series 2022G Bonds will be used to refund the Series 2012 Bonds and pay certain costs of issuance incurred in connection with the issuance of the Series 2022G Bonds. See "PLAN OF REFUNDING" and "ESTIMATED SOURCES AND USES OF FUNDS."

Continuing Disclosure

Pursuant to the Continuing Disclosure Certificate to be executed on the Closing (as defined in the Bond Purchase Agreement for the Series 2022 G Bonds) of the Series 2022G Bonds, the County has covenanted to provide, or cause to be provided, by not later than April 1 of each fiscal year, commencing on April 1, 2022, to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system certain annual financial information and operating data and, in a timely manner, notice of certain enumerated events. These covenants have been made in order to assist the Underwriters of the Series 2022G Bonds in complying with Rule 15c2-12 (the "Rule") promulgated by the U.S. Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended. See "CONTINUING DISCLOSURE" and APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Certain Risk Factors

Certain events could affect the ability of the County to make the Base Rental Payments when due. See "CERTAIN RISK FACTORS" for a discussion of certain factors that should be considered, in addition to other matters set forth herein, in evaluating an investment in the Series 2022G Bonds.

Forward-Looking Statements

Certain statements included or incorporated by reference in the Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Although such expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The County is not obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

Other Information

The descriptions herein of the Indenture, the Site Lease and the Sublease and any other agreements relating to the Series 2022G Bonds are qualified in their entirety by reference to such documents, and the descriptions herein of the Series 2022G Bonds are qualified in their entirety by the forms thereof and the information with respect thereto included in the aforementioned documents. See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

Any statements herein involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement among the Authority, the County and the purchasers or Owners of any of the Series 2022G Bonds. The information and expressions of opinion herein speak only as of their date and are subject to change without notice. Neither the delivery of this Official Statement nor any sale made under this Official Statement nor any future use of this Official Statement, under any circumstances, creates any implication that there has been no change in the affairs of the County or the Authority since the date of this Official Statement.

The presentation of information, including tables of receipt of revenues, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the County or the Authority. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

PLAN OF REFUNDING

The major portion of the proceeds of the Series 2022G Bonds and other available amounts will be used to refund the outstanding Series 2012 Bonds at the redemption price of 100% of the principal amount thereof, plus accrued interest to the date of redemption, on August 1, 2022 and to pay certain costs of issuance incurred in connection with the issuance of the Series 2022G Bonds. A portion of the proceeds of the Series 2022G Bonds will be used to finance capital improvements of the County.

The following are the Series 2012 Bonds that are expected to be refunded with the proceeds of the Series 2022G Bonds.

Series 2012 Bonds

Due (August 1)	Principal Amount	CUSIP
2022	$ 8,155,000	54473EPG3
2023	8,570,000	54473EPH1
2024	9,015,000	54473EPJ7
2025	9,475,000	54473EPK4
2026	9,965,000	54473EPL2
2027	10,475,000	54473EPM0
2028	11,010,000	54473EPN8
2029	11,575,000	54473EPP3
2030	12,160,000	54473EPQ1
2031	12,790,000	54473EPR9
2032	13,445,000	54473EPS7
2033	10,485,000	54473EPW8
2037	25,815,000	54473EPV0
2037	41,140,000	54473EPT5
2042	77,275,000	54473EPX6
2042	20,160,000	54473EPU2

The Authority and U.S. Bank National Association, as escrow bank (the "Escrow Bank"), will enter into an Escrow Agreement, dated as of June 1, 2022 (the "Escrow Agreement"), with respect to the Series 2012 Bonds pursuant to which the Authority will deposit a portion of the proceeds from the sale of the Series 2022G Bonds and other available amounts into a special fund to be held by the Escrow Bank in an amount sufficient to pay when due the principal of and interest on the Series 2012 Bonds to the redemption date on August 1, 2022, and to redeem such Series 2012 Bonds at a redemption price equal to 100% of the principal amount of such Series 2012 Bonds plus accrued interest to the redemption date on August 1, 2022. The amounts deposited with the Escrow Bank with respect to the Series 2012 Bonds may be used to purchase "Defeasance Securities" as defined in the Indenture so long as the principal of and interest on which (together with any uninvested amount) will be sufficient to enable the Escrow Bank to pay when due the principal of and interest on the Series 2012 Bonds to the redemption date on August 1, 2022, and to redeem such Series 2012 Bonds at a redemption price equal to 100% of the principal amount of such Series 2012 Bonds being refunded on August 1, 2022. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS" herein. Defeasance Securities includes (a) non-callable direct obligations of the United States of America ("United States Treasury Obligations"), (b) evidences of ownership of proportionate interests in future interest and principal payments on United States Treasury Obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying United States Treasury Obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated, (c) pre-refunded municipal obligations rated “AAA” and “Aaa” by S&P and Moody’s, respectively, or (d) securities eligible for “AAA” defeasance under then existing criteria of S&P or Moody’s, or any combination thereof, Amounts on deposit with the Escrow Bank pursuant to the Escrow Agreement are not available to pay debt service on the Series 2022G Bonds.

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Series 2022G Bonds and other available amounts are expected to be applied approximately as set forth below:

Sources of Funds:	
Principal Amount	$225,120,000.00
Original Issue Premium	53,359,974.35
Released Funds with respect to Series 2012 Bonds	20,852,279.78
TOTAL SOURCES	$299,332,254.13
Uses of Funds:	
Refunding of Series 2012 Bonds	$298,121,628.04
Project Fund	373,658.65
Costs of Issuance[(1)]	836,967.44
TOTAL USES	$299,332,254.13

[(1)] Includes underwriters’ discount, title insurance costs, fees of the rating agencies, Bond Counsel, Disclosure Counsel, the Municipal Advisor, the Verification Agent and the Trustee, and printing costs and other miscellaneous expenses.

THE SERIES 2022G BONDS

The following is a summary of certain provisions of the Series 2022G Bonds. Reference is made to the Series 2022G Bonds for the complete text thereof and to the Indenture for a more detailed description of such provisions. The discussion herein is qualified by such reference.

General

The Series 2022G Bonds will be issued in denominations of $5,000 and any integral multiple thereof. The Series 2022G Bonds will be dated their date of delivery and are payable with respect to interest semiannually each June 1 and December 1, commencing on December 1, 2022.

The Series 2022G Bonds will be delivered in fully-registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Series 2022G Bonds. Ownership interests in the Series 2022G Bonds may be purchased in book-entry form only. Principal of and interest and premium, if any, on the Series 2022G Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (defined herein) for subsequent disbursement to the Beneficial Owners of the Series 2022G Bonds. See APPENDIX D – “BOOK-ENTRY ONLY SYSTEM.”

Redemption of the Series 2022G Bonds

Optional Redemption of the Series 2022G Bonds. The Series 2022G Bonds maturing on or before December 1, 2031, are not subject to optional redemption prior to their respective stated maturity dates. The Series 2022G Bonds maturing on or after December 1, 2032, are subject to optional redemption prior to their respective stated maturity dates, on any date on or after December 1, 2031, in whole or in part, in Authorized Denominations, from (i) amounts received from the County in connection with the County's exercise of its right pursuant to the Sublease to cause Bonds to be optionally redeemed, or (ii) any other source of available funds, at a redemption price equal to the principal amount thereof, plus accrued interest thereof to the date fixed for redemption, without premium.

Extraordinary Redemption of the Bonds. The Series 2022G Bonds shall be subject to redemption, in whole or in part, on any date, in Authorized Denominations, from and to the extent of any Net Proceeds (other than Net Proceeds of rental interruption insurance) received with respect to all or a portion of the Property and deposited by the Trustee in the Redemption Fund in accordance with the provisions of the Indenture, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium.

Selection of Series 2022G Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Series 2022G Bonds, the Trustee shall select the Series 2022G Bonds to be redeemed from all Series 2022G Bonds not previously called for redemption (a) with respect to any redemption described above under the caption "– Extraordinary Redemption" among maturities of all Series 2022G Bonds on a pro rata basis as nearly as practicable, (b) with respect to any optional redemption of the Series 2022G Bonds, among maturities as directed by the County in a Written Certificate of the County, and (c) with respect to the Series 2022G Bonds with the same maturity, by lot in any manner which the Trustee in its sole discretion shall deem appropriate and fair.

Notice of Redemption. The Trustee on behalf of the Authority shall mail (by first class mail) notice of any redemption to the respective Owners of any Series 2022G Bonds designated for redemption at their respective addresses appearing on the Registration Books at least 30 but not more than 60 days prior to the date fixed for redemption. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the Bond numbers and the maturity or maturities of the Series 2022G Bonds to be redeemed (except in the event of redemption of all of the Series 2022G Bonds of such maturity or maturities in whole), and shall require that such Series 2022G Bonds be then surrendered at the Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Series 2022G Bonds will not accrue from and after the date fixed for redemption. Neither the failure to receive any notice so mailed, nor any defect in such notice, shall affect the validity of the proceedings for the redemption of the Series 2022G Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption. With respect to any notice of any optional redemption of Series 2022G Bonds, unless at the time such notice is given the Series 2022G Bonds to be redeemed shall be deemed to have been paid within the meaning of the Indenture, such notice shall state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys that, together with other available amounts held by the Trustee, are sufficient to pay the redemption price of, and accrued interest on, the Series 2022G Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Authority shall not be required to redeem such Series 2022G Bonds. In the event a notice of redemption of Series 2022G Bonds contains such a condition and such moneys are not so received, the redemption of Series 2022G Bonds as described in the conditional notice of redemption shall not be made and the Trustee shall, within a reasonable time after the date on which such redemption was to occur, give notice to the individuals, corporations, limited liability companies, firms, associations, partnerships, trusts, or other legal entities or groups of entities, including governmental entities or any agencies or political subdivisions thereof and in the manner in which the notice of redemption was given, that such moneys were not so received and that there shall be no redemption of Series 2022G Bonds pursuant to such notice of redemption.

Notice having been mailed as described above, and moneys for the redemption price, and the interest to the applicable date fixed for redemption, having been set aside, the Series 2022G Bonds shall become due and payable on said date and, upon presentation and surrender thereof at the Office of the Trustee, said Series 2022G Bonds shall be paid at the redemption price thereof, together with interest accrued and unpaid to said date. If, on said date fixed for redemption, moneys for the redemption price of all the Series 2022G Bonds to be redeemed, together with interest to said date, shall be held by the Trustee so as to be available therefor on such date, and, if notice of redemption thereof shall have been mailed as described above and not canceled, then, from and after said date, interest on said Series 2022G Bonds shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Series 2022G Bonds shall be held in trust for the account of the Owners of the Series 2022G Bonds so to be redeemed without liability to such Owners for interest thereon.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2022G BONDS

Special Obligations; Pledge of Lease Revenues

The Series 2022G Bonds shall be special obligations of the Authority, payable solely from the Lease Revenues, including the Base Rental Payments to be made by the County under the Sublease for the use of the Property, and the other assets pledged therefor under the Indenture as described herein. Neither the faith and credit nor the taxing power of the Authority, the County or the State, or any political subdivision thereof, is pledged to the repayment of the Series 2022G Bonds. The Indenture provides that, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the Lease Revenues and all amounts on deposit from time to time in the funds and accounts established under the Indenture (other than the Rebate Fund) are pledged to the payment of the principal of and interest on the Bonds as provided in the Indenture, and that the Lease Revenues shall not be used for any other purpose while any of the Bonds remain Outstanding. The Indenture provides that said pledge shall constitute a first lien on such assets.

In order to secure the pledge of the Lease Revenues under the Indenture, the Authority, in the Indenture, sells, assigns and transfers to the Trustee, irrevocably and absolutely, without recourse, for the benefit of the Owners, all of its right, title and interest in and to the Site Lease and the Sublease, including, without limitation, the right to receive Base Rental Payments and the right to exercise any remedies provided in the Sublease in the event of a default by the County thereunder; provided, however, that the Authority retains the rights to indemnification and to payment or reimbursement of its reasonable costs and expenses under the Sublease. See "– Base Rental Payments; Abatement" and "CERTAIN RISK FACTORS – Bankruptcy."

Base Rental Payments; Abatement

The County covenants under the Sublease to take such action as may be necessary to include all Base Rental Payments and Additional Rental Payments (which include taxes and assessments affecting the Property, administrative costs of the Authority relating to the Property, fees and expenses of the Trustee, insurance premiums and other amounts payable under the Sublease or the Indenture), due under the Sublease in its annual budgets and to make the necessary annual appropriations therefor. The Sublease provides that it shall be, and shall be deemed and construed to be, a "net-net-net lease" and that the Rental Payments shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever and notwithstanding any dispute between the County and the Authority. Base Rental Payments to be made by the County under the Sublease will be used to pay principal of and interest and premium, if any, on the Bonds when due. The Base Rental Payments are equal to the principal of and interest on the Bonds when due. See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – SUBLEASE – Rental Payments – Base Rental Payments."

The obligation of the County to pay the Base Rental Payments does not constitute a debt of the County or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the County or the State is obligated to levy or pledge any form of taxation or for which the County or the State has levied or pledged any form of taxation.

During any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the County's right to use and occupy any portion of the Property, Rental Payments shall be abated, and the County waives any and all other rights to terminate the Sublease by virtue of any such interference, and the Sublease shall continue in full force and effect. The amount of such abatement shall be such that the resulting Rental Payments do not exceed the lesser of (i) the amount necessary to pay the Rental Payments remaining unpaid, and (ii) the fair rental value for the use and possession of the Property of which there is no such substantial interference. The County and the Authority shall provide the Trustee with a certificate setting forth the amount of such abatement and the basis therefor. Such abatement shall continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Property, ending with the substantial completion of the work of repair or replacement of the Property, or the portion thereof so damaged or destroyed, and the term of the Sublease shall be extended as provided in the Sublease; provided, however, that such term shall in no event be extended more than ten years beyond the Scheduled Termination Date (as defined in the Sublease). Notwithstanding the foregoing, to the extent that moneys are available for the payment of Rental Payments in any of the funds and accounts established under the Indenture, Rental Payments shall not be abated as provided above but, rather, shall be payable by the County as a special obligation payable solely from said funds and accounts. See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – SUBLEASE – Rental Payments – Rental Abatement."

Subject to the abatement provisions set forth in the Sublease, the County shall, on each Base Rental Deposit Date (defined herein), pay to the Authority a Base Rental Payment in an amount equal to the principal of and interest on the Bonds due and payable on the next succeeding Principal Payment Date or Interest Payment Date, as applicable. "Base Rental Deposit Date" means the Business Day immediately preceding each Interest Payment Date. A table of the aggregate annual Base Rental Payments to be made by the County under the Sublease is set forth below.

SCHEDULE OF BASE RENTAL PAYMENTS

Fiscal Year Ending June 30	Prior Bonds Principal	Prior Bonds Interest	Series 2022G Bonds Principal	Series 2022G Bonds Interest	Total Base Rental Payments[1]
2022	$ 24,895,000	$ 41,749,860	--	--	$ 66,644,860
2023	26,540,000	44,987,005	$ 6,245,000	$ 11,068,608	88,840,613
2024	27,695,000	43,825,295	6,530,000	10,780,500	88,830,795
2025	28,975,000	42,535,229	6,870,000	10,445,500	88,825,729
2026	30,420,000	41,084,813	7,220,000	10,093,250	88,818,063
2027	31,965,000	39,531,688	7,590,000	9,723,000	88,809,688
2028	33,590,000	37,899,588	7,980,000	9,333,750	88,803,338
2029	35,310,000	36,184,138	8,390,000	8,924,500	88,808,638
2030	37,095,000	34,381,338	8,820,000	8,494,250	88,790,588
2031	32,225,000	32,652,063	9,260,000	8,042,250	82,179,313
2032	33,795,000	31,080,219	9,745,000	7,567,125	82,187,344
2033	33,165,000	29,484,875	10,240,000	7,067,500	79,957,375
2034	34,880,000	27,783,750	10,765,000	6,542,375	79,971,125
2035	30,335,000	26,201,425	11,320,000	5,990,250	73,846,675
2036	31,760,000	24,778,147	11,895,000	5,409,875	73,843,022
2037	33,255,000	23,285,569	12,510,000	4,799,750	73,850,319
2038	34,845,000	21,688,669	13,155,000	4,158,125	73,846,794
2039	36,515,000	20,014,569	13,825,000	3,483,625	73,838,194
2040	38,230,000	18,307,319	14,530,000	2,774,750	73,842,069
2041	39,975,000	16,567,144	15,280,000	2,029,500	73,851,644
2042	41,855,000	14,681,919	16,060,000	1,246,000	73,842,919
2043	43,895,000	12,642,044	16,890,000	422,250	73,849,294
2044	46,045,000	10,501,669	--	--	56,546,669
2045	48,280,000	8,256,094	--	--	56,536,094
2046	40,375,000	6,156,869	--	--	46,531,869
2047	26,005,000	4,619,294	--	--	30,624,294
2048	27,125,000	3,505,872	--	--	30,630,872
2049	28,200,000	2,432,091	--	--	30,632,091
2050	29,315,000	1,311,753	--	--	30,626,753
2051	13,905,000	557,222	--	--	14,462,222
2052	14,275,000	187,359	--	--	14,462,359
Total[1]	$1,014,740,000	$698,874,883	$225,120,000	$138,396,733	$2,077,131,617

[1] Amounts reflect individual rounding.

Additional Rental

The County shall also pay, as Additional Rental Payments, such amounts as shall be required for the payment of the following: (a) all taxes and assessments of any type or nature charged to the Authority or the County or affecting the Property or the respective interests or estates of the Authority or the County therein; (b) all reasonable administrative costs of the Authority relating to the Property including, but without limiting the generality of the foregoing, salaries, wages, fees and expenses payable by the Authority under the Indenture, fees of auditors, accountants, attorneys or engineers, and all other necessary and reasonable administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Indenture or the Sublease or to defend the Authority and its members, officers, agents and employees; (c) insurance premiums for all insurance required pursuant to the

Sublease; (d) any amounts with respect to the Bonds required to be rebated to the federal government in accordance with the Internal Revenue Code of 1986 (as amended, the "Code"); and (e) all other payments required to be paid by the County under the provisions of the Sublease or the Indenture.

Reserve Fund

The Series 2022G Bonds are not Common Reserve Bonds secured by any Reserve Account. No amounts in the Reserve Fund, including the Common Reserve Account established and maintained thereunder, are available for payment of any amounts due on the Series 2022G Bonds. See APPENDIX C — "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – INDENTURE – Pledge and Assignment; Funds and Accounts – Reserve Fund."

Additional Bonds

The Series 2022G Bonds will be issued as Additional Bonds under the Indenture payable from the Lease Revenues on a parity with all other outstanding Bonds under the Indenture. The Authority has previously issued the Prior Bonds pursuant to the Indenture payable from Lease Revenues on a parity with the Series 2022G Bonds. Under the Indenture, the Authority may also issue other Additional Bonds payable from Lease Revenues on a parity with all other Bonds theretofore issued under the Indenture, but only subject to satisfaction of certain conditions precedent, including, (1) the provision to the Trustee of a Supplemental Indenture that, among other things, specifies whether such Additional Bonds shall (a) constitute Common Reserve Bonds secured by the Common Reserve Account, (b) be secured by any other Reserve Account, or (c) not be secured by any Reserve Account, and (2) the filing with the Trustee, among other things, of (a) a certificate of the County to the effect that, upon the issuance of such Additional Bonds, the sum of Base Rental Payments, including any increase in the Base Rental Payments as a result of the issuance of such Additional Bonds, plus Additional Rental Payments, in any Rental Period, is not in excess of the annual fair rental value of the Property after taking into account the use of the proceeds of such Additional Bonds, and (b) a CLTA title insurance policy or other appropriate form of policy in the amount of the Additional Bonds of the type and with the endorsements set forth in the Sublease. See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – INDENTURE – The Bonds – Conditions for the Issuance of Additional Bonds" and "– Procedure for the Issuance of Additional Bonds."

Insurance

The Sublease requires the County to maintain reasonable and customary liability insurance. The Sublease also requires the County to maintain or cause to be maintained casualty insurance insuring the Property against fire, lightning and all other risks covered by an extended coverage endorsement (excluding earthquake) to the full insurable value of the Property, subject to a $100,000 loss deductible provision. The insurance referenced in the preceding sentence may be maintained in whole or in part in the form of self-insurance by the County, in compliance with the terms of the Sublease. The County intends to self-insure for workers' compensation and general liability with respect to the Property. The Sublease also requires the County to maintain rental interruption insurance to cover the Authority's loss, total or partial, of Base Rental Payments resulting from the loss, total or partial, of the use of any part of the Property as a result of certain hazards in an amount not less than an amount equal to two times Maximum Annual Debt Service. The County may not self-insure for rental interruption insurance. See Appendix C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – SUBLEASE – Insurance."

The County is also required under the Sublease to obtain title insurance on the Property, in an aggregate amount of not less than the initial aggregate principal amount of the Bonds, subject only to Permitted Encumbrances, as defined in the Sublease.

Substitution and Release of Property

Subject to the provisions described below, the Sublease provides that the County may substitute alternate real property for any portion of the Property or release a portion of the Property from the Sublease. Notwithstanding any substitution or release pursuant to the Sublease, the Sublease provides that there shall be no reduction in or abatement of the Base Rental Payments due from the County thereunder as a result of such substitution or release. Any such substitution or release of any portion of the Property shall be subject to, among other things, the following conditions: (a) a qualified employee of the County or an independent certified real estate appraiser selected by the County shall have certified that (i) the sum of Base Rental Payments plus Additional Rental Payments due under the Sublease in any Rental Period is not in excess of the annual fair rental value of the Property, as constituted after such substitution or release, and (ii) the Property, as constituted after such substitution or release, has a useful life equal to or greater than the maximum remaining term of the Sublease (including extensions thereof as provided under the Sublease); (b) the County shall have obtained or caused to be obtained a CLTA title insurance policy or policies with respect to any substituted property in the amount of the fair market value of such substituted property; (c) the County shall have filed or caused to be filed with the Trustee an Opinion of Counsel to the effect that such substitution or release will not, in and of itself, cause the interest on Tax-Exempt Bonds to be included in gross income for federal income tax purposes; and (d) the County shall have certified to the Trustee that the substituted real property is essential for performing the County's governmental functions. See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS –SUBLEASE – Assignment and Subletting; Substitution or Release; Title – Substitution or Release of the Property."

Events of Default and Remedies

An Event of Default under the Sublease includes, among other events, (a) the failure of the County to pay any Rental Payment payable under the Sublease when the same becomes due and payable, time being expressly declared to be of the essence in the Sublease and (b) the failure by the County to observe and perform any of the other covenants, agreements or conditions on its part in the Sublease contained, if such failure shall have continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the County by the Trustee, the Authority or the Owners of not less than 5% in aggregate principal amount of the Bonds at the time Outstanding; provided, however, that if, in the reasonable opinion of the County, the failure stated in the notice can be corrected, but not within such 30 day period, such failure shall not constitute an Event of Default if corrective action is instituted by the County within such 30 day period and the County shall thereafter diligently and in good faith cure such failure in a reasonable period of time, provided, further, however, that the period of time for such cure shall not exceed 90 days without the prior written consent of the Authority. See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS –SUBLEASE – Events of Default and Remedies."

In each and every case during the continuance of an Event of Default under the Sublease, the Trustee, as assignee of the Authority, shall have the right, without terminating the Sublease or the County's right to possession of the Property, to collect each installment of Rental Payments as the same become due and enforce any other terms or provisions of the Sublease to be kept or performed by the County, regardless of whether or not the County has abandoned the Property. The Sublease provides that the County shall remain liable and agrees to keep or perform all covenants and conditions contained in the Sublease to be kept or performed by the County and to pay the full amount of the Rental Payments to the end of the term of the Sublease; and further agrees to pay said Rental Payments punctually at the same time and in the same manner as provided in the Sublease, notwithstanding the fact that the Authority may have received in previous years or may receive hereafter in subsequent years Rental Payments in excess of the Rental Payments specified in the Sublease. Notwithstanding anything to the contrary contained in the Sublease, the Authority in the Sublease expressly waives (i) any right to terminate the Sublease or the County's right to possession of the Property thereunder regardless of whether or not the County has abandoned the Property and (ii) any right of entry or re-entry to take possession of and/or re-let the Property. Further, the Authority shall have no right to accelerate Rental Payments upon the occurrence or continuance of a default or an Event of Default under the Sublease. See "CERTAIN RISK FACTORS – Limitations on Remedies; No Acceleration Upon an Event of Default" and APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS –SUBLEASE – Events of Default and Remedies."

DESCRIPTION OF THE PROPERTY

Pursuant to the Sublease, the County will pay to the Authority Rental Payments, including Base Rental Payments for the Bonds (including the Series 2022G Bonds), for and in consideration of the right to use and occupy the Property, which consists of the following:

- ***Certain components of the Martin Luther King, Jr. Community Hospital (the "MLK Hospital"):***

MLK Hospital - Behavioral Health Center - The Behavioral Health Center is a five story building plus a basement and 6th floor penthouse that occupies approximately 500,000-square-feet. The building includes facilities for clinical urgent care and primary care, mental health urgent care and outpatient care, psychiatric health, substance use disorder, mental health rehabilitation and crisis residential programs and other administrative programs, a probation re-entry center, a conference center, a peer resource center and an industrial kitchen.

MLK Hospital - Central Plant 1 – The Central Plant 1 occupies approximately 17,200 square feet, is a concrete building and houses hot water pumps, water heaters, water softeners, air compressors, steam and chilled water lines, storage cabinets, and other minor equipment that serve the Office of Statewide Health Planning and Development buildings on campus.

MLK Hospital - Main Lobby and Admitting Building - The Main Lobby and Admitting Building occupies approximately 8,402 square feet and includes a lobby, conference rooms, cashiers stations, gift shop, vending area and a waiting room.

MLK Hospital - In-Patient Tower Building **-** The In-Patient Tower ("IPT") is a five story building with a basement that occupies approximately 185,706 square feet. The renovation of the IPT is one of three main components of the MLK Hospital and includes a new emergency department, labor and delivery department, surgery, patient rooms and areas, treatment rooms, ultra-sound, radiology, electrical and mechanical rooms, storage rooms and offices.

MLK Hospital - Hospital Service Building **-** The Hospital Service Building occupies approximately 29,067 square feet, is a concrete building consisting of two stories and houses a kitchen, linen storage, waste management, mail room, storage, a reception area, staff offices and an electrical room. Its loading dock features dock-high loading areas under a canopy cover and each truck well has hydraulic lifts. The loading dock contains approximately 5,462 square feet of platform area.

MLK Hospital - Ancillary Building **-** The Ancillary Building contains a kitchen and outdoor cafeteria, lobby, meeting rooms and offices and occupies approximately 25,917 square feet, with a basement that houses the mechanical room, passenger and freight elevators, electrical and storage rooms.

MLK Hospital - Healing Garden Area - The courtyard Healing Garden located north of the MLA Building and east of the Ancillary Building encompasses approximately 4,472 square feet.

- ***Los Angeles County Civic Center Heating and Refrigeration Plant.*** The Los Angeles County Civic Center Heating and Refrigeration Plant (the "Refrigeration Plant") is located on a 2.28 acre property in the City of Los Angeles situated on the north side of Temple Street, and extending between Hill Street and North Broadway. The site also has frontage on the south side of the Hollywood/Santa Ana (101) Freeway right-of-way. The Refrigeration Plant was originally constructed in 1959, and was modified as new systems and upgrades were implemented. It supplies electrical steam and chilled water to the Los Angeles County Civic Center and other nearby County buildings. The Refrigeration Plant's main building is a special-purpose industrial structure designed for a cogeneration facility that is divided into a boiler or heating plant that occupies the north section and a refrigeration plant that occupies the south portion.

- ***Internal Services Department Headquarters.*** The Internal Services Department Headquarters (the "ISD Headquarters") is located on a 32.8-acre property at 1100 North Eastern Avenue in the City of Los Angeles and consists of two one-story industrial buildings, one administrative office building, a metal industrial building, and one office/communications building. The combined gross building area is 455,383 square feet. The ISD Headquarters is occupied by the Internal Services Department of the County of Los Angeles ("ISD") and used as a maintenance, storage and service facility. ISD provides computer, telecommunications, building maintenance and repair, purchasing and contracts, vehicle repair, mail messenger and printing services to County departments.

- ***Manhattan Beach Library.*** The Manhattan Beach Library consists of a two-story 21,500 square foot library completed in January 2015, and located on County-owned property within the Manhattan Beach City Civic Center. The library includes a homework center, group study/tutoring rooms, 100-seat community meeting room, express-service checkout machines, automated materials handling system, information service desks, public access computers, and associated site improvements including landscaping, walkways and security lighting.

- ***Zev Yaroslavsky Family Support Center.*** The Zev Yaroslavsky Family Support Center is located on a 6.78 acre County-owned property in Van Nuys, California. The facility includes office space and facilitates the delivery of various health and social services on behalf of the Departments of Child Support Services, Children and Family Services, Health Services, Mental Health, Public Health, Public Social Services and Probation. The facility consists of a five-story office building with 212,000 square feet of space, and a multi-story parking structure with approximately 1,350 parking spaces. The office building was completed in July 2015 and is designed to provide an efficient service delivery center for families requiring access to multiple government services. Construction of the parking structure was completed in September 2015.

- ***Antelope Valley Courthouse.*** The Antelope Valley Courthouse is located on a 17-acre site at the intersection of 4th Street West and Avenue M in the City of Lancaster in Los Angeles County. The courthouse consists of a five story building of approximately 380,000 square feet, and houses 21 courtrooms, related facilities including a cafeteria and surface and underground parking.

- ***Los Angeles County Superior Court — Airport Branch.*** The Airport Branch of the Los Angeles County Superior Court consists of a 10-story building totaling approximately 292,000 square feet, including 12 courtrooms, 14 judges' chambers and areas for supporting departments. This facility also includes 93 surface and subsurface parking spaces and a parking structure that accommodates between 400 and 450 vehicles. The Courthouse is located near the Los Angeles International Airport at 11707 South La Cienega Boulevard, south of the 105 Freeway in the City of Los Angeles.

- ***West San Fernando Valley Courthouse.*** The West San Fernando Valley Courthouse consists of a 302,000 square foot structure, with three stories above ground and one story below ground. The facility is located on a 9.6-acre site on the southeast corner of Winnetka Avenue and Plummer Street in the Chatsworth area of the City of Los Angeles. The Courthouse includes 16 municipal courtrooms, 22 judges' chambers and ancillary space for support services, with 703 surface parking spaces and 31 spaces on the lower level.

- ***Lost Hills Sheriff Station.*** The Lost Hills Sheriff Station is a 32,000 square foot sheriff station in an unincorporated area of the County near the City of Agoura. The site is located near the intersection of Agoura Road and Malibu Hills road on County-owned land. The station has a single story sheriff's building which includes thirty-one detention cells, a detox cell and a holding cell. This facility includes an emergency generator and complete heating, cooling and ventilation systems plus a fire sprinkler system. The station has a single story 5,800 square foot service building, including an auto repair shop. The station has evidence, bicycle and general storage areas and is equipped with a microwave communication tower and a helipad with refueling provisions.

CERTAIN RISK FACTORS

The following factors, along with all other information herein, should be considered by potential investors in evaluating the Series 2022G Bonds. However, they do not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the Series 2022G Bonds. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

Not a Pledge of Taxes

The Series 2022G Bonds shall be special obligations of the Authority, payable solely from the Lease Revenues and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the County or the State, or any political subdivision thereof, is pledged to the payment of the Series 2022G Bonds. The Authority has no taxing power and has no obligation to pay Base Rental Payments. The obligation of the County to pay the Base Rental Payments does not constitute a debt of the County or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the County or the State is obligated to levy or pledge any form of taxation or for which the County or the State has levied or pledged any form of taxation.

Although the Sublease does not create a pledge, lien or encumbrance upon the funds of the County, the County is obligated under the Sublease to pay the Base Rental Payments from legally available funds for the use and possession of the Property as provided therein and the County has covenanted in the Sublease to take such action as may be necessary to include all Base Rental Payments and Additional Rental Payments due thereunder in its annual budget and to make the necessary annual appropriations for all such Base Rental and Additional Rental Payments except to the extent such payments are abated in accordance with the Sublease. The County is currently liable on other obligations payable from general revenues, some of which may have priority over the Base Rental Payments and Additional Rental Payments.

Additional Obligations of the County

In addition to the provisions under the Indenture which permit the Authority to issue Additional Bonds payable from Lease Revenues on a parity with all other Bonds theretofore issued under the Indenture, the County is authorized to enter into other obligations which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the County, the funds available to make Base Rental Payments may be decreased.

The Base Rental Payments and other payments due under the Sublease (including payment of costs of replacement, maintenance and repair of the Property and taxes, other governmental charges and utility charges levied against the Property) are payable from funds lawfully available to the County. In the event that the amounts which the County is obligated to pay in a Fiscal Year exceed the County's revenues for such year, the County may choose to make some payments rather than making other payments, including Base Rental Payments, based on the perceived needs of the County. The same result could occur if, because of California constitutional limits on expenditures, the County is not permitted to appropriate and spend all of its available revenues. In such event, the County may not have sufficient funds available to pay the Base Rental Payments when due.

Adequacy of County Insurance Reserves or Insurance Proceeds

The County may self-insure for certain types of insurance required under the Sublease. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Insurance" and APPENDIX C – SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – SUBLEASE – Insurance." The County intends to self-insure for workers' compensation insurance and general liability insurance with respect to the Property. If the County elects to self-insure against other risks, no assurance can be given that the insurance reserves established by the County will be sufficient to satisfy any loss which the County may experience. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS – Base Rental Payments; Abatement" and "– Abatement" below.

Abatement

During any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the County's right to use and occupy any portion of the Property, Rental Payments shall be abated, and the County waives any and all other rights to terminate the Sublease by virtue of any such interference, and the Sublease shall continue in full force and effect. The amount of such abatement shall be such that the resulting Rental Payments do not exceed the lesser of (i) the amount necessary to pay the Rental Payments remaining unpaid, and (ii) the fair rental value for the use and possession of the Property of which there is no such substantial interference. The County and the Authority shall provide the Trustee with a certificate setting forth the amount of such abatement and the basis therefor. Such abatement shall continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Property, ending with the substantial completion of the work of repair or replacement of the Property, or the portion thereof so damaged or destroyed, and the term of the Sublease shall be extended as provided in the Sublease; provided, however, that such term shall in no event be extended more than ten years beyond the Scheduled Termination Date. Notwithstanding the foregoing, to the extent that moneys are available for the payment of Rental Payments in any of the funds and accounts established under the Indenture, Rental Payments shall not be abated as provided above but, rather, shall be payable by the County as a special obligation payable solely from said funds and accounts.

In the event that such portion of the Property, if damaged or destroyed by an insured casualty, could not be replaced during the period of time in which proceeds of the County's rental interruption insurance will be available in lieu of Base Rental Payments, plus the period for which funds are available from the Reserve Fund or other funds and accounts established under the Indenture, or in the event that casualty insurance proceeds or condemnation proceeds are insufficient to provide for complete repair or replacement of such portion of the Property or redemption of the Bonds, there could be insufficient funds to make payments to Owners of the Series 2022G Bonds in full. The County's use and occupancy of the Property will not be abated solely as a result of the continuance of the current Pandemic (herein defined) or the restrictions on activities related thereto. See "– COVID-19 and Related Impacts on the County" herein and APPENDIX A – "THE COUNTY OF LOS ANGELES INFORMATION STATEMENT – Recent County

Budgets," " – Fiscal Year 2020-21 Final Adopted Budget," and "– ECONOMIC AND DEMOGRAPHIC INFORMATION" attached hereto.

Bankruptcy

In addition to the limitation on remedies contained in the Indenture, the rights and remedies provided in the Indenture, the Site Lease, and the Sublease may be limited by and are subject to the provisions of federal bankruptcy laws and to other laws or equitable principles, as now or hereinafter enacted, that may affect the enforcement of creditors' rights. The various legal opinions to be delivered concurrently with the Series 2022G Bonds (including Bond Counsel's approving opinion) will be qualified as to the enforceability of the various agreements relating to the Series 2022G Bonds by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by general principles of equity applied in the exercise of judicial discretion. See "– Limitations on Remedies; No Right of Re-Entry or Re-let; No Acceleration" below.

As a result of the commencement of a bankruptcy case by either the County or the Authority, Owners could experience partial or total loss of their investment in the Series 2022G Bonds. The County is a governmental unit and the Authority is a public agency; therefore neither the County nor the Authority can be the subject of an involuntary case under the United States Bankruptcy Code (the "Bankruptcy Code"). However, pursuant to Chapter 9 of the Bankruptcy Code, the County and the Authority may seek voluntary protection from their respective creditors for purposes of adjusting their respective debts, provided that they comply with the requirements of Section 53760 et seq. of the Government Code of the State. Under the Government Code as currently in effect, a local public entity, including the County and the Authority, is prohibited from filing under the Bankruptcy Code unless it has participated in a specified neutral evaluation process with interested parties, as defined, or it has declared a fiscal emergency and has adopted a resolution by a majority vote of the governing board at a noticed public hearing that includes findings that the financial state of the local public entity jeopardizes the health, safety, or well-being of the residents of the local public entity's jurisdiction or service area absent bankruptcy protections.

In the event that either the County or the Authority was to become a debtor under the Bankruptcy Code, the affected entity would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 proceeding and an owner of a Series 2022G Bond would be treated as a creditor. Possible adverse effects of such a bankruptcy include, but are not limited to (i) the application of the automatic stay provisions of the Bankruptcy Code which, absent court approval, generally prohibit the commencement of any judicial or other action to recover a pre-petition claim against the County or the Authority, as applicable, any act to collect on a pre-petition debt or claim, or any act to obtain possession of the property of the County or the Authority, as applicable, which restrictions may prevent the Trustee from making payments to the holders of the Series 2022G Bonds from funds in the Trustee's possession; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the commencement of the bankruptcy case; (iii) the existence of secured and/or unsecured creditors with allowed claims that may have priority over any claims of the Owners; and (iv) the possibility of the bankruptcy court's confirmation of a plan of adjustment of the debts of the County or the Authority, as applicable, which may restructure, delay, compromise or reduce the amount of the claim of the Owners.

In addition, under the Bankruptcy Code, certain provisions of the Site Lease and the Sublease that are based on the bankruptcy, insolvency or financial condition of the County or the Authority may be rendered unenforceable. Under the Indenture, the Trustee has a security interest in all the amounts on deposit from time to time in the funds and accounts established in the Indenture, including the Base Rental Payments, for the benefit of the Owners, but such security interest arises only when the Base Rental Payments are actually received by the Trustee following payment by the County. The Property is not subject to a security interest, mortgage or any other lien in favor of the Trustee for the benefit of the Owners.

If the County is in bankruptcy, the County may be able to obtain authorization from the bankruptcy court to sell the Property to a third party, free and clear of the Site Lease, the Sublease, and the rights of the Trustee and the Owners, over the objections of the Trustee and the Owners.

In bankruptcy, the County could either reject the Site Lease or the Sublease or assume the Site Lease or the Sublease despite any provision of the Site Lease or the Sublease which makes the bankruptcy or insolvency of the County an event of default thereunder. In the event the County rejects the Sublease, the Trustee, on behalf of the Owners, would have a pre-petition unsecured claim that may be substantially limited in amount. Moreover, such rejection would terminate the Sublease and the County's obligations to make payments thereunder. The County may also be permitted to assign the Sublease to a third party, regardless of the terms of the transaction documents, so that the County would not be obligated to make any further payments under the Sublease. In the event the County rejects the Site Lease, the Trustee, on behalf of the Owners, would have a pre-petition unsecured claim. Moreover, such rejection may terminate both the Site Lease and the Sublease and the obligations of the County to make payments thereunder. The County may be able to stay in possession of the Property, notwithstanding its rejection of the Site Lease or the Sublease.

The County may also be able, without the consent and over the objection of the Trustee and the Owners of the Series 2022G Bonds, to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Sublease, the Indenture, the Series 2022G Bonds, and other transaction documents, as long as the bankruptcy court determines that the alterations are fair and equitable.

If the Authority is in bankruptcy, the Authority may be able to either reject the Site Lease or the Sublease or assume the Site Lease or the Sublease despite any provision of the Site Lease or the Sublease which makes the bankruptcy or insolvency of the Authority an event of default thereunder. In the event the Authority rejects the Site Lease, the Trustee, on behalf of the Owners, would have a pre-petition unsecured claim that may be substantially limited in amount. Moreover, such rejection would terminate both the Site Lease and the Sublease and the obligations of the County to make payments thereunder, although the County may be able to remain in possession of the Property. In the event the Authority rejects the Sublease, the Trustee, on behalf of the Owners, would have a pre-petition unsecured claim that may be substantially limited in amount. Moreover, such rejection may terminate the Sublease and the County's obligations to make payments thereunder, although the County may be able to remain in possession of the Property. The Authority may also be permitted to assign the Site Lease or the Sublease to a third party, regardless of the terms of the transaction documents.

If the Authority is in bankruptcy, the lien of the Indenture may not attach to any payments made by the County after the commencement of the bankruptcy case. The provisions of the transaction documents that require the County to make payments directly to the Trustee rather than to the Authority may no longer be enforceable, and all payments may be required to be made to the Authority.

The Authority may be able to borrow additional money that is secured by a lien on any of its property (including the Lease Revenues), which lien could have priority over the lien of the Indenture, as long as the bankruptcy court determines that the rights of the Trustee and the Owners of the Series 2022G Bonds will be adequately protected. The Authority may be able to cause some of the Lease Revenues to be released to it, free and clear of the lien of the Indenture, as long as the bankruptcy court determines that the rights of the Trustee and the holders of the Bonds will be adequately protected.

The Authority may be able, without the consent and over the objection of the Trustee and the Owners of the Series 2022G Bonds, to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Indenture, the Series 2022G Bonds and the other transaction documents as long as the bankruptcy court determines that the alterations are fair and equitable.

Because the Lease Revenues secure all the Bonds that have been or will be issued under the Master Indenture and not only the Series 2022G Bonds, a bankruptcy court may consider the impact of any proposed action on the Owners of the Bonds as a whole and not only the impact on the Owners of the Series 2022G Bonds. In addition, in any situation in a bankruptcy case in which Owners of Bonds are permitted to vote, consent, or object, the Owners of all the Bonds may be required to vote, consent, or object as a single group, and not on a series by series basis.

There may be delays in payments on the Series 2022G Bonds while the court considers any of these issues.

There may be other effects of a bankruptcy of the County or the Authority that could result in delays or reductions in payments on, or other losses with respect to, the Series 2022G Bonds. Regardless of any specific adverse determinations in a bankruptcy of the County or the Authority, the fact of a bankruptcy of the County or the Authority could have an adverse effect on the liquidity and value of the Series 2022G Bonds.

The adjustment plans approved in connection with the bankruptcies of the cities of Vallejo, San Bernardino and Stockton resulted in significant reductions in the amounts payable by the cities under lease obligations.

Limitations on Remedies; No Right of Re-Entry or Re-let; No Acceleration

In accordance with the Sublease, in each and every case during the continuance of an Event of Default under the Sublease, the Trustee, as assignee of the Authority, shall have the right, without terminating the Sublease or the County's right to possession of the Property, to collect each installment of Rental Payments as the same become due and enforce any other terms or provisions of the Sublease to be kept or performed by the County, regardless of whether or not the County has abandoned the Property. The Sublease provides that the County shall remain liable and agrees to keep or perform all covenants and conditions contained in the Sublease to be kept or performed by the County and to pay the full amount of the Rental Payments to the end of the term of the Sublease; and further agrees to pay said Rental Payments punctually at the same time and in the same manner as provided in the Sublease, notwithstanding the fact that the Authority may have received in previous years or may receive thereafter in subsequent years Rental Payments in excess of the Rental Payments specified in the Sublease. Notwithstanding anything to the contrary contained in the Sublease, the Authority in the Sublease expressly waives (i) any right to terminate the Sublease or the County's right to possession of the Property thereunder regardless of whether or not the County has abandoned the Property and (ii) any right of entry or re-entry to take possession of and/or re-let the Property. Further, the Authority shall have no right to accelerate Rental Payments upon the occurrence or continuance of a default or an Event of Default under the Sublease.

If the County defaults on its obligations to make Rental Payments, the Trustee, as assignee of the Authority's rights under the Sublease, would be required to seek a separate judgment each year for that year's defaulted Rental Payments. Any such suit would be subject to limitations on legal remedies against counties in the State, including a limitation on enforcement of judgments against funds of a fiscal year other than the fiscal year in which the Rental Payments were due and against funds needed to serve the public welfare and interest.

Additionally, enforceability of the rights and remedies of the Owners, and the obligations incurred by the Authority and the County, may become subject to the Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's 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 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. See "– Bankruptcy" above.

The Authority in the Sublease expressly waives any right to terminate the Sublease. Thus, the Trustee may not terminate the Sublease and proceed against the County to recover damages.

Hazardous Substances

Beneficial use of the Property may be limited by the discovery of hazardous materials or the existence or handling of hazardous material in a manner inconsistent with applicable law. In general, the owners and lessees of the Property may be required by law to remedy conditions of such parcel relating to release or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also similarly stringent. Under many of these laws, the owner or lessee is obligated to remedy a hazardous substance condition of the property whether or not the owner or lessee had anything to do with creating or handling the hazardous substance.

Further it is possible that the beneficial use of the Property may be limited in the future resulting from the current existence on the Property of a substance currently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the current existence on the Property of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method in which it is handled. All of these possibilities could significantly limit the beneficial use of the Property.

The Property includes various real property and improvements thereto, including MLK Hospital, the typical operations of which include the handling, use, storage, transportation, disposal and discharge of hazardous, infectious, toxic, radioactive, flammable and other hazardous materials, wastes, pollutants and contaminants. The County is unaware of the existence of hazardous substances on the Property sites which would materially interfere with the beneficial use thereof.

Seismic Events

The Property is located in an area of seismic activity from movements along active fault zones and, therefore, could be subject to potentially destructive earthquakes. Additionally, numerous minor faults transect the area. Seismic hazards encompass both potential surface rupture and ground shaking. The occurrence of severe seismic activity in the area of the County could result in substantial damage and interference with the County's right to use and occupy all or a portion of the Property, which could result in the Base Rental Payments being subject to abatement. Each of the facilities constituting the Property was constructed in compliance with applicable seismic standards. See "CERTAIN RISK FACTORS – Abatement." The Sublease does not require the County to procure and maintain insurance for damage caused by an earthquake. Presently, the County has insurance for damage to the Property caused by an earthquake, but is not obligated to maintain such insurance and no assurance is provided that the County will maintain such insurance or obtain additional insurance for damage to the Property caused by an earthquake.

COVID-19 and Related Impacts on the County

The global outbreak of the novel coronavirus COVID-19 ("COVID-19") in 2020, a respiratory disease declared to be a pandemic (the "Pandemic") by the World Health Organization, 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 may 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. On June 15, 2021, the Governor terminated the executive orders that imposed the prior stay at home directives and the State's Blueprint for a Safer Economy plan. As of June 15, 2021, the vast majority of restrictions imposed after March 2020 were terminated.

As of May 17, 2022, more than 95% of residents in the County that are 65 or older, which is approximately 1.37 million people, have received at least one dose of a COVID-19 vaccine and 91% of residents in the County that are 65 or older are considered fully vaccinated. As of May 17, 2022, 88.3% of residents in the County that are over the age of 12, which is approximately 7.79 million people, have received at least one dose of a COVID-19 vaccine and 80% of residents in the County that are over the age of 12 are considered fully vaccinated. While there are various indications of economic recovery, the Pandemic is ongoing, and its duration, severity and ultimate economic effects remain uncertain.

The ongoing Pandemic and the actions taken by the federal, State, and local governments had a significant impact on County operations and finances, increasing County expenditures and reducing revenues, although a significant portion of these increased expenditures have been or 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. The Pandemic has also presented an ongoing challenge to the County's public health infrastructure. Although various measures were 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. 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."

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.

No Liability of Authority to the Owners

Except as expressly provided in the Indenture, the Authority will not have any obligation or liability to the Owners of the Series 2022G Bonds with respect to the payment when due of the Base Rental Payments by the County, or with respect to the performance by the County of other agreements and covenants required to be performed by it contained in the Sublease or the Indenture, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Indenture.

Financial Conditions in Local, State and National Economies

The financial condition of the County can be significantly affected by 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 "State of California Budget Information" herein and APPENDIX A – "THE COUNTY OF LOS ANGELES INFORMATION STATEMENT."

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, 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 Series 2022G Bonds 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. Bond Counsel is of the further opinion that interest on the Series 2022G Bonds 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 Series 2022G Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix F hereto.

To the extent the issue price of any maturity of the Series 2022G Bonds is less than the amount to be paid at maturity of such Series 2022G Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Series 2022G Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the Series 2022G Bonds which is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2022G Bonds is the first price at which a substantial amount of such maturity of the Series 2022G Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2022G Bonds accrues daily over the term to maturity of such Series 2022G Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Series 2022G Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Series 2022G Bonds. Beneficial owners of the Series 2022G Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2022G Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such Series 2022G Bonds in the original offering to the public at the first price at which a substantial amount of such Series 2022G Bonds is sold to the public.

Series 2022G Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Bonds 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 Series 2022G Bonds. The Authority and the County have each made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2022G Bonds 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 Series 2022G Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Series 2022G Bonds. 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 Series 2022G Bonds may adversely affect the value of, or the tax status of interest on, the Series 2022G Bonds. 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.

Although Bond Counsel is of the opinion that interest on the Series 2022G Bonds 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 Series 2022G Bonds may otherwise affect a beneficial owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner's 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 Series 2022G Bonds 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 Beneficial Owners 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 Series 2022G Bonds. Prospective purchasers of the Series 2022G Bonds 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 expresses 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 Series 2022G Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority or 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 Authority and the County have covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Series 2022G Bonds ends with the issuance of the Series 2022G Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority, the County, or the beneficial owners regarding the tax-exempt status of the Series 2022G Bonds in the event of an audit examination by the IRS. Under current procedures, beneficial owners 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 IRS positions with which the Authority or the County legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2022G Bonds 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 Series 2022G Bonds, and may cause the Authority, the County or the beneficial owners to incur significant expense.

Payments on the Series 2022G Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Series 2022G Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Series 2022G Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Series 2022G Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a beneficial owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain beneficial owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

CONTINUING DISCLOSURE

Pursuant to the Continuing Disclosure Certificate to be executed in connection with the Closing of the Series 2022G Bonds, the County has covenanted to provide, or cause to be provided, by not later than April 1 of each fiscal year, commencing on April 1, 2023, to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") system certain annual financial information and operating data and, no later than ten business days after their occurrence, notice of certain enumerated events. See APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the Underwriters of the Series 2022G Bonds in complying with the Rule.

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. The annual report for Fiscal Year ending 2019 for the County's Community Facilities District No. 3, Area C Special Tax 2012A Bonds and the annual report for the Fiscal Year ending 2021 for the County of Los Angeles 2012 Refunding Certificates of Participation (Disney Concert Hall Parking Garage) and the Los Angeles County Facilities Inc. Lease Revenue Bonds, Series 2018A and 2018B (Vermont Corridor County Administration Building) did not identify all applicable CUSIPs of these respective issues. The County filed notices of failure to file the annual reports and the respective annual reports with all applicable CUSIPs.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

On October 28, 2021, Causey Demgen & Moore P.C. (the "Verification Agent"), delivered a report with respect to the mathematical accuracy of certain computations, contained in schedules provided to it, which were prepared by the Underwriters, relative to the sufficiency of moneys and securities deposited into the escrow fund established pursuant to an escrow agreement to pay, when due the principal, whether at maturity or upon prior redemption, interest and redemption premium requirements of the Series 2012 Bonds (the "Initial Verification Report"). On June 2, 2022, the Verification Agent will deliver a report with respect to confirming the mathematical accuracy of certain computations, contained in schedules provided to it, which were prepared by the Underwriters, relative to the sufficiency of moneys and securities deposited into the escrow fund established pursuant to an escrow agreement to pay, when due the principal, whether at maturity or upon prior redemption, interest and redemption premium requirements of the Series 2012 Bonds (the "Final Verification Report" and, together with the Initial Verification Report, the "Verification Reports"). The Verification Reports will include the statement that the scope of the Verification Agent's engagement is limited to verifying the mathematical accuracy of the aforesaid computations and that it has no obligation to otherwise update its report because of events occurring, or data or information coming to its attention, subsequent to the date of the respective report.

CERTAIN LEGAL MATTERS

The validity of the Series 2022G Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority. Bond Counsel expects to deliver an opinion with respect to the Series 2022G Bonds at the time of issuance substantially in the form set forth in Appendix F. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. A complete copy of the proposed form of opinion of Bond Counsel is contained in APPENDIX F – "FORM OF APPROVING OPINION OF BOND COUNSEL." Certain legal matters will be passed upon for the Authority and the County by Hawkins Delafield & Wood LLP, Los Angeles, California, Disclosure Counsel, and County Counsel, and for the Underwriters by their counsel, Katten Muchin Rosenman LLP, New York, New York.

FINANCIAL STATEMENTS

The financial statements of the County for the Fiscal Year ended June 30, 2021, 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. 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 15, 2021.

MUNICIPAL ADVISOR

Public Resources Advisory Group has served as Municipal Advisor to the County in connection with the issuance of the Series 2022G Bonds. 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.

LITIGATION

To the best knowledge of the County and the Authority, there is no litigation pending or threatened against the County or the Authority concerning the validity of the Series 2022G Bonds or challenging any action taken by the County or the Authority in connection with the authorization of the Indenture, the Sublease or any other document relating to the Series 2022G Bonds to which the County or the Authority is or is to become a party or the performance by the County or the Authority of any of their obligations under any of the foregoing.

There are a number of lawsuits and claims pending against the County. Summaries of certain pending lawsuits and claims are set forth in Appendix A attached hereto. On October 18, 2021, the Los Angeles County Employees Retirement Association ("LACERA") filed a lawsuit against the County and the Board of Supervisors of the County which seeks a court order regarding LACERA's authority to appoint and set the classifications and compensation for all LACERA personnel. LACERA issued a news release stating that the lawsuit filing will not affect LACERA's assets, investments, or delivery of benefits and services to its members and beneficiaries. In the opinion of the County Counsel, such suits and claims as are presently pending will not materially impair the ability of the County to make the Rental Payments when due. See APPENDIX A – "THE COUNTY OF LOS ANGELES INFORMATION STATEMENT – Litigation."

RATINGS

Fitch, Moody's and S&P have assigned the Series 2022G Bonds ratings of "AA", "Aa2" and "AA+" respectively. Such ratings reflect only the views of Fitch, Moody's and S&P, and do not constitute a recommendation to buy, sell or hold the Series 2022G Bonds. Explanation of the significance of such ratings, including any outlook thereon, may be obtained only from the respective organizations at: Fitch Ratings, One State Street Plaza, New York, New York 10004; Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007-2796; and S&P Global Ratings, 55 Water Street, New York, New York 10041. The County furnished the ratings agencies with certain information and materials concerning the Series 2022G Bonds, the Project, the County and related matters, some of which is not included herein. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the respective rating agencies, if in the judgment of any such rating agency circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2022G Bonds.

UNDERWRITING

The Series 2022G Bonds are being purchased by an underwriting group consisting of the underwriters listed on the cover page hereof (the "Underwriters"). BofA Securities, Inc. and Siebert Williams Shank & Co., LLC, are acting as the representatives of the Underwriters with respect to the Series 2022G Bonds. The Underwriters have agreed to purchase the Series 2022G Bonds from the County and the Authority at an aggregate purchase price of $278,104,429.91 (consisting of the aggregate principal amount of the Series 2022G Bonds of $225,120,000, plus an original issue premium of $53,359,974.35 and less underwriters' discount of $375,544.44), pursuant to the terms of the Bond Purchase Agreement. The Bond Purchase Agreement provides that the obligations of the Underwriters are subject to certain conditions precedent and that the Underwriters will be obligated to purchase all of the Series 2022G Bonds offered under the Bond Purchase Agreement if any of the Series 2022G Bonds offered thereunder are purchased.

BofA Securities, Inc., an underwriter of the Series 2022G Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2022G Bonds.

American Veterans Group, PBC ("AVG"), one of the Underwriters of the Series 2022G Bonds, 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 Series 2022G Bonds from AVG at the original issue price less a negotiated portion of selling concession applicable to any Series 2022G Bonds that such firm sells.

Piper Sandler & Co., one of the Underwriters of the Series 2022G Bonds, has entered into a distribution agreement ("Distribution Agreement") with Charles Schwab & Co., Inc. ("CS&Co") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase Series 2022G Bonds from Piper Sandler at the original issue price less a negotiated portion of the selling concession applicable to any Series 2022G Bonds that CS&Co. sells.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the issuer and to persons and entities with relationships with the issuer, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the issuer. The Underwriters and their respective 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 to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

ADDITIONAL INFORMATION

This Official Statement and its distribution have been duly authorized by the County and the Authority.

APPENDIX A

THE 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.

All of the previous Memoranda of Understanding ("MOUs") with the various collective bargaining units covering wages, salaries and fringe benefits expired on dates ranging from December 31, 2020 to September 30, 2021. As the previous MOUs began to expire, the County successfully negotiated 0% COLA roll-over contract extensions with nearly all collective bargaining units. The 0% COLA extensions were of limited duration and designed to facilitate a new round of negotiations in early 2022.

The County previously had two MOUs with the CCU and the SEIU covering fringe benefits, which expired on June 30, 2021 and September 30, 2021, respectively. The County successfully reached agreement with the CCU and SEIU extending the fringe benefit contracts through March 31, 2022. The extended fringe benefit agreements resulted in the addition of a new County Holiday "Juneteenth", a one-time $1,000 payment in lieu of COLA, a $500 COVID Appreciation Pay with an additional "Hero Pay" bonus of up to $650 for DHS employees, and a 2.5% increase in the healthcare benefit allowance. The overall effect of these contract extensions was to help position the County to recover from the adverse financial impact of the COVID-19 pandemic without incurring additional labor-related expenditures for Fiscal Year 2021-22.

On March 31, 2020, the Board approved a hard hiring freeze that exempted critical health and safety positions as determined by the CEO. The Board also instructed the CEO to work with the Auditor-Controller to freeze non-essential purchases of services and supplies, and equipment, and non-essential travel and training. The Board of Supervisors also approved 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 as of May 1, 2020. These measures were one of many strategies employed to manage the negative impact of the COVID-19 pandemic on the financial condition of the County.

As the local economy and financial outlook improved, the County rescinded the hard-hiring freeze in October 2021 for all departments except for the Sheriff's Department and a single budgetary unit within the Probation Department related to juvenile services. The County also rescinded the freeze on non-essential services, supplies and equipment purchases for all departments except for the Sheriff's Department. The suspension of the matching contributions to the Deferred Compensation and Thrift Plan and the 401(k) Savings Plan ended on June 30, 2021.

The County recently reached tentative agreements with SEIU covering wages, salaries and fringe benefits. The tentative agreement includes salary increases of 5.5%, 3.25%, and 3.25% effective October 1 of 2022, 2023 and 2024, respectively; and fringe benefit increases of 4.0%, 2.5%, and 2.0% effective January 1 2023, 2024 and 2025, respectively. The foregoing, which establishes the COLA for all SEIU members, will be used as the basis for negotiating the same economic benefits for all of the remaining County Unions. The agreements are subject to an SEIU ratification vote and final approval by the Board of Supervisors.

Based on the above parameters, the County has closed 22 of the 24 bargaining units represented by SEIU. On May 22, 2022, SEIU notified the County that registered nurses and supervising registered nurses in bargaining units 311 and 312 would be participating in an unfair labor practice strike at all DHS, DPH, and DMH locations beginning on June 1, 2022, and ending on June 4, 2022. Members in these bargaining units are requesting additional economic benefits specific only to nurses and changes, if any, will not impact the agreements already reached for the general salary and benefits adjustments that have already been agreed upon as part of the tentative agreement. Negotiations with the collective bargaining units represented by the CCU and the Independent Unions are currently in progress.

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, 2021 was 185,786, consisting of 99,101 active members, 69,497 retired members and beneficiaries and 17,188 vested former members. Of the 99,101 active members, 85,963 are general members in General Plans A through G, and 13,138 are safety members in Safety Plans A through C.

Of the 69,497 retired members, 55,828 are general members in General Plans A through G, and 13,669 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, 2021, approximately 44% of the total active general members were enrolled in General Plan D, and 66% 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, 2021 Actuarial Valuation (the "2021 Actuarial Valuation"), the total employer contribution rate for Fiscal Year 2022-23 for new employees hired on and after January 1, 2013 is 22.66% for General Plan G and 27.91% for Public Safety Plan C. The new employer contribution rates are lower than comparative rates of 22.75% for General Plan D participants and 31.8% 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 January 2020, 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 June 30, 2020 Actuarial Valuation (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 76.35% from the prior year Funded Ratio of 77.20%.

The 2020 Actuarial Valuation provided 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 did 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 June 30, 2021 Actuarial Valuation (the "2021 Actuarial Valuation"), LACERA reported a rate of return on Retirement Fund assets of 25.2%, which was significantly higher than the 7.0% assumed rate of return. With the five-year smoothing process, the actuarial value of Retirement Fund assets increased by $5.146 billion or 8.6% from $59.763 billion to $64.909 billion as of June 30, 2021. The 2021 Actuarial Valuation reported that the AAL increased by $3.622 billion to $81.898 billion, and the UAAL decreased by $1.524 billion to $16.989 billion from June 30, 2020 to June 30, 2021. As a result of the strong investment performance, the Funded Ratio as of June 30, 2021 increased to 79.26% from the prior year Funded Ratio of 76.35%.

The 2021 Actuarial Valuation provides the basis for establishing the contribution rates effective July 1, 2022. The County's required contribution rate will decrease from 24.64% to 24.46% of covered payroll in Fiscal Year 2022-23. The components of the 0.18% decrease in the employer contribution rate include a 1.28% cost decrease from the actuarial recognition of investment gains and losses and other actuarial assumptions, and a 1.10% cost increase from the deferred recognition of actuarial assumptions and methodology changes implemented with the June 30, 2019 Actuarial Valuation. The increase in the employer contribution rate from the three-year phase-in of the actuarial assumption changes adopted with the 2019 Actuarial Valuation will be completely accounted for in the 24.46% employer contribution rate effective July 1, 2022.

The 2021 Actuarial Valuation does not include $7.373 billion 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 88.3% as of June 30, 2021, and the required County contribution rate would be 18.57% for Fiscal Year 2022-23.

For the eight months ended February 28, 2022, LACERA reported a net gain on Retirement Fund assets of 4.2%, which is below 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 2018-19, 2019-20 and 2020-21, the County's total contributions to the Retirement Fund were $1.636 billion, $1.767 billion and $1.971 billion, respectively. In Fiscal Year 2021-22, the County's retirement contribution payments to LACERA are estimated to be $2.166 billion, which would represent a 9.9% or $194.9 million increase from Fiscal Year 2020-21. For Fiscal Year 2022-23, the County is projecting retirement contribution payments to LACERA of $2.213 billion.

A summary of actual and projected County pension payments to LACERA for the eight-year period ending June 30, 2023 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, 2021, $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 2021 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 0.49% for Fiscal Year 2021-23, and the Funded Ratio would have decreased by 0.8% to 78.5% as of June 30, 2021.

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 did 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 included additional reporting requirements, which 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, 2021 the County reported a Net Pension Liability of $17.395 billion, which represents a $5.834 billion or 50.5% increase from the $11.561 billion Net Pension Liability reported as of June 30, 2020. The June 30, 2021 Net Pension Liability was calculated based on the 2020 Actuarial Valuation.

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 accordance with the OPEB Pre-funding Plan, the County contributed $182.9 million, $246.2 million and $309.4 million to the OPEB Trust in Fiscal Years 2018-19, 2019-20 and 2020-21, respectively. For Fiscal Years 2021-22 and 2022-23, the County is projecting contributions to the OPEB Trust in the amounts of $372.2 million and $441.4 million, 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 February 28, 2022, the balance of the OPEB Trust was $2.41 billion. For the eight months ended February 28, 2022, LACERA reported a net loss on OPEB Trust Fund assets of -0.4%.

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, 2021, the County reported a Net OPEB Liability of $28.077 billion, which represented a $3.249 billion or 13.1% increase from the $24.828 billion OPEB liability reported as of June 30, 2020. The June 30, 2021 Net OPEB Liability was calculated based on the July 1, 2020 OPEB Actuarial Valuation. 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 2018-19, 2019-20 and 2020-21, the total pay as you go payments from the County to LACERA for retiree health care benefits were, $604.7 million, $635.0 million and $668.7 million, respectively. In Fiscal Year 2021-22, pay as you go contributions to LACERA for OPEB are estimated to be $690.8 million, which would represent a 3.3% or $22.0 million increase from Fiscal Year 2020-21. For Fiscal Year 2022-23, the County is projecting pay as you go payments to LACERA of $725.1 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 Annual Comprehensive Financial Report. In Fiscal Years, 2018-19, 2019-20 and 2020-21, the County made total DBP payments of $41.6, $42.6 million and $38.7 million, respectively. In Fiscal Year 2021-22, the County is estimating total DBP payments in the amount of $39.4 million. For Fiscal Year 2022-23, the County is projecting total DBP payments of $46.0 million. As of June 30, 2021, the County's total net OPEB liability of $29.369 billion included $28.077 billion for retiree healthcare and $1.292 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 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 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, but an opinion has not yet been issued.

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 December 15, 2022. Based on preliminary estimates, the County may face a potential liability of $15 million.

Public Safety Cases

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. The Court granted final approval of the settlement on February 3, 2022. The County anticipates that the settlement will be paid in Fiscal Year 2022-23.

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 scheduled for June 2, 2022. 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." The plaintiffs brought in the American Civil Liberties Union Foundation of Southern California and filed a fourth amended complaint in March 2021, adding numerous Sheriff's Department deputies as defendants. In June 2021, the plaintiffs filed a fifth amended complaint, and the County filed a demurrer, which was sustained with leave to amend in January 2022. The plaintiffs filed a sixth amended complaint in February 2022, and the County's demurrer is scheduled to be heard in July 2022. Discovery in the matter is proceeding. The parties attended two separate mediation sessions which were unsuccessful, but additional mediation sessions are anticipated in the future. 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 is now in the pleading stages. On April 28, 2022, the court granted in part and denied in part the County's motion to dismiss the plaintiffs' first amended complaint. The plaintiffs have until May 24, 2022 to file an amended complaint. The matter is currently set for trial in July 2023. 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.*), alleging that the deputies used unreasonable and excessive force in fatally shooting Mr. Guardado. Plaintiffs also alleged that the Sheriff's Department failed to properly train and supervise the deputies involved. A tentative settlement was reached in the amount of $8 million on February 21, 2022.

In August 2020, a proposed class action was filed (*Krizia Berg et al. v. County of Los Angeles, et al.*) by individuals involved in protests against police violence that took place in 2020. 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 July 6, 2021, the court entered a preliminary injunction enjoining the use of "less-lethal" weapons by the Sheriff's Department and requiring the issuance of warnings prior to the use of "less-lethal" weapons whenever feasible. On July 30, 2021, the plaintiffs filed a second amended complaint seeking a permanent injunction against the Sheriff's Department as well as damages. The case has been referred to private mediation to be completed by August 16, 2022. The matter is currently set for trial in October 2023. 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. Three other plaintiffs who had family members perish in the same crash also filed lawsuits against the County. One of the plaintiffs, Cristopher Chester, is alleging the same claims as Mrs. Bryant. The two other plaintiffs have already settled their claims. The remaining cases are assigned to the same judge. The County's motion for summary judgment was denied in January 2022, and the matter is currently set for trial in July 2022. The discovery phase has been completed and the County is preparing for trial. The potential liability is unknown at this time.

In May 2021, a lawsuit (*Dominique Anderson, et al. v. County of Los Angeles, et al.*) was filed claiming that the plaintiffs were sexually assaulted and harassed by various Probation Department officers while they were in custody of the Probation Department as well as County juvenile facilities. The plaintiffs were minors at the time of the alleged acts. The County reached a tentative settlement for $950,000 with eight of the ten plaintiffs on March 11, 2022.. The case is in the discovery phase with the remaining plaintiffs and the potential liability is unknown at this time.

In July and August 2021, two lawsuits were filed (*Estate of Nicholas Burgos, et al. v. County of Los Angeles, et al.; Jazmine Lucille Moreno, et al. v. County of Los Angeles, et al.*) arising out of fatal Sheriff's Department deputy-involved shootings. Both cases involve allegations of excessive use of force, wrongful death, and civil rights violations. *Burgos* is currently set for trial on February 7, 2023. The case is in the discovery phase and the potential liability is unknown at this time. An amended complaint was filed in *Moreno* on March 14, 2022. Given the preliminary nature of the proceedings, the potential liability is unknown at this time.

On June 21, 2021, a lawsuit was filed (*Christopher Bailey v. County of Los Angeles, et al.*) alleging excessive force by Sheriff's Department deputies during the course of plaintiff's arrest after a traffic stop on May 4, 2020. Plaintiff alleges that multiple deputies struck him when he was unarmed, defenseless, and not resisting arrest. Plaintiff also alleges that the Sheriff's Department failed to properly train and supervise the deputies involved. This matter is currently set for trial in March 2023. The case is in the discovery phase and the potential liability is unknown at this time, though the plaintiff's opening settlement demand was for $50 million.

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 ("DCFS") 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, 2021 and 2022, and on May 4, 2022, reached a conditional settlement of $32 million subject to approval by the Board of Supervisors.

In July 2020, *Evangelina Hernandez et. al. v. County of Los Angeles, et al* 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 DCFS 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. In January 2022, the court sustained the non-County defendant's demurrer without leave to amend, thereby dismissing that defendant. The ruling is currently on appeal. The County anticipates plaintiffs will seek $40-50 million in damages, however the County expects its apportionment of liability, if any, to be less.

In January 2020, State law was amended to extend the statute of limitations for victims of childhood sexual assault to file lawsuits. In addition, government tort claims are no longer required, and claims that were previously barred are revived for three years or within the time period under the newly amended law, whichever is later. Since this change, the County has been served with 28 lawsuits by plaintiffs, now ranging in age from 22 to 70 years old, who allege they were sexually assaulted in DCFS placements from 1959 to 2011. The alleged perpetrators include foster parents, family members of foster parents, unknown staff, or residents from group home facilities, including MacLaren Children's Center, a DCFS temporary housing facility for dependent and delinquent children that was open from 1940 to 2003. The lawsuits are in the early stages of litigation. The County anticipates that approximately 100 additional lawsuits will be filed. The estimated potential liability for all 128 cases is $128 million (or $1 million per case). Payouts for the 28 lawsuits that have been filed are likely be paid in Fiscal Year 2022-23 at the earliest, and payouts for the additional anticipated cases are likely be paid in Fiscal Year 2023-24.

Other Cases

On March 10, 2020, a lawsuit was filed by LA Alliance for Human Rights ("LA Alliance") 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 crisis 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. The City agreed to provide 6,700 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 $60 million for Fiscal Year 2021-22 and will continue to contribute up to $60 million a year until Fiscal Year 2024-25, depending on the number of new beds in operation. 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 reaching this goal. However, the Auditor Controller's Office determined that the City did not meet the bonus threshold. On December 16, 2021, the district court held a hearing to determine the progress of the agreement between the City and County regarding the 6,700 beds, and the City reported reaching the goal pursuant to the agreement. However, the district court raised concerns based on the County's audit and ordered the County to conduct and submit a full audit by April 2022 to verify the existence of all beds created by the City pursuant to the agreement. The district court also ordered the City to audit the County's provision of mainstream services for people experiencing homelessness in facilities the City created pursuant to the agreement. In April 2022, the County and the City filed a joint status report on the audits, which shows substantial compliance by both parties pursuant to the agreement. A status conference is scheduled for May 20, 2022.

On April 20, 2021, the district court issued a preliminary injunction ordering 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. The City, County, and intervenors filed appeals which were heard by the Ninth Circuit on July 7, 2021. On September 23, 2021, the Ninth Circuit vacated the district court's preliminary injunction and remanded the case back to the judge for further proceedings. On November 1, 2021, the plaintiffs filed an amended complaint and the County and City filed motions to dismiss on December 4, 2021. On January 24, 2022, the district court heard arguments on the motions to dismiss but did not issue a ruling. The parties attended mandatory settlement conferences in February 2022 and on March 1, 2022, but the County did not reach an agreement. On April 1, 2022, the City and LA Alliance filed a preliminary settlement agreement with the court and indicated they will submit the final settlement agreement in May 2022. LA Alliance intends to file a second amended complaint as to the County, if and when the court approves the City settlement.

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 of the plaintiffs 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. The matter is currently set for trial on October 24, 2022. 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 May 17, 2022.

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) improperly approved PACE assessments, thus putting homeowners at risk of default and subjecting their properties to potential foreclosure. The lawsuits seek cancellation of assessments, estimated to be in excess of $500 million. Both class actions have been consolidated and the County's motion to strike the class allegations remains pending as the parties continue settlement negotiations. Although the program administrators are contractually obligated to indemnify the County and provide for its defense, Renovate America is currently in bankruptcy proceedings. The County does not expect liability from these cases to exceed $10 million or 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. In June 2021, the Superior Court ruled that Measure J is unconstitutional. The County is appealing the ruling and anticipates a decision in late 2022. The court's ruling held that its decision does not prohibit the current Board of Supervisors or any future Board from adopting a budget in line with Measure J's provisions. Since the decision had no impact on the Board of Supervisor's authority to approve the types of investments set forth in Measure J, the County has adopted the Care First and Community Investment budget policy, which contains the same 10% set-aside set forth in Measure J.

In November 2021, a class action lawsuit was filed (*People of Los Angeles Who Are Unhoused, Who Reside in Vehicles on Pacific Coast Highway, et al. v. Alejandro Villanueva, et al.*) against Sheriff Villanueva, the Board of Supervisors, and various unknown Sheriff's Department deputies, on behalf of unhoused individuals who live in their vehicles along the Pacific Coast Highway ("PCH"). The lawsuit challenges parking restrictions that require individuals to move their vehicles from one side of PCH to the other in the middle of the night, and alleges the restrictions are unconstitutional. On December 6, 2021, an amended master complaint was filed that combines multiple actions, including "related" actions against the City, and includes additional individually named plaintiffs. The plaintiffs have filed two ex parte applications for temporary restraining orders to prevent the County from towing oversized vehicles and vehicles of people experiencing homelessness parked on PCH, and to prohibit the County and other defendants from issuing parking citations and threat to tow notices to all plaintiffs and class members. The district court has not issued a ruling on the ex parte applications. On January 27, 2022, the County filed a motion to dismiss the plaintiffs' amended master complaint. A hearing on the County's motion to dismiss is scheduled for May 20, 2022. The case is in the early stages and the County is unable to determine the potential liability at this time.

In December 2019, a lawsuit was filed (*Marcus Matamoros v. County of Los Angeles, et al.*) alleging that the Department of Public Works failed to install an adequate guardrail that could have prevented a single vehicle automobile accident causing severe and permanent injuries to the plaintiff. Since the release of the Preliminary Official Statement, dated March 18, 2022, relating to the Series 2022 Bonds, a proposed settlement of $19.75 million was recommended for approval by the County Claims Board on March 21, 2022. The settlement will be presented to the Board of Supervisors. The County anticipates that the settlement, if approved by the Board of Supervisors, will be paid in three equal installments in each of Fiscal Years 2021-22, 2022-23 and 2023-24.

In August 2021, a lawsuit was filed (*GHP Management Corp., et al. v. County of Los Angeles, et al.*) by eleven lessors/landlords of residential rental housing against the County and the State of California, alleging that the defendants' eviction moratoria, including the County's eviction moratorium, are an unlawful regulatory and per se taking of property, claiming violations of the Fifth Amendment of the United States Constitution under 42 U.S.C. § 1983. The plaintiffs seek monetary compensation for the allegedly unlawful taking. On April 15, 2022, the court overruled the defendants' demurrers and discovery in the matter is proceeding. The plaintiffs' complaint alleges rent losses in excess of $11 million and asserts they are entitled to just compensation exceeding $50 million. However, the County expects its apportionment of liability, if any, to be substantially less.

The following describes several related toxic tort class-action lawsuits that arose from a three-day fire in the City of Carson ("Carson") in late September 2021 at an industrial warehouse, which stored large amounts of "hand sanitizer" containing toxic chemicals. The water and fire retardant used to put out the fire washed the chemicals into the storm drain system, causing them to be conveyed into the Dominguez Channel, an estuary owned and operated by the Los Angeles County Flood Control District ("Flood Control District"). The toxic chemicals resulted in the Dominguez Channel experiencing a condition known as "anaerobic digestion," which caused hydrogen sulfide gas to be produced and released into the air over Carson and its surrounding communities. In early October 2021, a substantial number of residents began complaining of pervasive, foul-smelling odors (typical of hydrogen sulfide gas), and of associated short-term adverse health effects, including sore throats and headaches. Responding to the conditions in the Dominguez Channel and the resultant odors, the Los Angeles County Department of Public Works initiated aggressive mitigation efforts, applying odor neutralizer to the water and oxygenating it through the use of nano-bubblers. The "odor incident" (a declared public nuisance) lasted for roughly six to eight weeks. The various plaintiffs' lawsuits (which were deemed related by the Los Angeles Superior Court) allege that the Flood Control District and the County are liable for personal injury damages (based on tort and public nuisance theories), as well as for property damage (based on inverse condemnation). The Flood Control District and the County have, to date, sued the company that stored the hand sanitizer and its landlord (the "industrial defendants"), to recover the high costs expended in mitigating the impacts of the incident, including providing air purifiers (over 47,000) and hotel rooms to affected residents. The Flood Control District and the County will file cross-actions for indemnity against the industrial defendants in responding to the plaintiffs' class action (and individual) lawsuits. While the total number of plaintiffs is not yet known, it will likely be in the tens of thousands. Regarding the tort claims, given the likelihood of tens of thousands of plaintiffs, even if each class member obtains a relatively small recovery, the potential exposure in the aggregate could still be substantial. Regarding the inverse condemnation claims, if liability were established at trial, the plaintiffs could recover damages for the "diminution in value" of their residential properties, plus attorneys' fees and costs. This could, similarly, result in a potentially large liability exposure for the Flood Control District, as the operator of the Dominguez Channel. However, the Flood Control District and the County are expected to assert that the industrial defendants are solely responsible for causing the fire and the ensuing public nuisance, as well as for any resultant damages, such that any liability should be allocated to those entities alone. The cases remain at the pleading phase, and the potential liability exposures against the Flood Control District and the County cannot be determined at this time.

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
06/30/2014	$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%
06/30/2021	73,012,026	64,909,377	81,898,044	16,988,667	79.26%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2021.

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
2013-14	$47,722,277	16.5%	86.0%
2014-15	48,818,350	4.1%	85.0%
2015-16	47,846,694	0.8%	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	6.4%	77.3%
2019-20	58,510,408	1.8%	74.0%
2020-21	73,012,026	25.2%	88.3%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2021.

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
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	634,994	246,197	42,567	2,690,493
2020-21	1,971,006	668,747	309,394	38,715	2,987,862
2021-22	2,165,925 *	690,779 *	372,243 *	39,422 *	3,268,369 *
2022-23	2,212,841 *	725,115 *	441,440 *	45,953 *	3,425,349 *

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

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 76.7% of the Fiscal Year 2022-23 Recommended Budget (the "2022-23 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 10.7% of the 2022-23 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 1.4% of the 2022-23 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 7.8% of the 2022-23 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 2022-23 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 2021-22 is $30,008,168,156. The 2021-22 Adopted Budget includes proceeds from taxes of $10,890,425,000, 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 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, \$5.202 billion of the \$29.543 billion 2022-23 Recommended Budget is received from the Federal government and \$7.558 billion is funded by the State. The remaining \$16.783 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, which provided 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 childcare 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.

On March 11, 2021, President 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 funding from the CRF under the CARES Act. The ARP Act allows counties to cover costs incurred from March 3, 2021 through December 31, 2024 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% retroactive to January 20, 2020. This includes eligible work under existing COVID-19 policies, such as increasing medical capacity and 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 November 15, 2021, President Biden signed into law the Bipartisan Infrastructure Law (H.R. 3684), which provides $1 trillion over five years, including $550 billion in new spending. Of this amount, $343.2 billion is dedicated to reauthorizing highway and transit spending for five years. The legislation also provides $266 billion over the same period for other infrastructure sectors such as water, power and energy, broadband, environmental remediation, and resilience. Under the Bipartisan Infrastructure Law, California is expected to receive $26.95 billion for highways and $11.98 billion for transit over the next five years. The Los Angeles County Metropolitan Transportation Authority will receive most of the funding for the Los Angeles region and is responsible for allocating the funding within the County. The Bipartisan Infrastructure Law also includes $43.3 billion for the new Bridge Investment Program; $65 billion for broadband programs to address the digital divide; $55 billion for water infrastructure including significant new funding for the Drinking Water and Clean Water State Revolving Funds; over $17 billion in essential funding to the U.S. Army Corps of Engineers; and funding for various other programs of interest to the County. However, until Congress passes an appropriations bill for transportation, the funding for surface transportation projects in the Bipartisan Infrastructure Law will not be available for expenditure.

On December 3, 2021, President Biden signed a second short-term continuing resolution (H.R 6119) that extended government funding through February 18, 2022 under the same terms set forth in the previous continuing resolution (H.R. 5305), which was signed into law on September 30, 2021. H.R. 6119 included an extension of the Temporary Assistance for Needy Families program; extended an existing waiver that allows residents in Supportive Living Facilities to receive Supplemental Nutrition Assistance Program benefits; provided additional funding to support shelter and services for unaccompanied minors who have crossed the U.S.-Mexico border and have been referred to the custody of U.S. Department of Health and Human Services; and provided additional funding for refugee assistance to Afghan nationals.

While Congress works to reach agreement on spending levels for the remainder of FFY 2022 to keep the Federal government operating, the House and Senate have drafted bills to fit within a ceiling of approximately $1.5 trillion in discretionary funding. On February 18, 2022, President Biden signed a third short-term continuing resolution (H.R. 6617) to extend government funding through March 11, 2022, under the same terms set forth in H.R. 6119 and H.R. 5305.

On March 11, 2022, President Biden signed into law a four-day continuing resolution that extended current Federal funding through Tuesday, March 15, 2022, to allow enough time to complete the Consolidated Appropriations Act of 2022 (H.R. 2471) without triggering a partial Federal government shutdown.

On March 15, 2022, President Biden signed into law H.R. 2471, *The Consolidated Appropriations Act of 2022*, a $1.5 trillion omnibus spending package consisting of all 12 FFY 2022 appropriations bills and $13.6 billion in supplemental funding to support Ukraine. In total, the omnibus package provides $730 billion in non-defense funding, which represents a $46 billion increase over FFY 2021 enacted levels. The Joint Explanatory Statements associated with H.R. 2471 contained Community Project Funding and Congressionally Directed Spending (also known as earmarks), including funding for projects requested by the County.

On March 28, 2022, President Biden released his $5.8 trillion Budget Request for FFY 2023, which includes $829.2 billion in non-defense discretionary funding and $813.3 billion in defense funding. The FFY 2023 Budget Request reflects a 13.6% increase in non-defense discretionary spending and a 4.0% increase in defense spending from the $730 billion and $782 billion enacted in FFY 2022, respectively. Although this budget request is non-binding, it provides a preview of the spending priorities for the Biden Administration in the areas of health care and public health, climate change, housing/homelessness, education, justice/civil rights, immigration, energy, and other domestic priorities.

The House and Senate Appropriations Committees have begun meetings to discuss spending agreements for FFY 2023, as both chambers of Congress are soliciting Community Project Funding and Congressionally Directed Spending requests for FFY 2023. The House Appropriations Committee is tentatively scheduled to markup its FFY 2023 spending bills in June 2022 in advance of potential floor votes in July.

Congress is also considering a new COVID-19 aid package, which has stalled over a pandemic-related border-control policy known as Title 42, a $33 billion supplemental funding request from President Biden for military, economic, and humanitarian aid for Ukraine; and possibly some elements of the President’s "Build Back Better" package.

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 strong 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, 2019-20 and 2020-21, the County General Fund received $175.2 million, $201.9 million, $243.2 million, $232.5 million and $352.4 million of residual taxes, respectively. The budgeted and estimated residual tax revenue for 2021-22 is $265.7 million. The 2022-23 Recommended Budget includes a projected $335.0 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.

2021-22 State Budget

On June 28, 2021, Governor Newsom signed the primary budget bill (AB 128) for the final Fiscal Year 2021-22 State Budget. The Governor also signed three additional budget bills, including AB 161 on July 9, 2021, SB 129 on July 12, 2021, and AB 164 on July 16, 2021, which amended AB 128 with statutory changes to implement the final State Budget. These four measures, along with several budget trailer bills comprise the Fiscal Year 2021-22 State Budget Act (the "State Budget Act") The State Budget Act projects a beginning fund balance from Fiscal Year 2020-21 of $28.249 billion, total revenues and transfers of $175.345 billion, total expenditures of $196.440 billion, and a year-end fund balance of $7.154 billion for Fiscal Year 2021-22. Of the projected year-end fund balance, $3.175 billion will be allocated to the Reserve for Liquidation of Encumbrances and $3.979 billion will be deposited to the Special Fund for Economic Uncertainties. The State Budget Act continues to provide for a deposit into the State's Budget Stabilization Account (Rainy Day Fund), which would bring its balance to $15.781 billion. The State Budget Act also allocates $4.506 billion to the Public School System Stabilization Account and $900.0 million to the Safety Net Reserve.

The State Budget Act reflects the ongoing improvement the State financial outlook since the outbreak of the COVID-19 pandemic, including an increase of $33 billion to fund State expenditures from the Proposed State Budget. The State Budget Act includes 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, and other priorities related to homelessness, affordable housing, the environment and wildfire and emergency preparedness.

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

Homelessness – Provides $7.3 billion for homelessness in Fiscal Year 2021-22, plus an additional $4.47 billion in Fiscal Year 2022-23 for a total homelessness package of $12 billion. This includes $1.45 billion ($1.2 billion in Federal American Rescue Plan Act (ARPA) funds and $250 million in State General Funds (SGF) for Project Homekey in Fiscal Year 2021-22 and $ 1.3 billion ($1 billion federal ARPA funds and $300 million in SGF) for Project Homekey in Fiscal Year 2022-23.

Bring California Home (BCH) Act - Provides $12 billion for homelessness, including $2 billion in one-time SGF to assist counties, Continuums of Care, and large cities to address homelessness in their communities. Provides $1 billion in Fiscal Year 2021-22 and $1 billion in Fiscal Year 2022-23, with future years subject to appropriation.

Emergency Rental Assistance - Provides $1.4 billion Federal Emergency Rental Assistance allocation via SB 91 to assist low-income tenants to stay housed and help stabilize small property owners.

Eviction Moratorium Extension - Extends the State's eviction moratorium that was enacted on January 29, 2021, via SB 91.

Behavioral Health Continuum Infrastructure Program - Provides $755.7 million ($445.7 million in SGF and $310 million in Federal Coronavirus Fiscal Recovery Fund) in Fiscal Year 2021-22, $1.4 billion ($1.2 billion SGF and $220 million Coronavirus Fiscal Recover Fund) in Fiscal Year 2022-23 and $2.1 million SGF in Fiscal Year 2023-24 for competitive grants to qualified entities to construct, acquire, and rehabilitate real estate assets or to invest in mobile crisis infrastructure.

Expansion of Medi-Cal Coverage and Benefits - Provides $16.3 million ($6.2 million in SGF), increasing to $201 million ($76 million in SGF) by Fiscal Year 2026-27 to allow community health workers to provide benefits and services to Medi-Cal beneficiaries, effective January 1, 2022; Provides $90.5 million ($45.3 million in SGF) in Fiscal Year 2021-22 and $362.2 million ($181.1 million SGF) inFiscal Year 2022-23 to extend Medi-Cal eligibility from 60 days to 12 months for postpartum individuals; Provides $403,000 ($152,000 in SGF) in Fiscal Year 2021-22 and approximately $4.4 million ($1.7 million in SGF) annually thereafter to fully implement the addition of doula services as a covered benefit in the Medi-Cal program, effective January 1, 2022.

LAC + USC Restorative Care Village and General Hospital - Provides $500 million over multiple fiscal years for the reuse initiatives at the LAC + USC Medical Center Campus.

Public Health Infrastructure – Provides $300 million in ongoing SGF beginning in Fiscal Year 2022-23 to address the State's public health infrastructure, health equity, and racial justice.

Public Health Care Systems - Provides $300 million in one-time SGF to help public health care systems cover costs associated with critical care delivery needs provided during andbeyond the COVID-19 pandemic.

Broadband Infrastructure - Provides $6 billion over a three-year period for broadband infrastructure and improved access to broadband services throughout the State, including $3.25 billion for middle-mile infrastructure in unserved communities and $2 billion for last mile, $1 million of which will be allocated to urban counties.

Small Business and Cultural Institutions Grant Program – Provides an additional $1.5 billion to the $2.5 billion investment the State made in the Small Business COVID-19 Relief Grant program for a total of $4 billion to help businesses stay open and keep Californians employed.

Employment Services Intensive Case Management and Work Participation Rate Indemnification - Provides $37.5 million in Fiscal Year 2021-22, $75 million in Fiscal Year 2022-23, $128.5 million in Fiscal Year 2023-24, and $257 million in Fiscal Year 2024-25 and on-going to incrementally increase CalWORKs intensive case management services over a four-year period.

Housing Support Program (HSP) - Provides $190 million in State funding in both Fiscal Year 2021-22 and Fiscal Year 2022-23 to combat homelessness, including providing housing support to CalWORKs recipients at risk of becoming homeless prior to the start of an eviction and for whom housing instability would be a barrier to self-sufficiency or child well-being.

CalWORKs Grant Increases - Provides $142.9 million in Fiscal Year 2021-22 to provide a 5.3 percentincrease to the

CalWORKs Maximum Aid Payment, effective October 1, 2021.

CalWORKs Single Allocation - Provides $68.3 million in Fiscal Year 2021-22 and $40.8 million in Fiscal Year 2022-23 and ongoing to restore the proposed program cut and maintain the CalWORKs eligibility funding in the Single Allocation at the Fiscal Year 2020-21 level.

In-Home Supportive Services {IHSS) Seven Percent Fiscal Penalty - Authorizes a County-opposed one-time 1991-92 Realignment Program revenue withholding equal to seven percent of a county's Fiscal Year 2021-21 IHSS Maintenance of Effort, effective October 1, 2021 for counties that after July 1, 2021, do not reach a collective bargaining agreement for their IHSS providers after several mediation and fact-finding initiatives.

Medi-Cal County Administration - Provides $73 million ($36.5 million SGF) in 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 related to the COVID-19 pandemic.

CalFresh County Administration - Provides $33.6 million in SGF for CalFresh county administration simplifications and $16 million in one-time Federal funds for county administration related to the CalFresh temporary eligibility expansion for college students.

Family First Prevention Services Act (FFPSA) - Provides $222.5 million in SGF in Fiscal Year 2021-22 to be expended over three years to assist counties with new prevention services implementation efforts allowable under the new Federal FFPSA. These one-time resources will assist counties to build locally driven prevention and support services for children, youth, and families at risk of entering foster care.

Child Welfare Services Resource Family Approval (RFA) Process - Provides $85 million in one-time SGF in Fiscal Year 2021-22 to reflect actual expenditures and true-up costs for counties to conduct the RFA process, an integral part of the Continuum of Care Reform effort.
Child Welfare Services - Provides $85 million in one-time SGF to support child welfare service activities.

Short-Term Residential Therapeutic Program COVID-19 Support - Provides $42 million in one-time SGF for Foster Care Short-Term Residential Therapeutic Program COVID-19 Relief.

Early Care and Education Investments - Provides $579 million for a pandemic relief package of federal funds to subsidized childcare, State preschool, and all licensed early care and education facilities; $250 million for facility development with a focus on communities with significant gaps through September 30, 2024; $40 million in one-time funds to expand and strengthen training opportunities for family child care providers and to address the workforce needs of California, as well as career, knowledge,and skill aspirations of all family childcare providers; and $4.8 million for the design of a childcare data system.

High Roads Training Program (HRTP) - Provides $100 million one-time SGF for the California Workforce Development Board to fund additional HRTP in current and new sectors, such as property services, agriculture, forestry, and manufacturing.

Exide Cleanup - Provides $322.4 million in SGF over three years to clean approximately 3,000 additional residential properties with lead contamination from the former Exide battery facility in Vernon. Also includes $132 million to complete closure activities and to conduct additional cleanup at the former Exide facility, and $16.5 million in SGF to support the State's Exide cost recovery efforts.

Zero-Emission Vehicles (ZEV) Infrastructure - Provides $2.7 billion in Fiscal Year 2021-22 and $3.9 billion ($2.98 billion in SGF, $565 million in Cap and Trade, and $394 million in other funds) over three years for ZEV and infrastructure investments. These investments include $2 billionfor heavy-duty zero emission vehicles; $1.2 billion to invest in consumer adoption of ZEVs and clean mobility for disadvantaged and low-income communities; $407 million to demonstrate and purchase or lease state-of-the-art, clean bus and rail equipment and infrastructure that eliminate fossil fuel emissions and increase intercity rail and intercity bus frequencies; and $250 million formanufacturing and supply chain grants to expand California's ZEV manufacturing footprint.

Immigration Services - Provides $105.2 million in one-time SGF for the Rapid Response Fund to provide support for migrant family arrivals at the Southern California border; $15.3 million to provide legal services for undocumented unaccompanied minors; and $4.7 million for mental health assessments in support of undocumented minors arriving unaccompanied to the United States,and for navigation services to connect with existing services that support reunification and post-placement needs of undocumented and unaccompanied minors.

2022-23 State Budget

On January 10, 2022, Governor Newsom released his Fiscal Year 2022-23 Proposed State Budget (the “Proposed State Budget”). The Proposed State Budget projects a beginning fund balance from Fiscal Year 2021-22 of $23.65 billion, total revenues and transfers of $195.719 billion, total expenditures of $213.127 billion, and a year-end fund balance of $6.242 billion for Fiscal Year 2022-23. Of the projected year-end fund balance, $3.175 billion would be allocated to the Reserve for Liquidation of Encumbrances and $3.067 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 $20.868 billion. The Proposed State Budget also allocates $9.725 billion to the Public School System Stabilization Account and $900 million to the Safety Net Reserve.

On May 13, 2022, Governor Newsom released his Fiscal Year 2022-23 May Budget Revision (the “May Budget Revision”). The May Budget Revision projects a beginning fund balance from Fiscal Year 2021-22 of $15.425 billion, total revenues and transfers of $219.632 billion, total expenditures of $227.363 billion, and a year-end fund balance of $7.694 billion for Fiscal Year 2022-23. Of the projected year-end fund balance, $4.276 billion would be allocated to the Reserve for Liquidation of

Encumbrances and $3.418 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 $23.283 billion. The Proposed State Budget also allocates $9.519 billion to the Public School System Stabilization Account and $900 million to the Safety Net Reserve.

The May Budget Revision provides funding for the Governor's key priorities, including $18.1 billion to help address rising costs due to global inflation; $47.1 billion to address the effects of climate change; $660 million to ensure public safety; $14.5 million to confront homelessness and the mental health crisis; $37 billion to fund infrastructure, including broadband and new housing; and $125 million to expand access to reproductive health.

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

County-sponsored AB 900 Proposal – Provides $100 million in one-time State funding for the County to support access to community-based treatment and housing for individuals found incompetent to stand trial for misdemeanor charges.

Community Assistance, Recovery and Empowerment (CARE) Court – Provides $10 million in ongoing State funding for the CARE Court Supporter Program; $15.2 million in State funding in Fiscal Year 2022-23 to provide training and technical assistance to counties; and $39.5 million in Fiscal Year 2022-23 and $37.7 million in ongoing funding for the Judicial Branch to conduct CARE Court hearings and provide resources for self-help centers. In addition, the May Budget Revision maintains $1.5 billion in State funding for the Behavioral Health Bridge Funding Program to address the interim housing needs of people experiencing homelessness with complex behavioral health conditions.

Felony Incompetent to Stand Trial (IST) Waitlist Solutions – Provides $535 million in State funding in Fiscal Year 2022-23, increasing to $638 million in Fiscal Year 2025-26 and ongoing, including additional funding for County sheriffs for custody supports to enable stabilization teams increased access to ISTs, and to support County administration of community-based restoration and diversion programs.

Expansion of Medi-Cal to all Income Eligible Californians – Provides $819.3 million in State Funding in Fiscal Year 2023-24 and $2.7 billion annually at full implementation, inclusive of IHSS costs to expand full scope Medi-Cal eligibility to all income eligible adults ages 26 through 49 regardless of immigration status.

Medi-Cal for Older Adults Regardless of Immigration Status – Provides $54 million Fiscal Year 2021-22 and $660.9 million in Fiscal Year 2022-23 for the full year cost of expanding full-scope Medi-Cal to adults aged 50 and older regardless of immigration status, effective May 1, 2022.

Emergency Rental Assistance – Provides $2.7 billion in one-time State Funding in Fiscal Year 2022-23 to provide rental assistance for applicants of the COVID-19 State Rent Relief Program, which expired on March 31, 2022. The State continues to seek additional reallocation of funds from the Federal Emergency Rental Assistance Program (ERAP), enacted as part of the H.R.133 – Consolidated Appropriations Act of 2021.

Homekey Expansion – Provides an increase of $150 million in State funding for the Homekey Program in Fiscal Year 2022-23, for a total two-year funding amount of $2.9 billion.

Interim Housing – Provides $500 million in one-time State funding (available over two years) to house unsheltered individuals on State-owned lands through grants to local governments for interim housing and site preparation.

Homeless Housing Assistance and Prevention Grant Program (HHAP) – Commits to extending HHAP at current levels for additional years beyond FY 2022-23, pending a review of local accountability plans and further discussion with the Legislature.

Encampment Resolution Grants - Maintains $500.3 million in one-time State funding from the Proposed State Budget for Encampment Resolution Grants to assist local jurisdictions in short and long-term rehousing strategies for people experiencing homelessness in unsheltered settings.

Affordable Housing Funding – Maintains $400 million in State funding for the No Place Like Home Program and $75 million for the Veterans Housing and Homeless Prevention Program from the Proposed State Budget for Fiscal Year 2022-23.

COVID-19 SMARTER Plan – Provides $1.1 billion for COVID-19 support, including $100 million for medical surge staffing, $530 million to purchase additional antigen test kits, $250 million to support unanticipated COVID-19 emergency response needs and various other COVID-19 related expenditures.

Broadband Middle Mile Initiative – Provides $600 million in one-time State funding in Fiscal Year 2023-24 and $500 million in one-time State funding in Fiscal Year 2024-25 to support the completion of the Broadband Middle Mile Initiative.

COVID-19 Small Business Relief – Provides $500 million in one-time State funding in Fiscal Year 2022-23 for the Small Business Hard-Hit Industries Grant Program administered by the California Office of the Small Business Advocate to provide additional relief to small businesses most affected by the pandemic.

California Competes (CalCompetes) – Extends the CalCompetes Tax Credit Program through Fiscal Year 2027-28 at the current level of $180 million per year and provides an additional $120 million in one-time State funding for a second year of the CalCompetes Grant Program, which could also be used to provide required matching funds for businesses to qualify for Federal funds to address the State and national security priority of increasing domestic semiconductor research, development, and manufacturing.

IHSS Permanent Back-up Provider System – Provides $34.4 million of ongoing State funding to establish a permanent back-up provider system for IHSS recipients to avoid disruptions of care caused by an immediate need or emergency situation.

CalWORKs Grant Increase – Provides $296.2 million in State funding in Fiscal Year 2022-23 to the CalWORKs Maximum Aid Payment, which reflects an 11% increase from Fiscal Year 2021-22.

Early Childcare and Education – Provides $200 million in State funding to develop and repair existing childcare infrastructure (especially in low-income communities), extends family fee waivers and reimburses childcare and State pre-school providers based on contracted hours of care in lieu of attendance.

Family Finding and Engagement Grant – Provides $150 million in one-time State funding over five years for a county-optional program to supplement foster caregiver recruitment and retention.

2011 Realignment Funding – Provides $3.1 billion in total 2011 Realignment funding for the Protective Services Subaccount, which represents an increase of $193.2 million over the Proposed State Budget, and an increase of $342.7 million in estimated growth for Fiscal Year 2021-22.

Rapid Response Efforts – Provides $175 million in one-time State funding for Rapid Response efforts to provide additional support for migrant arrivals at the border in Southern California and other emergent issues.

COVID-19 Border Operations – Provides $468 million for operations that will continue the State's COVID-19 response and humanitarian assistance at the border in Southern California in anticipation of increased arrivals and the need for additional support services.

Active Transportation – Provides an additional $500 million above the $750 million in the Proposed State Budget for the State's Active Transportation Program to improve equity and support carbon-free transportation efforts.

Transit and Rail Agencies – Provides $750 million in incentive grants to transit and rail agencies to provide 3 months of free transit to California residents.

Drought – Provides an additional $1.3 billion above the $750 million in the Proposed State Budget for drought resilience and responses designed to help communities and wildlife avoid the immediate negative impacts caused by extreme drought, while continuing to advance projects and programs that will prepare the State to be more resilient to future droughts.

Extreme Heat Resilience Centers – Provides $170 million in one-time State Funding to provide grants to communities seeking to build or upgrade existing facilities to serve as community resilience centers that help mitigate the public health impacts of extreme heat and other emergency situations exacerbated by climate change.

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. 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.

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%, 5.97% and 3.70% in Fiscal Years 2011-12 through 2021-22, respectively.

For Fiscal Year 2021-22, the Assessor reported a Net Local Roll of $1.763 trillion, which represents an increase of 3.7% or $62.9 billion from Fiscal Year 2020-21. The Fiscal Year 2021-22 Net Local Roll represents the largest revenue-producing valuation in the history of the County, and the eleventh consecutive year of assessed valuation growth. The largest factors contributing to the increase in assessed valuation are transfers in ownership ($44.9 billion), an increase in the consumer price index ($16.4 billion), and new construction ($8.9 billion).

The increase in the Net Local Roll is the result of continued strength in the residential real estate market but was mitigated by the impact of the COVID-19 pandemic, which resulted in mandated business closures and elevated unemployment levels. 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 2021 as a result of low interest rates and strong demand, especially at the higher end of the market. A decline in the consumer price index to 1.036%, which fell below the maximum allowable limit of 2%, was a contributing factor to the slower growth of the Net Local Roll for Fiscal Year 2021-22.

For the Fiscal Year 2021-22 tax roll, the Assessor estimates that approximately 9.0% of all single-family residential parcels, 9.5% of all residential income parcels and 12.4% 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. For Fiscal Year 2022-23 the County anticipates a 6.0% growth in assessed valuation primarily due to a full 2% consumer price index adjustment and increases in sales activity and home prices.

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 504,000 parcels to their Proposition 13 base year value, with 48,000 parcels still eligible for potential restorations in value.

On May 12, 2022, the Assessor released the Assessment Roll Forecast for Fiscal Year 2022-23. The Assessment Roll Forecast reflects a 6.0% or $105.8 billion increase from Fiscal Year 2021-22, which would result in a Net Local Roll of approximately $1.87 trillion for Fiscal Year 2022-23. The primary factors driving the increase in the Net Local Roll are property transfers ($68.3 billion) and an increase in the consumer price index ($34.2 billion). The projected increase in the Net Local Roll reflects the strong performance of the residential real estate market in 2021, as low interest rates and strong demand contributed to record-high home values throughout the County. The CPI inflation adjustment reached its full potential of 2% and continues to be a significant factor in the growth of the Assessment Roll. The Assessor is scheduled to release the final Assessment Roll for Fiscal Year 2022-23 in July 2022.

FISCAL YEAR 2021-22 FINAL ADOPTED BUDGET

The 2021-22 Final Adopted Budget was approved by the Board of Supervisors on October 5, 2021. The 2021-22 Final Adopted Budget appropriated $39.324 billion, which reflects a $1.090 billion or 2.9% increase in total funding requirements from the 2020-21 Final Adopted Budget. The General County Budget (General Fund and Hospital Enterprise Fund) appropriated $29.882 billion, which represents a $610 million or 2.1% increase from the 2020-21 Final Adopted Budget. The 2021-22 Final Adopted Budget appropriated $9.442 billion for Special Funds/Districts, reflecting a $480 million or 5.4% increase from the Fiscal Year 2020-21 Final Adopted Budget.

The primary year-over-year changes to the ongoing NCC component of the 2021-22 Final Adopted Budget are outlined in the following table.

Public Assistance Changes	$56,987,000
Unavoidable Cost Increases	
Employee Salaries	138,520,000
Health Insurance Subsidies	8,970,000
Pension Costs	73,482,000
Prefund Retiree Healthcare Benefits	25,000,000
Various MOE Requirements	4,427,000
Debt Service	6,870,000
Program Changes	
Affordable Housing & Economic Dev.	10,000,000
Body-Worn Cameras	2,220,000
Care First & Community Investment (previously Measure J)	100,000,000
Criminal Justice Reform	39,046,000
All Other Program Changes	32,369,000
Fiscal Policies	
Appropriations for Contingencies	3,006,000
Deferred Maintenance	5,000,000
Total Net County Cost Increases	**505,897,000**
Revenue Changes	
Property Taxes	219,653,000
Property Taxes - CRA Dissolution Residual	(494,000)
Public Safety Sales Tax	201,955,000
1991 Realignment - Sales Tax (RST)	117,911,000
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	**505,897,000**
Total NCC Budget Gap	**$0**

Public Assistance Change

The increase in funding for Public Assistance in the 2021-22 Final Adopted Budget is primarily due to funding increases for In-Home Supportive Services, General Relief, and Kinship Guardianship Assistance Payment Programs, 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, 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 2021-22 employer contribution retirement rates based upon the June 30, 2020 actuarial valuation of retirement benefits.

Prefund Retiree Healthcare Benefits – The 2021-22 Final Adopted 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 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 Final Adopted Budget included $190.5 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 2021-22 is $731.9 million, which represents 10% of ongoing discretionary revenues. As part of the 2021-22 Final Adopted Budget, $25.1 million was set aside in Appropriations for Contingencies, which reflected 10% of new ongoing discretionary revenues. The 2021-22 Final Adopted Budget also included a $5.0 million allocation for deferred maintenance needs.

Revenue Changes

The 2021-22 Final Adopted Budget included a $219.7 million increase in property tax revenues based on the Assessor's May 2021 forecast projecting a 3.70% increase in the Net Local Roll for Fiscal Year 2021-22. The 2021-22 Final Adopted Budget also included a $0.5 million decrease in the property tax residual from the dissolution of redevelopment agencies. The 2021-22 Final Adopted Budget included projected increases in Proposition 172 Public Safety sales tax revenue, 1991 Realignment sales tax revenue, deed transfer tax revenue, and other departmental revenue, partially offset with the addition of State Realignment backfill revenues. The 2021-22 Final Adopted Budget also included a projected decrease in interest earnings as a result of action by the Federal Reserve in response to the COVID-19 pandemic.

FISCAL YEAR 2022-23 RECOMMENDED BUDGET

The Fiscal Year 2022-23 Recommended Budget (the "2022-23 Recommended Budget") was approved by the Board of Supervisors on April 19, 2022. The 2022-23 Recommended Budget appropriates $38.517 billion, which reflects an $0.807 billion or 2.1% decrease in total funding requirements from the 2021-22 Final Adopted Budget. The General County Budget (General Fund and Hospital Enterprise Fund) appropriates $29.543 billion, which represents a $339 million or 1.1% decrease from the 2021-22 Final Adopted Budget. The 2022-23 Recommended Budget appropriates $8.974 billion for Special Funds/Districts, reflecting a $468 million or 5.0% decrease from the Fiscal Year 2021-22 Final Adopted Budget.

The primary changes to the ongoing NCC component of the 2022-23 Recommended Budget are outlined in the following table.

Public Assistance Changes	$72,613,000
Unavoidable Cost Increases	
Health Insurance Subsidies	5,319,000
Pension Costs	(5,097,000)
Non-Negotiated Employee Salaries	199,518,000
Retiree Healthcare Benefits	35,565,000
Various MOE Requirements	6,729,000
Debt Service	(1,044,000)
Program Changes	
Affordable Housing & Economic Dev.	10,000,000
Care First & Community Investment	100,000,000
Diversion & Re-Entry	30,000,000
All Other Program Changes	85,299,000
Fiscal Policies	
Appropriations for Contingencies	20,165,000
Deferred Maintenance	5,000,000
Total Net County Cost Increases	**564,067,000**
Revenue Changes	
Property Taxes	381,223,000
Property Taxes - CRA Dissolution Residual	69,261,000
Public Safety Sales Tax	69,727,000
1991 Realignment - Sales Tax	16,498,000
1991 Realignment - Vehicle License Fee	(1,182,000)
Fund Balance Assumptions	25,000,000
Various Revenue Changes	3,540,000
Total Locally Generated Revenue	**564,067,000**
Total NCC Budget Gap	**$0**

Public Assistance Change

The increase in funding for Public Assistance in the 2022-23 Recommended Budget is primarily due to funding increases for In-Home Supportive Services, General Relief, and Kinship Guardianship Assistance Payment programs, as well as Foster Care and Adoptions Assistance programs.

Unavoidable Cost Increases

Salaries and Employee Benefits – The 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 – This amount reflects adjustments for the Fiscal Year 2022-23 employer contribution retirement rates based upon the June 30, 2021 Actuarial Valuation.

Prefund Retiree Healthcare Benefits – The 2022-23 Recommended Budget appropriates $441.4 million in pre-funding contributions to the OPEB Trust Fund, which is comprised of $175.0 million in NCC and $266.4 million in projected subvention revenue received from Federal, State and other local government entities.

Program Changes

The 2022-23 Recommended Budget includes $224.3 million of adjustments to various County programs, including increases for public safety, social services, and health and mental services.

Fiscal Policies

By June 30, 2023, the balance of the County's Rainy Day Fund is expected to be $778.6 million, which would represent approximately 10% of ongoing discretionary revenues. As part of the 2022-23 Recommended Budget, $45.7 million was set aside in Appropriations for Contingencies, which reflects 10% of new ongoing discretionary revenues in Fiscal Year 2022-23. The 2022-23 Recommended Budget also includes a $5.0 million allocation for deferred maintenance needs.

Revenue Changes

The 2022-23 Recommended includes a $381.2 million increase in property tax revenues based on a preliminary projected growth rate of 6.0% in assessed valuation. The 2022-23 Recommended Budget also includes a $69.3 million increase in the property tax residual from the dissolution of redevelopment agencies. The 2022-23 Recommended Budget includes projected increases in Proposition 172 Public Safety sales tax revenue, Realignment sales tax revenue, as well as various other revenue sources.

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

On December 29, 2021, the Federal Centers for Medicaid and Medicare Services ("CMS") approved a renewed 5-year Section 1115 Waiver (the "Waiver") submitted by the California Department of Health Care Services ("DHCS") effective through December 31, 2026. The renewed Waiver will include full funding for the Global Payment Program ("GPP"). The GPP includes both Disproportionate Share Hospital and Safety Net Care Pool funding. An agreement for distributing the GPP funding has been negotiated for the 5-year Waiver term among all of the public county hospitals, including DHS hospitals.

Through a combination of 1915(b) and 1115 waiver authorities, CMS also approved the California Advancing & Innovating Medi-Cal ("CalAIM") initiative effective January 1, 2022. Under CalAIM, expanded services to some of DHS' most vulnerable populations, such as persons experiencing homelessness, are reimbursable under the Enhanced Care Management ("ECM") and Community Supports programs. ECM is a care coordination benefit for the highest need cases that launched for most eligible populations on January 1, 2022, with additional populations related to nursing home use that will become eligible January 2023. The Community Supports program provides 14 different services that Medi-Cal managed care plans may offer that will provide social supports such as housing navigation, tenancy sustaining services, housing deposits, recuperative care, sobering centers, and components of enhanced residential care for persons with disabilities who have support needs related to their daily living activities, and others. DHS offers, and has contracted with, local managed care plans for many of these services, which were previously covered under the Whole Person Care and Health Homes programs. Under CalAIM, expanded services to some of DHS' most vulnerable populations, such as persons experiencing homelessness, are reimbursable under the ECM and Community Supports programs.

Also, under CalAIM, the Providing Access and Transforming Health Program (the "PATH Program") will provide $1.44 billion in gross statewide funding over five years. The PATH Program will provide: a) support for sustaining existing Whole Person Care pilot services that will continue under CalAIM as Community Supports; b) support to maintain justice involved services currently provided through Whole Person Care pilot programs that do not transition to managed care until January 1, 2023, or later; c) funding for technical assistance support to help expand ECM and Community Supports; d) support for collaborative planning and implementation for ECM and Community Supports; e) support for expanding access to ECM and Community Supports services beyond what was offered under Whole Person Care; and f) support for Medi-Cal pre-release application planning and purchase of certified electronic health record technology to support Medi-Cal pre-release applications.

Through a separate approval on January 4, 2022, CMS granted authority for the Home and Community-Based Services Spending Plan, which includes two major initiatives related to CalAIM that could benefit DHS through March 31, 2024: a) $1.3 billion gross statewide one-time funding for Medi-Cal managed care plans to earn incentives for making investments that address homelessness; and b) $298.0 million gross statewide one-time funding for "Community Based Residential Continuum Pilots" to provide medical and supportive services in various non-hospital settings that are designed to avoid unnecessary healthcare costs, including emergency services and future long-term care placement in a nursing home.

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, the U.S. Department of Health & Human Services ("HHS") issued a public health emergency order on January 31,

2020. Governor Gavin Newsom subsequently issued an executive order on March 17, 2020 that suspended the Medi-Cal redetermination requirement. The redetermination moratorium allows many more beneficiaries to retain their Medi-Cal eligibility for longer periods of time.

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 102,000. The increase in assigned members has resulted in a significant increase in Medi-Cal capitation revenues. The HHS public health emergency order is expected to continue until at least July 2022. Once the emergency order is lifted, current guidelines indicate that states will have 14 months to process Medicaid redeterminations. Based on this information, DHS expects the high number of members assigned to DHS will steadily decline with an accompanying decrease in the associated capitation revenues.

COVID-19 Funding

Beginning in April 2020, HHS has distributed Provider Relief Funds (PRF) to cover increased expenditures and lost revenues related to COVID-19. To date, DHS has received $322.7 million of PRF. The funds were deposited in a trust fund and have earned $2.0 million in interest. DHS has reported $155.1 million of the revenue in Fiscal Year 2020-21. Due to uncertainties and pending HHS directions regarding PRF reporting and claiming guidelines, DHS reserved $155.1 million of its fund balance, which will be released upon completion of required financial audits. DHS reported an additional $161.8 million of the revenue in Fiscal Year 2021-22 and will reserve that amount in its fund balance until audits are completed. DHS plans to recognize the remainder of the PRF revenues in Fiscal Year 2022-23, as appropriate.

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 2019-20 and 2020-21 are $245.1 million, $100.0 million, respectively. For Fiscal Years 2021-22 and 2022-23, the redirected amount is projected to be $0. 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 $326.2 million. The MOE funding requirement for Fiscal Year 2022-23 is $356.8 million. The MOE provides a stable and ongoing source of funding for DHS from the County General Fund.

General Fund Contributions

The Fiscal Year 2021-22 NCC contribution to DHS is $1.044 billion, 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 2022-23 Recommended Budget
($ in millions)

		Amount
County General Fund - AB 85 MOE	$	356.8
County General Fund - Correctional Health (A)		360.8
County General Fund - Specific Programs (B)		21.1
Vehicle License Fees Realignment		279.5
Tobacco Settlement Revenue		55.0
Transfers to Other Budget Units (C)		(29.2)
Total	$	1,044.0

(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 March 31, 2022, the balance of General Fund cash advances to the Hospital Funds was $0 and is projected to be $0 on June 30, 2022. The County is also projecting the June 30, 2023 balance of General Fund cash advances to the Hospital Funds will remain at $0.

However, going forward, due to changes made by DHCS in certain Medi-Cal programs, it is expected that the level of cash advances to the Hospital Funds will be impacted. The most significant change is the transition of Rate Years for Medi-Cal managed care from a fiscal year to a calendar year basis. This transition results in a 6-month delay in payments for certain managed care programs so that only one-half of the payments earned in a current fiscal year will be collected by the end of the following fiscal year. The other half of the payment will be recorded as a long-term receivable which cannot be used for DHS' operating expenses, in accordance with County policy. DHS is in discussions with DHCS about accelerating these payments, but the outcome is uncertain. While the discussions continue, long term receivables for the affected DHS Medi-Cal managed care programs are currently estimated to be $620.0 million.

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, 2021, the total estimated receivable balance is $64.9 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 2021-22 will be determined during the fiscal year-end closing process.

Managed Care

The Enhanced Payment Program ("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 $625.4 million for Fiscal Year 2019-20, $635.1 million for Fiscal Year 2020-21 and $664.1 million for Fiscal Year 2021-22 and $683.5 million for Fiscal Year 2022-23, the methodology for drawing down the EPP funds is still pending CMS approval.

The Quality Incentive Program ("QIP") 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 $125.2 million for Fiscal Year 2019-20, $360.9 million for Fiscal Year 2020-21, $312.5 million for Fiscal Year 2021-22, and $294.8 million for Fiscal Year 2022-23. The QIP revenue significantly increased from Fiscal Year 2019-20 to Fiscal Year 2020-21 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.

Effective May 1, 2022, DHCS is implementing the Older Adult Expansion ("OAE") Medi-Cal program. The OAE program is a state-only funded (no federal funds) program that will expand eligibility for full-scope Medi-Cal benefits to individuals who are 50 years of age or older, regardless of their citizenship or immigration status. Previously, these individuals were only eligible to receive limited benefits. Under the new OAE program, those with limited benefits will be automatically transitioned into full scope Medi-Cal managed care, beginning sometime in the June-July time period. DHS expects there will be an increase in the number of DHS patients with Medi-Cal managed care coverage through the automatic transition process.

DHS Reserve Funds

In Fiscal Year 2020-21, DHS closed with a Fund Balance of $1.589 billion. Of this amount, approximately $64.9 million with respect to the CBRC payments for Fiscal Years 2018-19 through 2020-21 was established as a long-term receivable and reserved in a separate account until the payments are collected. The remaining estimated Fund Balance of $1.524 billion is available to fund DHS operations and balance its budget in the future, as needed.

The Fund Balance includes restricted funds for the Harbor-UCLA Medical Center Replacement Project's (the "Harbor-UCLA Replacement Project") Accumulative Capital Outlay (ACO) Fund, and Provider Relief Fund (PRF) in the amounts of $175.0 million and $155.1 million, respectively. The ACO Fund is for future equipment acquisitions and expenditures related to the Harbor-UCLA Replacement Project (as further discussed below). Also, DHS recognized $155.1 million of PRF during Fiscal Year 2020-21 based on preliminary estimates of allowable expenditure claims, and the full amount was set aside as a restricted fund pending final claiming instructions and guidance from HHS.

Harbor-UCLA Medical Center

On November 10, 2020, the Board of Supervisors approved the Harbor-UCLA Replacement Project. The Harbor-UCLA Replacement Project, with an estimated cost of $1.7 billion, will be shared between DHS (89.4%) and the Department of Mental Health (10.6%), 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 reserved $175.0 million from its Fund Balance during the Fiscal Year 2020-21 closing process and used those funds to set up the ACO fund of $175.0 million in Fiscal Year 2021-22.

In addition, DHS is paying the planning, design, and construction costs for the Harbor-UCLA Replacement Project and other projects as they occur. In Fiscal Year 2021-22, DHS has covered approximately $157.0 million of these costs using 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 $79.8 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 2022-23 Recommended Budget is supported by $7.035 billion in property tax revenue, $5.202 billion in Federal funding, $7.558 billion in State funding, $298 million in cancelled obligated fund balance, $1.649 billion in Fund Balance and $7.801 billion from other funding sources.

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

Fund	Final 2018-19	Final 2019-20	Final 2020-21	Final 2021-22	Recommended 2022-23
General Fund	$ 22,476,283	$ 23,925,116	$ 25,468,803	$ 25,413,850	$ 24,960,887
Hospital Enterprise Fund	3,222,338	3,999,868	3,803,498	4,468,193	4,582,071
Total General County Budget	**$ 25,698,621**	**$ 27,924,984**	**$ 29,272,301**	**$ 29,882,043**	**$ 29,542,958**

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

	Final 2018-19	Final 2019-20	Final 2020-21	Final 2021-22	Recommended 2022-23
Requirements					
Social Services	$ 7,308,903	$ 7,752,983	$ 8,298,441	$ 8,186,912	$ 8,127,391
Health	8,790,802	9,877,992	10,438,420	10,893,123	11,047,276
Justice	6,019,196	6,234,098	6,308,501	6,450,531	6,429,512
Other	3,579,720	4,059,911	4,226,939	4,351,477	3,938,779
Total	**$ 25,698,621**	**$ 27,924,984**	**$ 29,272,301**	**$ 29,882,043**	**$ 29,542,958**
Revenue Sources					
Property Taxes	$ 5,676,729	$ 6,043,773	$ 6,371,071	$ 6,586,439	$ 7,035,252
State Assistance	6,545,048	6,937,808	7,146,855	7,669,963	7,558,174
Federal Assistance	4,977,992	4,996,732	5,633,127	5,148,436	5,202,233
Other	8,498,852	9,946,671	10,121,248	10,477,205	9,747,299
Total	**$ 25,698,621**	**$ 27,924,984**	**$ 29,272,301**	**$ 29,882,043**	**$ 29,542,958**

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

	Final 2018-19	Final 2019-20	Final 2020-21	Final 2021-22	Recommended 2022-23
Financing Requirements					
Salaries & Employee Benefits	$ 12,983,488	$ 13,871,307	$ 14,252,672	$ 15,027,355	$ 15,232,889
Services & Supplies	9,346,135	9,929,569	10,457,231	10,840,813	10,479,341
Other Charges	4,746,295	5,800,116	6,178,632	5,794,476	5,801,111
Capital Assets	1,160,603	1,198,684	1,432,583	1,346,599	1,167,345
Other Financing Uses	734,824	1,003,163	1,186,455	877,986	959,368
Appropriations for Contingencies	38,067	37,775	22,113	25,119	45,284
Interbudget Transfers[1]	(1,918,739)	(2,433,320)	(2,581,864)	(2,363,930)	(2,396,858)
Gross Appropriation	$ 27,090,673	$ 29,407,294	$ 30,947,822	$ 31,548,418	$ 31,288,480
Less: Intrafund Transfers	1,588,349	1,697,201	1,883,836	1,894,352	1,794,245
Net Appropriation	$ 25,502,324	$ 27,710,093	$ 29,063,986	$ 29,654,066	$ 29,494,235
Provision for Obligated Fund Balance					
General Reserve	$ -	$ -	$ -	$ -	$ -
Other	-	-	3,400	-	-
Assigned for Rainy Day Funds	46,810	39,000	53,450	13,929	-
Committed Fund Balance	149,487	175,891	151,465	214,048	48,723
Total Financing Requirements	**$ 25,698,621**	**$ 27,924,984**	**$ 29,272,301**	**$ 29,882,043**	**$ 29,542,958**
Available Financing					
Fund Balance	$ 1,929,332	$ 2,089,840	$ 2,196,874	$ 2,437,598	$ 1,649,185
Cancel Provision for Obligated Fund Balance	279,525	614,950	482,861	359,685	297,804
Property Taxes: Regular Roll	5,615,854	5,989,000	6,316,080	6,531,284	6,975,734
Supplemental Roll	60,875	54,773	54,991	55,155	59,518
Revenue	17,813,035	19,176,421	20,221,495	20,498,321	20,560,717
Total Available Financing	**$ 25,698,621**	**$ 27,924,984**	**$ 29,272,301**	**$ 29,882,043**	**$ 29,542,958**

[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 $2.4 billion in 2022-23, from the above table would give the impression that there are more resources than are actually available and artificially inflate General County appropriations to $31.9 billion.

Source: Chief Executive Office

COUNTY OF LOS ANGELES
GENERAL COUNTY BUDGET
COMPARISON OF 2021-22 FINAL ADOPTED BUDGET TO 2022-23 RECOMMENDED BUDGET
Net Appropriation: By Function
(In thousands)

Function	2021-22 Final (1)	2022-23 Recommended (2)	Difference	Percentage Difference
REQUIREMENTS				
General				
General Government	$ 1,662,077.0	$ 1,460,073.0	$ (202,004.0)	-12.15%
General Services	891,957.0	880,719.0	(11,238.0)	-1.26%
Public Buildings	1,317,374.0	1,207,660.0	(109,714.0)	-8.33%
Total General	$ 3,871,408.0	$ 3,548,452.0	$ (322,956.0)	-8.34%
Public Protection				
Justice	$ 5,951,488.0	$ 5,940,352.0	$ (11,136.0)	-0.19%
Other Public Protection	220,784.0	211,592.0	(9,192.0)	-4.16%
Total Public Protection	$ 6,172,272.0	$ 6,151,944.0	$ (20,328.0)	-0.33%
Health and Sanitation	10,806,589.0	10,957,936.0	151,347.0	1.40%
Public Assistance	8,134,873.0	8,079,812.0	(55,061.0)	-0.68%
Recreation and Cultural Services	406,283.0	399,037.0	(7,246.0)	-1.78%
Education	52,482.0	44,410.0	(8,072.0)	-15.38%
Other	100,000.0	200,000.0	100,000.0	100.00%
Insurance and Loss Reserve	85,040.0	67,360.0	(17,680.0)	-20.79%
Provision for Obligated Fund Balance	227,977.0	48,723.0	(179,254.0)	-78.63%
Appropriations for Contingencies	25,119.0	45,284.0	20,165.0	80.28%
Total Requirements	**$ 29,882,043.0**	**$ 29,542,958.0**	**$ (339,085.0)**	**-1.13%**
AVAILABLE FUNDS				
Property Taxes	$ 6,586,439.0	$ 7,035,252.0	$ 448,813.0	6.81%
Fund Balance	2,437,598.0	1,649,185.0	(788,413.0)	-32.34%
Cancelled Prior-Year Reserves	359,685.0	297,804.0	(61,881.0)	-17.20%
Intergovernmental Revenues				
State Revenues				
In-Lieu Taxes	$ 401,881.0	$ 400,699.0	$ (1,182.0)	-0.29%
Homeowners' Exemption	19,000.0	19,000.0	-	0.00%
Public Assistance Subventions	1,114,160.0	1,063,467.0	(50,693.0)	-4.55%
Other Public Assistance	2,695,994.0	2,678,164.0	(17,830.0)	-0.66%
Public Protection	1,574,167.0	1,638,673.0	64,506.0	4.10%
Health and Mental Health	1,669,375.0	1,602,012.0	(67,363.0)	-4.04%
Capital Projects	158,520.0	123,175.0	(35,345.0)	-22.30%
Other State Revenues	36,866.0	32,984.0	(3,882.0)	-10.53%
Total State Revenues	$ 7,669,963.0	$ 7,558,174.0	$ (111,789.0)	-1.46%
Federal Revenues				
Public Assistance Subventions	$ 2,790,732.0	$ 2,876,194.0	$ 85,462.0	3.06%
Other Public Assistance	274,329.0	224,486.0	(49,843.0)	-18.17%
Public Protection	69,613.0	69,468.0	(145.0)	-0.21%
Health and Mental Health	1,970,658.0	1,990,253.0	19,595.0	0.99%
Capital Projects	1,468.0	2,615.0	1,147.0	78.13%
Other Federal Revenues	41,636.0	39,217.0	(2,419.0)	-5.81%
Total Federal Revenues	$ 5,148,436.0	$ 5,202,233.0	$ 53,797.0	1.04%
Other Governmental Agencies	55,035.0	46,705.0	(8,330.0)	-15.14%
Total Intergovenmental Revenues	$ 12,873,434.0	$ 12,807,112.0	$ (66,322.0)	-0.52%
Fines, Forfeitures and Penalties	140,343.0	140,477.0	134.0	0.10%
Licenses, Permits and Franchises	61,213.0	66,757.0	5,544.0	9.06%
Charges for Services	5,936,503.0	5,950,575.0	14,072.0	0.24%
Other Taxes	206,544.0	212,442.0	5,898.0	2.86%
Use of Money and Property	159,880.0	167,705.0	7,825.0	4.89%
Miscellaneous Revenues	585,889.0	610,961.0	25,072.0	4.28%
Operating Contribution from General Fund	534,515.0	604,688.0	70,173.0	13.13%
Total Available Funds	**$ 29,882,043.0**	**$ 29,542,958.0**	**$ (339,085.0)**	**-1.13%**

(1) Reflects the 2021-22 Final Adopted General County Budget approved by the Board of Supervisors on October 5, 2021
(2) Reflects the 2022-23 Recommended General County Budget approved by the Board of Supervisors on April 19, 2022

COUNTY OF LOS ANGELES
FINAL ADOPTED 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	$ 1,662,077.0	$ -	$ 1,662,077.0
General Services	891,957.0	-	891,957.0
Public Buildings	1,317,374.0	-	1,317,374.0
Total General	$ 3,871,408.0	$ -	$ 3,871,408.0
Public Protection			
Justice	$ 5,951,488.0	$ -	$ 5,951,488.0
Other Public Protection	220,784.0	-	220,784.0
Total Public Protection	$ 6,172,272.0	$ -	$ 6,172,272.0
Health and Sanitation	$ 6,338,396.0	$ 4,468,193.0	$ 10,806,589.0
Public Assistance	8,134,873.0	-	8,134,873.0
Recreation and Cultural Services	406,283.0	-	406,283.0
Education	52,482.0	-	52,482.0
Other	100,000.0	-	100,000.0
Insurance and Loss Reserve	85,040.0	-	85,040.0
Provision for Obligated Fund Balance	227,977.0	-	227,977.0
Appropriation for Contingency	25,119.0	-	25,119.0
Total Requirements	**$ 25,413,850.0**	**$ 4,468,193.0**	**$ 29,882,043.0**
AVAILABLE FUNDS			
Property Taxes	$ 6,586,439.0	$ -	$ 6,586,439.0
Fund Balance	2,437,598.0	-	2,437,598.0
Cancel Provision for Obligated Fund Balance	130,474.0	229,211.0	359,685.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	$ 401,881.0	$ -	$ 401,881.0
Homeowners' Exemption	19,000.0	-	19,000.0
Public Assistance Subventions	1,114,160.0	-	1,114,160.0
Other Public Assistance	2,695,994.0	-	2,695,994.0
Public Protection	1,574,167.0	-	1,574,167.0
Health and Mental Health	1,627,966.0	41,409.0	1,669,375.0
Capital Projects	158,520.0	-	158,520.0
Other State Revenues	36,866.0	-	36,866.0
Total State Revenues	7,628,554.0	41,409.0	7,669,963.0
Federal Revenues			
Public Assistance Subventions	$ 2,790,732.0	$ -	$ 2,790,732.0
Other Public Assistance	274,329.0	-	274,329.0
Public Protection	69,613.0	-	69,613.0
Health and Mental Health	1,969,735.0	923.0	1,970,658.0
Capital Projects	1,468.0	-	1,468.0
Other Federal Revenues	41,636.0	-	41,636.0
Total Federal Revenues	$ 5,147,513.0	$ 923.0	$ 5,148,436.0
Other Governmental Agencies	55,035.0	-	55,035.0
Total Intergovenmental Revenues	$ 12,831,102.0	$ 42,332.0	$ 12,873,434.0
Fines, Forfeitures and Penalties	140,343.0	-	140,343.0
Licenses, Permits and Franchises	61,087.0	126.0	61,213.0
Charges for Services	2,740,707.0	3,195,796.0	5,936,503.0
Other Taxes	206,544.0	-	206,544.0
Use of Money and Property	157,996.0	1,884.0	159,880.0
Miscellaneous Revenues	121,560.0	464,329.0	585,889.0
Operating Contribution from General Fund	-	534,515.0	534,515.0
Total Available Funds	**$ 25,413,850.0**	**$ 4,468,193.0**	**$ 29,882,043.0**

(1) Reflects the 2021-22 Final Adopted General County Budget approved by the Board of Supervisors on October 5, 2021

COUNTY OF LOS ANGELES
RECOMMENDED BUDGET 2022-23 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	$ 1,460,073.0	$ -	$ 1,460,073.0
General Services	880,719.0	-	880,719.0
Public Buildings	1,207,660.0	-	1,207,660.0
Total General	$ 3,548,452.0	$ -	$ 3,548,452.0
Public Protection			
Justice	$ 5,940,352.0	$ -	$ 5,940,352.0
Other Public Protection	211,592.0	-	211,592.0
Total Public Protection	$ 6,151,944.0	$ -	$ 6,151,944.0
Health and Sanitation	$ 6,375,865.0	$ 4,582,071.0	$ 10,957,936.0
Public Assistance	8,079,812.0	-	8,079,812.0
Recreation and Cultural Services	399,037.0	-	399,037.0
Education	44,410.0	-	44,410.0
Other	200,000.0	-	200,000.0
Insurance and Loss Reserve	67,360.0	-	67,360.0
Provision for Obligated Fund Balance	48,723.0	-	48,723.0
Appropriation for Contingency	45,284.0	-	45,284.0
Total Requirements	**$ 24,960,887.0**	**$ 4,582,071.0**	**$ 29,542,958.0**
AVAILABLE FUNDS			
Property Taxes	$ 7,035,252.0	$ -	$ 7,035,252.0
Fund Balance	1,649,185.0	-	1,649,185.0
Cancel Provision for Obligated Fund Balance	36,314.0	261,490.0	297,804.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	$ 400,699.0	$ -	$ 400,699.0
Homeowners' Exemption	19,000.0	-	19,000.0
Public Assistance Subventions	1,063,467.0	-	1,063,467.0
Other Public Assistance	2,678,164.0	-	2,678,164.0
Public Protection	1,638,673.0	-	1,638,673.0
Health and Mental Health	1,560,456.0	41,556.0	1,602,012.0
Capital Projects	123,175.0	-	123,175.0
Other State Revenues	32,984.0	-	32,984.0
Total State Revenues	7,516,618.0	41,556.0	7,558,174.0
Federal Revenues			
Public Assistance Subventions	$ 2,876,194.0	$ -	$ 2,876,194.0
Other Public Assistance	224,486.0	-	224,486.0
Public Protection	69,468.0	-	69,468.0
Health and Mental Health	1,989,330.0	923.0	1,990,253.0
Capital Projects	2,615.0	-	2,615.0
Other Federal Revenues	39,217.0	-	39,217.0
Total Federal Revenues	$ 5,201,310.0	$ 923.0	$ 5,202,233.0
Other Governmental Agencies	46,705.0	-	46,705.0
Total Intergovenmental Revenues	$ 12,764,633.0	$ 42,479.0	$ 12,807,112.0
Fines, Forfeitures and Penalties	140,477.0	-	140,477.0
Licenses, Permits and Franchises	66,631.0	126.0	66,757.0
Charges for Services	2,775,711.0	3,174,864.0	5,950,575.0
Other Taxes	212,442.0	-	212,442.0
Use of Money and Property	165,821.0	1,884.0	167,705.0
Miscellaneous Revenues	114,421.0	496,540.0	610,961.0
Operating Contribution from General Fund	-	604,688.0	604,688.0
Total Available Funds	**$ 24,960,887.0**	**$ 4,582,071.0**	**$ 29,542,958.0**

(1) Reflects the 2022-23 Recommended General County Budget approved by the Board of Supervisors on April 19, 2022

FINANCIAL SUMMARY

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 2021-22 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 $49,288,571,790, which constitutes only 2.89% of the total full cash value for the entire County.

Taxpayer	Total Tax Levy 2021-22
SOUTHERN CALIFORNIA EDISON CO	$ 130,380,034
SOUTHERN CALIFORNIA GAS COMPANY	46,952,432
DOUGLAS EMMETT RESIDENTIAL	42,003,598
MAGUIRE PROPERTIES	41,349,575
PINCAY RE LLC LESSOR	36,569,310
TISHMAN SPEYER / ARCHSTONE SMITH / ASN	35,767,489
EQR / ERP LIMITED	33,869,768
UNIVERSAL STUDIOS LLC	31,147,068
TESORO REFINING AND MARKETING CO	27,097,645
CHEVRON USA INC / TEXACO / UNOCAL	25,528,277
AMB/MAR CARSON LLC	25,332,152
AT&T / PACIFIC BELL TELEPHONE CO	21,986,745
ESSEX PORTFOLIO LP	18,997,972
REXFORD INDUSTRIAL REALTY LP	15,419,401
TORRANCE LOGISTRICS COMPANY LLC	14,469,237
CENTURY CITY MALL LLC	13,024,908
WESTFIELD TOPANGA OWNERS LP	12,195,998
FSP SOUTH FLOWER STREET	11,798,025
KAISER FOUNDATION HOSPITALS	11,362,365
BEACON OIL CO	10,850,982
	$ 606,102,982

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 2017-18 through 2021-22.

COUNTY OF LOS ANGELES
COMPARISON OF FULL CASH VALUE
PROPERTY TAXATION AND COLLECTIONS
FISCAL YEARS 2017-18 THROUGH 2021-22

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 %
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	3,959,536,042	3,893,270,771	98.33%
2021-22	1,708,149,256,743	4,121,177,519	4,052,207,080 (3)	98.33%

(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 2017-18 through 2021-22.

COMMUNITY REDEVELOPMENT AGENCY (CRA)
PROJECTS IN THE COUNTY OF LOS ANGELES
FULL CASH VALUE AND TAX ALLOCATIONS
FISCAL YEARS 2017-18 THROUGH 2021-22

Fiscal Year	Full Cash Value Increments (1)	Total Tax Allocations (2)
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	2,240,003,569
2021-22	250,158,784,812	1,744,500,079 (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 2021 through April 2022.

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.

2021-22 Tax and Revenue Anticipation Notes

Pursuant to California law and a resolution adopted by the Board of Supervisors on May 18, 2021, the County issued the 2021-22 TRANs with an aggregate principal amount of $1,000,000,000 due on June 30, 2022. The 2021-22 TRANs are general obligations of the County attributable to Fiscal Year 2021-22 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 2021-22, 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 2021-22 for the purpose of repaying the 2021-22 TRANs on the June 30, 2022 maturity date. The deposits to the Repayment Fund have been made in accordance with the following schedule:

COUNTY OF LOS ANGELES
2021-22 TAX AND REVENUE ANTICIPATION NOTES
SCHEDULE OF DEPOSITS TO REPAYMENT FUND*

Deposit Date	Deposit Amount
December, 2021	$450,000,000
January, 2022	450,000,000
April, 2022	139,888,889
Total	$1,039,888,889

* Includes $1,000,000,000 of 2021-22 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 2016-17 to Fiscal Year 2020-21.

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

	2016-17	2017-18	2018-19	2019-20	2020-21
Property Taxes	$ 5,077,037	$ 5,391,435	$ 5,863,749	$ 6,114,188	$ 6,632,057
Other Taxes	225,297	224,051	237,801	217,568	227,840
Licenses, Permits and Franchises	60,487	62,683	63,675	69,060	65,989
Fines, Forfeitures and Penalties	178,105	178,502	182,212	195,093	147,618
Investment and Rental Income	178,804	232,312	279,386	247,094	143,986
State In-Lieu Taxes	303,768	205,293	174,428	339,802	(101,848)
State Homeowner Exemptions	19,673	19,312	18,797	18,536	18,382
Charges for Current Services	1,792,303	1,801,784	1,937,848	2,301,629	3,042,996
Other Revenue*	746,748	620,557	1,057,288	1,106,808	1,525,749
TOTAL UNRESTRICTED RECEIPTS	$ 8,582,222	$ 8,735,929	$ 9,815,184	$ 10,609,778	$ 11,702,769

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 2019-20 and Fiscal Year 2020-21 General Fund Cash Flow Statements are provided at the end of this Financial Summary Section. In Fiscal Year 2019-20, the County had an ending General Fund cash balance of $1.914 billion. For Fiscal Year 2020-21, the County reported an ending General Fund cash balance of $2.753 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, 2022, 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	$	18.697
Schools and Community Colleges		20.177
Independent Public Agencies		4.309
Total	$	43.183

Of these entities, the discretionary participants accounted for 9.35% 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 1, 2022, 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 29, 2022, the book value of the Treasury Pool as of March 31, 2022 was approximately $43.183 billion and the corresponding market value was approximately $41.838 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, 2022:

Type of Investment	% of Pool
Certificates of Deposit	3.47
U.S. Government and Agency Obligations	68.38
Bankers Acceptances	0.00
Commercial Paper	28.06
Municipal Obligations	0.07
Corporate Notes & Deposit Notes	0.02
Repurchase Agreements	0.00
Asset Backed Instruments	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of March 31, 2022, approximately 36.21% of the investments mature within 60 days, with an average of 1,006 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, 2021, and the unmodified opinion of Macias Gini & O'Connell LLP are attached hereto as Appendix B. Since 1982, the County's Annual Comprehensive 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 2021-22 Final Adopted Budget included an available General Fund balance of $2,437,598,000 as of June 30, 2021.

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 10 to the 2020-21 Annual Comprehensive 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 Custodial 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 Custodial assets as of June 30, 2021.

The tables below provide a reconciliation of the General Fund's June 30, 2021 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 2016-17 to Fiscal Year 2020-21.

COUNTY OF LOS ANGELES
GENERAL FUND
RECONCILIATION OF FUND BALANCE FROM BUDGETARY TO GAAP BASIS
JUNE 30, 2021 (in thousands of $)

Unassigned Fund Balance - Budgetary Basis	$2,437,598
Adjustments:	
Accrual of budgetary liabilities for litigation and self-insurance claims not required by GAAP	263,098
Change in receivables for health insurers rebates held in LACERA OPEB Custodial Fund	177,761
Accrual of liabilities for accrued compensated absences not required by GAAP	103,004
Change in revenue accruals	(78,705)
Deferral of property tax receivables	(107,148)
Deferral of sale of tobacco settlement revenue	(202,346)
Change in fair value of Investments	(45,728)
Reserve for "Rainy Day" Fund	717,986
Unassigned Fund Balance - GAAP Basis	$3,265,520

Source: Los Angeles County Auditor-Controller

COUNTY OF LOS ANGELES

BALANCE SHEET AT JUNE 30, 2017, 2018, 2019, 2020, and 2021
GENERAL FUND-GAAP BASIS (in thousands of $)

ASSETS

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Pooled Cash and Investments	$4,149,612	$4,386,386	$4,234,098	$5,027,623	$7,656,800
Other Investments	4,483	4,241	3,973	3,678	3,351
Taxes Receivable	159,429	173,423	190,819	260,740	243,220
Other Receivables	1,930,937	1,969,867	2,466,846	3,579,508	3,415,900
Due from Other Funds	308,556	665,194	757,525	872,764	600,132
Advances to Other Funds	167,179	124,840	634,848	77,748	18,084
Inventories	48,824	52,964	58,050	66,482	117,370
Total Assets	$6,769,020	$7,376,915	$8,346,159	$9,888,543	$12,054,857
LIABILITIES					
Accounts Payable	$600,827	$540,193	$636,560	$790,780	$684,009
Accrued Payroll	392,096	422,519	445,506	457,444	481,556
Other Payables	102,289	111,361	165,114	91,569	94,890
Due to Other Funds	126,140	208,100	212,300	246,092	489,473
Advances Payable	1,433,485	1,732,965	1,812,610	3,073,192	4,500,312
Third-Party Payor Liability	42,051	39,690	56,297	92,105	181,002
Total Liabilities	$2,696,888	$3,054,828	$3,328,387	$4,751,182	$6,431,242
DEFERRED INFLOWS OF RESOURCES	$421,159	$426,896	$583,763	$618,557	$689,891
FUND BALANCES					
Nonspendable	$212,281	$136,890	$311,958	$126,630	$225,233
Restricted	70,157	77,406	79,210	83,372	55,061
Committed	429,440	704,954	780,517	594,193	597,337
Assigned	494,783	480,065	620,773	696,775	790,573
Unassigned	2,444,312	2,495,876	2,641,551	3,017,834	3,265,520
Total Fund Balances	3,650,973	3,895,191	4,434,009	4,518,804	4,933,724
Total Liabilities, Deferred Inflow s of Resources, and Fund Balances	$6,769,020	$7,376,915	$8,346,159	$9,888,543	$12,054,857

Sources: Annual Comprehensive Financial Reports for fiscal years ended June 30, 2017, 2018, 2019, 2020, and 2021.

COUNTY OF LOS ANGELES

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND-GAAP BASIS FISCAL YEARS 2016-17 THROUGH 2020-21 (in thousands of $)

	2016-17	2017-18	2018-19	2019-20	2020-21
REVENUES:					
Taxes	$5,333,532	$5,655,160	$6,034,742	$6,321,404	$6,894,825
Licenses, Permits & Franchises	59,197	61,198	63,538	70,299	63,193
Fines, Forfeitures and Penalties	183,400	175,827	187,979	184,798	163,163
Use of Money and Property	155,878	189,399	366,116	256,737	77,633
Aid from Other Government	9,377,215	9,730,931	10,224,347	10,932,846	12,957,099
Charges for Services	1,800,657	1,751,140	2,505,049	2,964,007	2,909,960
Miscellaneous Revenues	172,055	162,610	169,320	248,008	217,269
TOTAL	$17,081,934	$17,726,265	$19,551,091	$20,978,099	$23,283,142
EXPENDITURES					
General	$1,159,100	$1,253,758	$1,284,824	$1,504,452	$1,807,937
Public Protection	5,546,279	5,618,266	5,893,865	6,130,313	6,149,194
Health and Sanitation	3,460,315	3,996,450	5,065,138	5,727,283	5,968,030
Public Assistance	6,034,942	6,260,375	6,501,712	6,893,502	7,898,985
Recreation and Cultural Services	341,272	364,316	386,217	407,052	398,537
Debt Service	31,079	33,559	37,519	35,596	31,172
Capital Outlay	63	5,161	1,586	1,052	1,134
Total	$16,573,050	$17,531,885	$19,170,861	$20,699,250	$22,254,989
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$508,884	$194,380	$380,230	$278,849	$1,028,153
OTHER FINANCING SOURCES (USES):					
Operating Transfers from (to) Other Funds-Net	($243,604)	$43,178	$155,233	($196,378)	($616,679)
Sales of Capital Assets	1,388	1,499	1,769	1,272	2,312
Capital Leases	63	5,161	1,586	1,052	1,134
OTHER FINANCING SOURCES (USES)-Net	($242,153)	$49,838	$158,588	($194,054)	($613,233)
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	266,731	244,218	538,818	84,795	414,920
Beginning Fund Balance	3,384,242	3,650,973	3,895,191	4,434,009	4,518,804
Ending Fund Balance	$3,650,973	$3,895,191	$4,434,009	$4,518,804	$4,933,724

Sources: Annual Comprehensive Financial Reports for fiscal years ended June 30, 2017, 2018, 2019, 2020, and 2021.

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
FUNDS AVAILABLE FOR INTRAFUND BORROWING

2020-21: 12 MONTHS ACTUAL
2021-22: 10 MONTHS ACTUAL

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
Non-County Entities Trust Fund	0	0	0	0	0	0
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	May 2021	June 2021	
							PROPERTY TAX GROUP
	$ 1,150,897	$ 707,236	$ 1,243,609	$ 3,375,190	$ 1,177,607	$ 257,461	**Tax Collector Trust Fund**
	1,489,530	1,053,878	983,089	2,175,696	883,192	271,471	**Auditor Unapportioned Property Tax**
	113,357	106,275	90,931	69,804	88,211	127,292	**Unsecured Property Tax**
	407	375	350	415	400	363	**Miscellaneous Fees & Taxes**
	25,650	22,571	34,913	35,468	36,008	18,594	**State Redemption Fund**
	475,419	215,903	122,672	376,143	320,034	607,876	**Education Revenue Augmentation**
	18,078	923	923	1,877	19,474	6,798	**State Reimbursement Fund**
	736,499	378,955	576,244	709,142	781,078	0	**Vehicle License Fee Replacement Fund**
	13,737	27,356	10,078	13,614	21,652	10,377	**Property Tax Rebate Fund**
	13,260	17,409	12,791	13,328	7,053	9,512	**Utility User Tax Trust Fund**
	$ 4,036,834	$ 2,530,881	$ 3,075,600	$ 6,770,677	$ 3,334,709	$ 1,309,744	**Subtotal**
							VARIOUS TRUST GROUP
	$ 628,153	$ 540,497	$ 585,345	$ 567,571	$ 531,401	$ 527,794	**Departmental Trust Fund**
	0	0	0	0	0	0	**Non-County Entities Trust Fund**
	70,403	84,186	65,592	65,457	74,773	62,764	**Payroll Revolving Fund**
	51,279	51,302	51,316	51,364	51,489	52,112	**Asset Development Fund**
	7,264	7,173	7,171	6,169	5,931	6,278	**Productivity Investment Fund**
	654	647	647	647	647	647	**Motor Vehicle Capital Outlays**
	100	106	119	253	208	132	**Civic Center Parking**
	466	452	555	525	355	472	**Reporters Salary Fund**
	15,824	15,604	15,930	16,079	15,695	15,933	**Cable TV Franchise Fund**
	11,123	11,158	11,134	11,221	11,238	11,084	**Megaflex Long-Term Disability**
	14,071	14,052	14,114	14,202	14,289	14,343	**Megaflex Long-Term Disability & Health**
	72,328	73,263	74,052	74,894	75,582	76,101	**Megaflex Short-Term Disability**
	$ 871,665	$ 798,440	$ 825,975	$ 808,382	$ 781,608	$ 767,660	**Subtotal**
							HOSPITAL GROUP
	$ 139,626	$ 87,321	$ 37,374	$ 45,236	$ 56,815	$ 110,510	**Harbor-UCLA Medical Center**
	8,307	3,717	3,761	26,109	27,175	41,851	**Olive View-UCLA Medical Center**
	105,664	51,571	15,894	72,676	82,753	139,034	**LAC + USC Medical Center**
	4,808	7,839	(91)	9,540	1,650	105,655	**Rancho Los Amigos Rehab Center**
	$ 258,405	$ 150,448	$ 56,938	$153,561	$168,393	$397,050	**Subtotal**
	$ 5,166,904	**$ 3,479,769**	**$ 3,958,513**	**$7,732,620**	**$4,284,710**	**$2,474,454**	**GRAND TOTAL**

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
AVERAGE DAILY BALANCES: Fiscal Year 2021-22
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	$ 231,404	$ 36,868	$ 73,004	$ 448,323	$ 2,247,189	$ 2,376,142
Auditor Unapportioned Property Tax	290,254	146,556	138,121	247,661	372,935	3,387,805
Unsecured Property Tax	192,562	162,199	140,572	199,114	174,768	125,641
Miscellaneous Fees & Taxes	354	290	330	330	312	398
State Redemption Fund	32,550	53,285	40,202	57,789	65,076	43,938
Education Revenue Augmentation	42,765	66,022	105,414	93	21,270	551,324
State Reimbursement Fund	0	0	0	0	405	8,463
Vehicle License Fee Replacement Fund	0	41,842	70,669	176,069	176,498	189,037
Property Tax Rebate Fund	10,730	19,096	19,204	9,206	15,936	21,778
Utility User Tax Trust Fund	1,035	1,479	5,303	9,927	14,128	11,040
Subtotal	$ 801,654	$ 527,637	$ 592,819	$ 1,148,512	$ 3,088,517	$ 6,715,566
VARIOUS TRUST GROUP						
Departmental Trust Fund	$ 548,082	$ 542,944	$ 524,797	$ 541,622	$ 573,239	$ 570,556
Non-County Entities Trust Fund	7,431	29,693	47,766	49,340	46,572	44,713
Payroll Revolving Fund	62,660	84,606	62,298	68,170	69,561	72,708
Asset Development Fund	52,179	52,164	52,167	52,180	52,191	52,207
Productivity Investment Fund	7,352	7,154	7,094	6,895	6,270	6,136
Motor Vehicle Capital Outlays	647	708	772	762	749	749
Civic Center Parking	392	535	234	154	98	210
Reporters Salary Fund	114	334	459	523	540	471
Cable TV Franchise Fund	16,000	15,570	15,919	16,090	15,905	15,509
Megaflex Long-Term Disability	11,144	11,123	10,986	11,142	11,067	11,085
Megaflex Long-Term Disability & Health	14,459	14,553	14,633	14,711	14,791	14,885
Megaflex Short-Term Disability	77,044	77,945	77,290	77,471	77,585	77,608
Subtotal	$ 797,504	$ 837,329	$ 814,415	$ 839,060	$ 868,568	$ 866,837
HOSPITAL GROUP						
Harbor-UCLA Medical Center	$ 167,360	$ 74,593	$ 12,492	$ 57,425	$ 32,733	$ 32,017
Olive View-UCLA Medical Center	57,305	44,765	23,598	15,420	3,535	35,718
LAC+USC Medical Center	110,436	27,230	23,920	57,061	73,749	30,191
Rancho Los Amigos Rehab Center	129,449	109,454	97,556	83,762	57,982	65,406
Subtotal	$ 464,550	$ 256,042	$ 157,566	$ 213,668	$ 167,999	$ 163,332
GRAND TOTAL	**$ 2,063,708**	**$ 1,621,008**	**$ 1,564,800**	**$ 2,201,240**	**$ 4,125,084**	**$ 7,745,735**

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

January 2022	February 2022	March 2022	April 2022	Estimated May 2022	Estimated June 2022	
						PROPERTY TAX GROUP
$ 1,077,952	$ 700,053	$ 1,161,926	$ 3,601,487	$ 1,279,943	$ 171,921	**Tax Collector Trust Fund**
1,817,442	1,093,026	946,969	1,849,698	901,732	196,509	**Auditor Unapportioned Property Tax**
118,421	103,806	100,003	93,696	65,329	134,687	**Unsecured Property Tax**
415	392	378	397	6,335	9,317	**Miscellaneous Fees & Taxes**
27,188	22,881	29,475	31,999	20,336	26,547	**State Redemption Fund**
693,943	110,194	61,880	387,479	247,399	177,113	**Education Revenue Augmentation**
17,854	811	811	2,702	20,116	11,831	**State Reimbursement Fund**
554,383	507,037	675,970	742,035	754,708	0	**Vehicle License Fee Replacement Fund**
26,809	18,429	18,668	17,159	8,564	0	**Property Tax Rebate Fund**
15,540	4,592	7,463	1,577	11,919	11,980	**Utility User Tax Trust Fund**
$ 4,349,947	$ 2,561,221	$ 3,003,543	$ 6,728,229	$ 3,316,381	$ 739,905	**Subtotal**
						VARIOUS TRUST GROUP
$ 596,522	$ 595,439	$ 558,825	$ 542,116	$ 477,380	$ 527,800	**Departmental Trust Fund**
48,633	45,725	44,792	50,371	38,261	42,302	**Non-County Entities Trust Fund**
92,590	66,125	69,469	75,507	68,599	54,169	**Payroll Revolving Fund**
52,224	52,238	52,407	52,870	51,141	46,226	**Asset Development Fund**
5,976	5,767	5,607	5,591	8,113	6,304	**Productivity Investment Fund**
749	749	749	749	611	6,304	**Motor Vehicle Capital Outlays**
184	176	141	103	84	150	**Civic Center Parking**
636	485	504	381	554	434	**Reporters Salary Fund**
15,321	15,768	16,180	16,056	14,763	13,658	**Cable TV Franchise Fund**
11,121	10,976	10,850	10,815	11,324	15,647	**Megaflex Long-Term Disability**
14,969	15,002	14,962	15,047	13,660	9,777	**Megaflex Long-Term Disability & Health**
77,857	78,376	78,935	79,287	68,661	45,501	**Megaflex Short-Term Disability**
$ 916,782	$ 886,826	$ 853,421	$ 848,893	$ 753,151	$ 768,272	**Subtotal**
						HOSPITAL GROUP
$ 22,001	$ 25,512	$ 39,639	$ 124,178	$ 0	$ 0	**Harbor-UCLA Medical Center**
23,730	14,268	27,990	53,521	0	0	**Olive View-UCLA Medical Center**
(2,340)	49,135	88,086	136,032	0	0	**LAC + USC Medical Center**
70,234	42,733	29,891	29,939	0	0	**Rancho Los Amigos Rehab Center**
$ 113,625	$ 131,648	$ 185,606	$ 343,670	$ 0	$ 0	**Subtotal**
$ 5,380,354	**$ 3,579,695**	**$ 4,042,570**	**$ 7,920,792**	**$4,069,532**	**$1,508,177**	**GRAND TOTAL**

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW STATEMENTS

2020-21: 12 MONTHS ACTUAL
2021-22: 10 MONTHS ACTUAL

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	May 2021	June 2021	Total 2020-21	
$ 574,998	$ 770,599	$ 360,962	$ 1,683	$ 612,909	$ 1,311,927		**BEGINNING BALANCE**
							RECEIPTS
$ 1,606,954	$ 190,781	$ 22,698	$ 1,208,290	$ 1,360,671	$ 420,651	$ 6,632,057	Property Taxes
17,555	12,902	30,298	16,467	30,574	26,204	227,840	Other Taxes
2,274	3,002	11,270	17,015	4,707	6,080	65,989	Licenses, Permits & Franchises
4,710	18,542	10,281	2,905	26,739	4,975	147,618	Fines, Forfeitures & Penalties
8,912	9,024	8,720	11,604	16,280	11,694	143,986	Investment and Rental Income
38,005	31,909	44,113	39,578	33,359	8,923	(101,848)	Motor Vehicle (VLF) Realignment
64,516	82,137	57,447	58,748	83,744	69,028	816,977	Sales Taxes - Proposition 172
72,006	91,578	64,036	65,567	93,359	81,183	994,376	1991 Program Realignment
230,640	315,510	331,427	262,763	361,586	1,261,031	5,032,382	Other Intergovernmental Revenue**
250,013	169,332	152,331	400,153	102,068	603,059	3,042,996	Charges for Current Services
40,376	55,274	161,257	202,783	107,303	154,819	1,525,749	Other Revenue & Tobacco Settlement
17,155	3,836	25,314	16,534	7,580	16,631	154,326	Transfers & Reimbursements
0	0	0	0	0	0	65,177	Hospital Loan Repayment*
379,591	340,497	645,543	338,817	375,998	770,533	5,721,946	Welfare Advances
30,589	36,819	80,888	53,861	49,543	40,827	589,027	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	$ 2,653,511	$ 3,475,638	$ 26,258,598	Total Receipts
							DISBURSEMENTS
$ 201,853	$ 304,447	$ 314,391	$ 200,368	$ 314,870	$ 266,934	$ 3,151,720	Welfare Warrants
613,463	586,956	566,868	592,154	564,627	569,671	6,828,690	Salaries
468,565	304,272	395,818	427,535	314,648	384,167	4,492,957	Employee Benefits
543,517	550,950	609,494	600,779	677,429	568,970	7,519,831	Vendor Payments
0	0	0	0	0	0	0	Loans to Hospitals*
40,866	10,691	79,015	2,447	(2,000)	24,306	1,034,837	Hospital Subsidy Payments
159,431	13,464	39,316	93,909	84,919	220,877	1,145,452	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	$ 1,954,493	$ 2,034,925	$ 25,420,154	Total Disbursements
$ 770,599	**$ 360,962**	**$ 1,683**	**$ 612,909**	**$ 1,311,927**	**$ 2,752,640**		**ENDING BALANCE**
$ 5,166,904	$ 3,479,769	$ 3,958,513	$ 7,732,620	$ 4,284,710	$ 2,474,454		Borrowable Resources (Avg. Balance)
$ 5,937,503	**$ 3,840,731**	**$ 3,960,196**	**$ 8,345,529**	**$ 5,596,637**	**$ 5,227,094**		**Total Cash Available**

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

	July 2021	August 2021	September 2021	October 2021	November 2021	December 2021
BEGINNING BALANCE	$ 2,752,640	$ 3,186,717	$ 2,172,654	$ 1,527,213	$ 842,120	$ 246,304
RECEIPTS						
Property Taxes	$ 69,726	$ 138,088	$ 0	$ 0	$ 54,815	$ 1,640,797
Other Taxes	20,858	22,433	18,494	8,844	40,205	18,945
Licenses, Permits & Franchises	4,687	3,147	5,378	3,574	2,695	5,578
Fines, Forfeitures & Penalties	34,434	18,997	6,393	7,554	16,373	4,774
Investment and Rental Income	11,065	8,533	13,192	9,574	19,600	12,201
Motor Vehicle (VLF) Realignment	(55,555)	36,031	50,428	37,800	31,921	39,224
Sales Taxes - Proposition 172	86,754	76,646	71,402	71,920	87,050	72,713
1991 Program Realignment	87,323	0	85,419	84,503	97,376	85,363
Other Intergovernmental Revenue**	559,918	535,579	163,383	160,428	308,766	440,129
Charges for Current Services	334,303	94,771	116,320	179,205	186,016	270,806
Other Revenue & Tobacco Settlement	87,699	166,579	74,333	(36,936)	78,632	152,649
Transfers & Reimbursements	21,072	6,204	1,745	10,064	21,572	32,109
Hospital Loan Repayment*	0	0	0	0	0	0
Welfare Advances	347,802	45,191	609,544	548,805	363,608	672,744
Other Financing Sources/MHSA	1,029	170,535	0	0	36,905	97,486
Intrafund Borrowings	0	0	0	0	0	0
TRANs Sold	1,000,000	0	0	0	0	0
Total Receipts	$ 2,611,115	$ 1,322,734	$ 1,216,031	$ 1,085,335	$ 1,345,534	$ 3,545,518
DISBURSEMENTS						
Welfare Warrants	$ 259,085	$ 201,122	$ 199,602	$ 215,025	$ 210,190	$ 213,470
Salaries	577,363	577,785	572,322	568,907	641,557	619,784
Employee Benefits	371,106	389,643	399,510	385,443	406,774	438,372
Vendor Payments	835,907	639,720	531,781	485,581	608,746	634,825
Loans to Hospitals*	0	0	0	0	0	0
Hospital Subsidy Payments	0	401,428	148,730	0	51,365	45,211
Transfer Payments	133,577	127,099	9,527	115,472	22,718	71,126
TRANs Pledge Transfer	0	0	0	0	0	450,000
Intrafund Repayment	0	0	0	0	0	0
Total Disbursements	$ 2,177,038	$ 2,336,797	$ 1,861,472	$ 1,770,428	$ 1,941,350	$ 2,472,788
ENDING BALANCE	**$ 3,186,717**	**$ 2,172,654**	**$ 1,527,213**	**$ 842,120**	**$ 246,304**	**$ 1,319,034**
Borrowable Resources (Avg. Balance)	$ 2,063,708	$ 1,621,008	$ 1,564,800	$ 2,201,240	$ 4,125,084	$ 7,745,735
Total Cash Available	**$ 5,250,425**	**$ 3,793,662**	**$ 3,092,013**	**$ 3,043,360**	**$ 4,371,388**	**$ 9,064,769**

* The net change in the outstanding Hospital Loan Balance is $0.00 and can be calculated by subtracting the "Hospital Loan Repayment" Receipt from the "Loans to Hospitals" Disbursement shown above.
** Includes COVID-19 Revenues

January 2022	February 2022	March 2022	April 2022	Estimated May 2022	Estimated June 2022	Total 2021-22	
$ 1,319,034	$ 1,545,696	$ 1,494,942	$ 1,177,052	$ 2,175,408	$ 2,298,373		**BEGINNING BALANCE**
							RECEIPTS
$ 1,624,910	$ 223,587	$ 24,865	$ 1,238,462	$ 1,302,510	$ 256,014	$ 6,573,774	Property Taxes
22,643	35,297	27,831	20,208	14,377	15,537	265,672	Other Taxes
3,303	3,905	8,735	17,395	2,528	1,314	62,239	Licenses, Permits & Franchises
6,084	15,680	10,743	7,334	17,407	7,178	152,951	Fines, Forfeitures & Penalties
9,349	10,229	6,942	8,405	9,969	7,185	126,244	Investment and Rental Income
47,542	37,931	80,568	39,513	28,347	27,121	400,871	Motor Vehicle (VLF) Realignment
72,847	101,476	67,186	67,222	67,523	66,231	908,970	Sales Taxes - Proposition 172
85,615	141,808	96,384	75,904	58,591	31,513	929,799	1991 Program Realignment
220,875	436,049	329,824	328,687	254,443	306,680	4,044,761	Other Intergovernmental Revenue**
264,717	155,670	212,891	475,305	154,469	90,243	2,534,716	Charges for Current Services
132,136	98,970	(3,023)	153,230	246,554	60,658	1,211,481	Other Revenue & Tobacco Settlement
17,863	6,991	23,652	14,894	0	0	156,166	Transfers & Reimbursements
0	0	0	0	0	0	0	Hospital Loan Repayment*
424,627	429,951	660,594	455,653	209,483	454,393	5,222,395	Welfare Advances
31,674	0	76,559	48,449	74,139	73,177	609,953	Other Financing Sources/MHSA
0	0	0	0	0	0	0	Intrafund Borrowings
0	0	0	0	0	0	1,000,000	TRANs Sold
$ 2,964,185	$ 1,697,544	$ 1,623,751	$ 2,950,661	$ 2,440,340	$ 1,397,244	$ 24,199,992	Total Receipts
							DISBURSEMENTS
$ 585,853	$ 261,031	$ 269,082	$ 264,179	$ 310,692	$ 317,701	$ 3,307,032	Welfare Warrants
625,638	571,582	569,152	595,867	610,644	614,524	7,145,125	Salaries
431,030	390,958	422,571	389,300	424,220	428,396	4,877,323	Employee Benefits
499,785	500,702	590,187	455,703	635,918	634,976	7,053,831	Vendor Payments
0	0	0	0	0	0	0	Loans to Hospitals*
48,737	0	16,779	0	248,598	0	960,848	Hospital Subsidy Payments
96,480	24,025	73,870	108,582	87,305	20,087	889,868	Transfer Payments
450,000	0	0	138,674	0	0	1,038,674	TRANs Pledge Transfer
0	0	0	0	0	0	0	Intrafund Repayment
$ 2,737,523	$ 1,748,298	$ 1,941,641	$ 1,952,305	$ 2,317,376	$ 2,015,685	$ 25,272,701	Total Disbursements
$ 1,545,696	**$ 1,494,942**	**$ 1,177,052**	**$ 2,175,408**	**$ 2,298,373**	**$ 1,679,931**		**ENDING BALANCE**
$ 5,380,354	$ 3,579,695	$ 4,042,570	$ 7,920,792	$ 4,069,532	$ 1,508,177		Borrowable Resources (Avg. Balance)
$ 6,926,050	**$ 5,074,637**	**$ 5,219,622**	**$ 10,096,200**	**$ 6,367,905**	**$ 3,188,108**		**Total Cash Available**

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, 2021, approximately $2.441 billion of intermediate and long-term obligations were outstanding. The General Fund is responsible for repayment of $1.407 billion of the outstanding debt. Revenues from Special Districts/Special Funds, Courthouse Construction Funds, and Hospital Enterprise Funds secure the remaining $1.034 billion of outstanding obligations.

The table below identifies the funding sources for the County's debt payments due in 2021-22.

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

2021-22 Payments

Funding Source	2021-22 Payment
Total 2020-21 Payment Obligations	$199,966,481
Less: Sources of Non-General Fund Entities:	
Hospital Enterprise Funds	66,568,134
Courthouse Construction Funds	14,991,788
Special Districts/Special Funds	3,150,202
Net 2021-22 General Fund Obligations	$115,256,357

Source: Los Angeles County Auditor-Controller

As of May 1, 2022, the County has $1.321 billion of outstanding short-term obligations, which includes $1.0 billion in TRANs, $5.0 million in Bond Anticipation Notes, and $316.2 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, 2022 (in thousands)

Type of Obligation	Outstanding Principal
Total County	
Short-Term Obligations:	
Tax and Revenue Anticipation Notes	$1,000,000
Bond Anticipation Notes	5,000
Lease Revenue Notes	316,217
Intermediate & Long-Term Obligations	2,669,050
Total Outstanding Principal	$3,990,267

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 May 18, 2021, the County issued $1.0 billion of TRANs for Fiscal Year 2021-22 on July 1, 2021. The 2021-22 TRANs will mature on June 30, 2022. 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 2021-22, in the amounts, and on the dates specified in the Financial Summary Section under the heading "2021-22 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, 2022, $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. As of May 1, 2022, $316.2 million of commercial paper notes were outstanding.

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. Subject to the conditions set forth in the Letter of Credit and Reimbursement Agreements with the four LOC banks, any amount with respect to the payment of principal of maturing notes remaining unpaid to the LOC bank shall be converted to a term loan to be repaid within two or five years subject to available fair rental value with respect to the leased property securing the four Letter of Credit and Reimbursement Agreements.

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, 2021, approximately $2.441 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 2021-22 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 0.125% in Fiscal Year 2020-21 to 0.138% in Fiscal Year 2021-22. The following table provides the ratio of the General Fund's outstanding debt to the Net Local Roll over the past ten years.

Fiscal Year	Outstanding Principal	Net Local Property Tax Roll	Debt To Value Ratio
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	2,130,813,112	1,700,148,139,175	0.125%
2021-22	2,441,181,697	1,763,070,431,964	0.138%

Source: Los Angeles County Assessor and Auditor-Controller

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 was $98.6 million as of May 1, 2022.

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.

2021 Lease Revenue Bonds

On October 28, 2021, the County sold two series of long-term lease revenue bonds through the Los Angeles County Public Works Financing Authority, consisting of Lease Revenue Bonds, 2021 Series F (the "2021 Series F Bonds") in the par amount of $260.11 million, and Lease Revenue Refunding Bonds, 2022 Series G (the "2022 Series G Refunding Bonds") in the par amount of $225.12 million.

The proceeds from the sale of the 2021 Series F Bonds were used to refinance $280.114 million of outstanding commercial paper notes issued as the initial financing vehicle for various capital construction projects and generate an additional $22.38 million of new money proceeds to fund completion of the projects. The capital projects financed with the 2021 Series F Bonds include Fire Station 104, MLK Central Plant 1 and Hospital Services Building, MLK Behavioral Health Center, Rancho Los Amigos Recuperative Care Center, LAC + USC Recuperative Care Center and the Olive View Campus Recuperative Care Center. The 2021 Series F Bonds are scheduled to mature on December 1, 2051.

The 2022 Series G Refunding Bonds were sold as forward delivery bonds with final settlement expected on June 2, 2022. The proceeds from the sale of the 2022 Series G Refunding Bonds will be used to fully refund $291.51 million of outstanding 2012 Lease Revenue Bonds, which were originally issued to finance various capital construction projects. The 2022 Series G Refunding Bonds will generate approximately $61.2 million or 21.0% net present value savings to the County General Fund, and have a final maturity on December 1, 2042.

2022 Lease Revenue Refunding Bonds

On April 13, 2022, the County sold $53.625 million of Lease Revenue Refunding Bonds, Series 2022 through the Los Angeles County Regional Financing Authority (the "2022 Lease Revenue Refunding Bonds"). The proceeds from the sale of the 2022 Lease Revenue Refunding Bonds were used to fully refund $69.74 million of outstanding Community Redevelopment Agency of the City of Los Angeles, California Lease Revenue Bonds, Series 2005, which were originally issued to finance the Vermont Manchester Social Services Project. The 2022 Lease Revenue Refunding Bonds generated approximately $10.2 million or 14.6% net present value savings to the County General Fund, and have a final maturity on December 1, 2037.

COUNTY OF LOS ANGELES
DEBT SUMMARY TABLES

REPORTS AS OF JULY 1, 2021

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, 2022

SUMMARY OF OUTSTANDING GENERAL FUND AND SPECIAL FUND OBLIGATIONS

ESTIMATED OVERLAPPING DEBT STATEMENT

COUNTY OF LOS ANGELES
COMBINED PRINCIPAL AND INTEREST OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2021

Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Total Annual Debt Service
2021-22	$ 115,256,357	$ 66,568,134	$ 14,991,788	$ 3,150,202	$ 199,966,482
2022-23	112,453,869	62,960,452	14,991,568	3,144,329	193,550,217
2023-24	89,521,292	62,848,890	14,985,583	3,146,774	170,502,539
2024-25	89,518,026	62,846,563	14,971,366	3,148,505	170,484,460
2025-26	89,502,177	62,832,173	14,968,875	3,148,054	170,451,278
2026-27	89,487,438	62,831,691	14,959,875	3,147,162	170,426,166
2027-28	89,396,991	62,822,128	14,947,750	3,149,698	170,316,566
2028-29	89,203,481	62,814,703	14,945,875	3,150,882	170,114,941
2029-30	89,091,404	62,801,410	14,937,625	3,146,166	169,976,604
2030-31	89,083,460	62,782,701	8,340,500	3,144,540	163,351,201
2031-32	89,081,232	62,777,780	8,336,375	3,147,850	163,343,237
2032-33	89,069,937	62,775,426	6,115,375	3,144,147	161,104,885
2033-34	89,066,491	62,758,096	6,119,250	3,148,630	161,092,466
2034-35	87,886,454	62,747,455	-	3,152,169	153,786,077
2035-36	87,885,799	62,733,641	-	3,143,480	153,762,921
2036-37	87,872,863	62,723,620	-	3,148,680	153,745,163
2037-38	87,864,994	62,718,866	-	3,147,383	153,731,244
2038-39	87,849,469	62,698,191	-	3,148,133	153,695,794
2039-40	87,846,744	62,685,789	-	3,152,034	153,684,568
2040-41	87,834,535	62,679,761	-	3,149,476	153,663,772
2041-42	67,217,775	32,385,225	-	3,148,925	102,751,925
2042-43	67,219,825	32,386,218	-	3,151,732	102,757,775
2043-44	67,223,300	12,444,375	-	1,182,250	80,849,925
2044-45	67,218,500	12,438,250	-	1,184,875	80,841,625
2045-46	58,019,575	12,438,625	-	375,500	70,833,700
2046-47	42,114,900	12,439,125	-	375,125	54,929,150
2047-48	42,120,000	12,438,500	-	374,000	54,932,500
2048-49	42,112,475	12,440,375	-	377,000	54,929,850
2049-50	42,113,900	12,438,375	-	374,125	54,926,400
2050-51	38,775,325	-	-	-	38,775,325
2051-52	18,132,250	-	-	-	18,132,250
Total	$ 2,465,500,004	$ 1,474,379,276	$ 178,609,147	$ 76,647,231	$ 4,195,135,657

COUNTY OF LOS ANGELES
OUTSTANDING PRINCIPAL OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2021

Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Total Outstanding Principal
2021-22	$ 1,406,809,465	$ 864,361,455	$ 126,135,000	$ 43,875,777	$ 2,441,181,697
2022-23	1,354,933,754	838,196,047	116,790,000	42,930,498	2,352,850,299
2023-24	1,303,431,274	814,559,623	107,130,000	41,844,357	2,266,965,253
2024-25	1,272,681,881	789,988,906	97,130,000	40,706,008	2,200,506,795
2025-26	1,240,424,137	764,253,269	86,730,000	39,507,763	2,130,915,169
2026-27	1,206,562,669	737,249,690	75,825,000	38,248,277	2,057,885,636
2027-28	1,171,013,445	708,895,160	64,370,000	36,924,859	1,981,203,464
2028-29	1,133,761,801	679,124,829	52,340,000	35,535,717	1,900,762,346
2029-30	1,094,821,152	647,865,239	39,695,000	34,068,609	1,816,450,000
2030-31	1,054,016,720	615,047,435	26,410,000	32,530,845	1,728,005,000
2031-32	1,011,144,828	580,594,539	19,210,000	30,915,633	1,641,865,000
2032-33	966,175,098	544,405,964	11,645,000	29,218,939	1,551,445,000
2033-34	919,010,124	506,391,356	5,970,000	27,433,519	1,458,805,000
2034-35	869,449,529	466,473,785	-	25,556,686	1,361,480,000
2035-36	818,620,780	424,585,333	-	23,583,887	1,266,790,000
2036-37	765,326,347	380,666,290	-	21,522,363	1,167,515,000
2037-38	709,517,750	334,613,273	-	19,363,977	1,063,495,000
2038-39	651,156,190	286,403,219	-	17,105,591	954,665,000
2039-40	590,201,097	236,017,077	-	14,736,826	840,955,000
2040-41	526,533,169	183,326,324	-	12,250,508	722,110,000
2041-42	460,040,000	128,217,845	-	9,637,155	597,895,000
2042-43	411,575,000	101,516,371	-	6,893,629	519,985,000
2043-44	360,775,000	73,485,000	-	4,015,000	438,275,000
2044-45	307,525,000	64,490,000	-	3,005,000	375,020,000
2045-46	251,705,000	55,040,000	-	1,945,000	308,690,000
2046-47	202,610,000	45,105,000	-	1,660,000	249,375,000
2047-48	167,645,000	34,660,000	-	1,360,000	203,665,000
2048-49	131,405,000	23,680,000	-	1,045,000	156,130,000
2049-50	90,585,000	2,020,000	-	715,000	93,320,000
2050-51	54,855,000	-	-	-	54,855,000
2051-52	17,690,000	-	-	-	17,690,000

Source: Los Angeles County Chief Executive Office

COUNTY OF LOS ANGELES
FISCAL YEAR DEBT SERVICE OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2021

Title	Total Debt Service	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds
Long-Term Obligations					
2010 Multiple Capital Projects I, Federally Taxable Series B:					
Coroners Expansion/ Refurbishment	$ 1,894,676	$ 1,894,676			
Patriotic Hall Renovation	3,059,561	3,059,561			
Hall of Justice Rehabilitation	15,795,036	15,795,036			
Olive View Medical Center ER/TB Unit	3,525,413		$ 3,525,413		
Olive View Medical Center Seismic	1,452,332		1,452,332		
Harbor/UCLA Surgery/ Emergency	22,091,880		22,091,880		
Harbor/UCLA Seismic Retrofit	3,406,662		3,406,662		
Total 2010 Multiple Capital Projects I, Series B	$ 51,225,558	$ 20,749,273	$ 30,476,286	$ 0	$ 0
2011 High Desert Solar Complex (Federally Taxable)	$ 412,791	$ 412,791			
2012 Refg COPs: Disney Parking Project	$ 21,783,000	$ 21,783,000			
2012 Multiple Capital Projects II, Series 2012:					
High Desert Multi-Service Ambulatory Care Center	$ 8,841,760		$ 8,841,760		
Martin Luther King Jr. Multi-Service Ambulatory Care Center	10,763,307		10,763,307		
Martin Luther King Jr. Data Center	341,831		341,831		
Fire Station 128	296,963				$ 296,963
Fire Station 132	480,306				480,306
Fire Station 150	744,991				744,991
Fire Station 156	442,217				442,217
Total 2012 Multiple Capital Projects II, Series 2012	$ 21,911,375	$ 0	$ 19,946,898	$ 0	$ 1,964,477
2015 Multiple Capital Projects, Series A					
Zev Yaroslavsky Family Support Center	$ 9,196,000	$ 9,196,000			
Manhattan Beach Library	808,250				$ 808,250
Total 2015 Multiple Capital Projects, Series A	$ 10,004,250	$ 9,196,000	$ 0	$ 0	$ 808,250
2015 Lease Revenue Refunding Bonds, Series B					
Calabasas Landfill Project	$ 3,346,625	$ 3,346,625			
LAX Area Courthouse	2,533,000			$ 2,533,000	
Chatsworth Courthouse	2,124,500			2,124,500	
Total 2015 Multiple Capital Projects, Series B	$ 8,004,125	$ 3,346,625	$ 0	$ 4,657,500	$ 0
2015 Lease Revenue Refunding Bonds, Series C					
Michael D. Antonovich Antelope Valley Courthouse	$ 10,334,288			$ 10,334,288	
2016 Lease Revenue Bonds, Series D					
Martin Luther King Inpatient Tower	$ 15,906,594	$ 15,906,594			
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	$ 866,175	$ 866,175			
Probation Department Building	1,316,975	1,316,975			
Music Center Plaza	1,167,500	1,167,500			
Rancho Los Amigos NRC	10,368,250		$ 10,368,250		
Fire Station 143	377,475				$ 377,475
Total 2019 Lease Revenue Bonds, Series E-1	$ 14,096,375	$ 3,350,650	$ 10,368,250	$ 0	$ 377,475
2019 Lease Revenue Bonds, Series E-2					
MLK Medical Campus Parking Structure	$ 2,070,550		$ 2,070,550		
2020 Lease Revenue Bonds, Series A	$ 20,629,750	$ 20,629,750			
LACMA Buildings					
Total Long-Term Obligations	$ 190,701,106	$ 109,697,132	$ 62,861,984	$ 14,991,788	$ 3,150,202
Intermediate-Term Obligations					
Equipment					
2020 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 9,265,375	$ 5,559,225	$ 3,706,150		
Total Intermediate-Term Obligations	$ 9,265,375	$ 5,559,225	$ 3,706,150	$ 0	$ 0
Total Obligations	$ 199,966,481	$ 115,256,357	$ 66,568,134	$ 14,991,788	$ 3,150,202

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, 2021

Title	Total Outstanding Principal	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds
Long-Term Obligations					
2010 Multiple Capital Projects I, Series B:					
Coroners Expansion/ Refurbishment	$ 24,704,866	$ 24,704,866			
Patriotic Hall Renovation	39,893,905	39,893,905			
Hall of Justice Rehabilitation	205,952,996	205,952,996			
Olive View Medical Center ER/TB Unit	45,968,196		$ 45,968,196		
Olive View Medical Center Seismic	18,937,094		18,937,094		
Harbor/UCLA Surgery/ Emergency	288,058,150		288,058,150		
Harbor/UCLA Seismic Retrofit	44,419,792		44,419,792		
Total 2010 Multiple Capital Projects I, Series B	$ 667,935,000	$ 270,551,768	$ 397,383,232	$ 0	$ 0
2011 High Desert Solar Complex (Federally Taxable)	$ 2,686,697	$ 2,686,697			
2012 Refg COPs: Disney Parking Project	$ 41,845,000	$ 41,845,000			
2012 Multiple Capital Projects II, Series 2012:					
High Desert Multi-Service Ambulatory Care Center	$ 120,760,539		$ 120,760,539		
Martin Luther King Jr. Multi-Service Ambulatory Care Center	147,004,971		147,004,971		
Martin Luther King Jr. Data Center	4,668,714		4,668,714		
Fire Station 128	4,055,918				$ 4,055,918
Fire Station 132	6,560,006				6,560,006
Fire Station 150	10,175,063				10,175,063
Fire Station 156	6,039,790				6,039,790
Total 2012 Multiple Capital Projects II, Series 2012	$ 299,265,000	$ 0	$ 272,434,223	$ 0	$ 26,830,777
2015 Multiple Capital Projects, Series A					
Zev Yaroslavsky Family Support Center	$ 128,540,000	$ 128,540,000			
Manhattan Beach Library	11,290,000				$ 11,290,000
Total 2015 Multiple Capital Projects, Series A	$ 139,830,000	$ 128,540,000	$ 0	$ 0	$ 11,290,000
2015 Lease Revenue Refunding Bonds, Series B					
Calabasas Landfill Project	$ 3,265,000	$ 3,265,000			
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	$ 96,415,000	$ 3,265,000	$ 0	$ 93,150,000	$ 0
2015 Lease Revenue Refunding Bonds, Series C					
Michael D. Antonovich Antelope Valley Courthouse	$ 32,985,000			$ 32,985,000	
2016 Lease Revenue Bonds, Series D					
Martin Luther King Inpatient Tower	$ 237,440,000	$ 237,440,000			
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		
2020 Lease Revenue Bonds, Series A	$ 363,230,000	$ 363,230,000			
LACMA Buildings					
Total Long-Term Obligations	$ 2,431,971,697	$ 1,401,283,465	$ 860,677,455	$ 126,135,000	$ 43,875,777
Intermediate-Term Obligations					
Equipment					
2020 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 9,210,000	$ 5,526,000	$ 3,684,000		
Total Intermediate-Term Obligations	$ 9,210,000	$ 5,526,000	$ 3,684,000	$ 0	$ 0
Total Obligations	$ 2,441,181,697	$ 1,406,809,465	$ 864,361,455	$ 126,135,000	$ 43,875,777

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, 2022

Title	Outstanding Principal	Total Future Payments		2021-22 FY Payment Remaining
Long-Term Obligations				
Long-Term Capital Projects				
2010 Lease Rev Bonds, Series B - 2010 Multiple Capital Projects I (Federally Taxable)	$ 647,110,000	$ 970,467,771	(1)	$ 0
2011 Lease Rev Bonds - High Desert Solar Complex (Federally Taxable)	2,300,299	2,377,148	(1)	0
2012 Refg COPs: Disney Parking Project	21,905,000	22,726,500		0
2012 Lease Rev Bonds - Multiple Capital Projects II Series 2012	291,510,000	460,162,100		0
2015 Multiple Capital Projects, Series A	136,740,000	233,510,250		3,418,500
2015 Lease Revenue Refunding Bonds Series B	93,150,000	126,232,250		2,328,750
2015 Lease Revenue Refunding Bonds Series C (Taxable)	23,640,000	25,136,868		420,351
2016 Lease Revenue Bonds Series D	232,300,000	387,036,863		5,319,047
2018 Lease Revenue Bonds (Vermont Corridor) Series A	297,280,000	559,941,600		7,078,350
2018 Lease Revenue Bonds (Vermont Corridor) Series B (Federally Taxable)	5,100,000	5,265,750		82,875
2019 Lease Revenue Refunding Bonds Series E-1	212,455,000	399,886,600		5,274,475
2019 Lease Revenue Refunding Bonds Series E-2	31,450,000	58,782,400		751,075
2020 Lease Revenue Bonds Series A (LACMA Building)	357,570,000	605,754,850		7,414,125
2021 Lease Revenue Bonds Series F	260,110,000	440,125,669		6,228,678
2022 Lease Revenue Bonds Serie A (Vermont Manchester Social Services Refunding)	53,625,000	77,646,728		0
Total Long-Term Obligations	$ 2,666,245,299	$ 4,375,053,348		$ 38,316,227
Intermediate-Term Obligations				
Equipment				
2020 Lease Rev Bonds Series A - LAC-CAL Equipment Program	$ 2,805,000	$ 2,881,250		$ 2,630,125
Total Intermediate-Term Obligations	$ 2,805,000	$ 2,881,250		$ 2,630,125
Total Obligations	$ 2,669,050,299	$ 4,377,934,598		$ 40,946,352

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, 2022
2021-22 Assessed Valuation: $1,792,680,706,295: (includes unitary valuation)

	Applicable %		Debt as of 5/1/22
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			
Metropolitan Water District	48.724 %	$	9,830,067
Los Angeles Community College District	100.000		4,146,515,000
Other Community College Districts	Various (1)		4,476,039,147
Arcadia Unified School District	100.000		248,025,000
Beverly Hills Unified School District	100.000		666,313,098
Glendale Unified School District	100.000		348,865,563
Long Beach Unified School District	100.000		1,354,374,702
Los Angeles Unified School District	100.000		10,770,060,000
Pasadena Unified School District	100.000		329,590,000
Pomona Unified School District	100.000		420,249,505
Redondo Beach Unified School District	100.000		214,493,943
Santa Monica-Malibu Unified School District	100.000		912,984,648
Torrance Unified School District	100.000		440,760,236
Other Unified School Districts	Various (1)		4,443,138,151
High School and School Districts	Various (1)		2,508,788,443
City of Los Angeles	100.000		739,015,000
City of Industry	100.000		37,310,000
Other Cities	100.000		39,655,000
Community Facilities Districts	100.000		697,203,706
1915 Act and Benefit Assessment Bonds - Estimate	100.000		97,949,530
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT		$	32,901,160,739
Less: Los Angeles Unified School District economically defeased general obligation bonds			(154,867,634)
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT		$	32,746,293,105
DIRECT AND OVERLAPPING GENERAL FUND DEBT			
Los Angeles County General Fund Obligations	**100.000 %**	**$**	**2,768,942,105**
Los Angeles County Office of Education Certificates of Participation	100.000		3,972,227
Community College District Certificates of Participation	Various (2)		35,330,037
Baldwin Park Unified School District Certificates of Participation	100.000		28,230,000
Compton Unified School District Certificates of Participation	100.000		29,095,000
Los Angeles Unified School District Certificates of Participation	100.000		120,710,000
Paramount Unified School District Certificates of Participation	100.000		25,050,000
Other Unified School District Certificates of Participation	Various (2)		230,548,934
High School and Elementary School District General Fund Obligations	Various (2)		164,219,550
City of Beverly Hills General Fund Obligations	100.000		93,405,000
City of Los Angeles General Fund	100.000		1,436,112,945
City of Long Beach General Fund Obligations	100.000		75,375,000
City of Pasadena General Fund Obligations	100.000		389,026,250
City of Pasadena Pension Obligations Bonds	100.000		132,880,000
Other Cities' General Fund Obligations	100.000		4,042,543,232
Los Angeles County Sanitation Districts Financing Authority	100.000		14,940,000
Antelope Valley Hospital District General Fund Obligation	100.000		715,968
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$	9,591,096,248
Less: Cities' supported obligations			(400,005,623)
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$	9,191,090,625
OVERLAPPING TAX INCREMENT DEBT: (Successor Agencies):		$	2,169,938,122
TOTAL DIRECT DEBT		$	2,768,942,105
TOTAL GROSS OVERLAPPING DEBT		$	41,893,253,004
TOTAL NET OVERLAPPING DEBT		$	41,338,379,747
GROSS COMBINED TOTAL DEBT		$	44,662,195,109
NET COMBINED TOTAL DEBT		$	44,107,321,852

(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 2021-22 ASSESSED VALUATION	
Total Gross Overlapping Tax and Assessment Debt	1.84 %
Total Net Overlapping Tax and Assessment Debt	1.83 %
Total Gross Direct Debt ($2,768,942,105)	0.15 %
Gross Combined Total Debt	2.49 %
Net Combined Total Debt	2.46 %

Ratios to Redevelopment Sucessor Agency Incremental Valuation ($250,388,052,495):

Total Overlapping Tax Increment Debt	0.87 %

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

The County's unemployment rate averaged 6.2% in 2021. The recovery from the COVID-19 pandemic resulted in significant decrease in unemployment across key industries, including hospitality, professional and business services, education and health services, trade, transportation, and utilities, and other sectors. In 2022 and 2023, the job market is expected to improve, with a projected decline in the unemployment rate to 4.6% and 2.6%, 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, 2021, K-12 schools and community college districts in the County had approximately $19.7 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 health care, wholesale and retail trade, leisure and hospitality and manufacturing 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 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 Los Angeles region is the largest manufacturing center in the nation, with 306,100 workers employed in this sector in 2021. 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 183,300 workers in 2021.

Higher Education

The County is home to an extensive education system, with 83 colleges and university campuses, including UCLA; 5 state university campuses; 21 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 the end of 2023. 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 opened in the Miracle Mile district of Los Angeles in September 2021. The $482 million facility is the nation's first large-scale museum dedicated to the art, science, craft, business, and history of film. The 300,000 square-foot museum includes 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 is home to the Los Angeles Rams and Los Angeles Chargers and hosted the 56th Super Bowl in February 2022. SoFi Stadium will host 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 over 10 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 25.4% 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, 26.1% White, 15.4% Asian, 9% African American and 0.9% 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 99 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 83.3% of the adult population has a high school diploma or higher, and 33.9% 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. As a result of the COVID-19 pandemic, the County experienced significant job losses in 2020, with the unemployment rate increasing to 13.6%. In 2021, the County's unemployment rate experienced significant improvement, falling to 6.2% as the economy began to recover from the economic disruption caused by COVID-19. The County's employment outlook is projected to show continued improvement over the next two years, with the unemployment rate falling to 4.6% in 2022 and 2.6% in 2023. Table E details the County's historical unemployment rates from 2017 through 2021. Table F details the non-agricultural employment statistics by sector for the County from 2017 through 2021.

Personal Income

Total personal income in the County grew by an estimated 7.1% in 2020. The 2020 total personal income of $700 billion represents an estimated 24.8% of the total personal income generated in California. Based on current projections, personal income is expected to decrease by 2.1% in 2022 and increase by 2.6% in 2023. Table C provides a summary of the personal income statistics for the County from 2017 through 2021.

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. As a result of the COVID-19 pandemic, total taxable sales in the County decreased by 8.5% in 2020. As the local economy began to recover from the COVID-19 pandemic, the County's total taxable sales increased by 21.9% in 2021. The $192.3 billion of total estimated taxable sales in the County for 2021 represents 22.3% 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 2017 through 2021.

Industry

With an estimated annual economic output of $862 billion in 2021, the County continues to rank among the world's largest economies. The County's 2021 Gross Product represents approximately 26.1% of the total economic output in California and 3.7% 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 2017 through 2021.

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. 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 $427.9 billion in 2019 to $405.3 billion in 2020. As a result of improving economic conditions in 2021, the LACD experienced a significant increase in trade volume, handling approximately $479.4 billion worth of international trade, which represents an 18.3% increase from 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. As travel restrictions eased in 2021, LAX served 48 million passengers, representing a 66.8% increase from 2020. The 2.97 million tons of air cargo handled at LAX in 2021, represents an increase of 20.7% from 2020 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 process of replacing 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, but the project was temporarily placed on hold due to the COVID-19 pandemic. The Airport Commission reinstated the project in August 2021.

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 20.1 million TEUs in 2021, which represents a 15.8% increase in container volume from 2020.

The Port of Los Angeles is one of the largest man-made harbors in the world. In 2020, 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 2021, the Port handled 10.7 million TEUs, which represents an increase of 15.9% in container volume from 2020.

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 twenty-second (22nd) busiest in the world in 2020. The Port of Long Beach covers 3,520 acres with 10 separate piers, 62 berths, 68 cranes and 22 shipping terminals. In 2021, the port handled 9.4 million TEUs of container cargo, which represents an increase of 15.7% from 2020.

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 264 million in annual boardings, the Metro System is one of the largest public transportation systems 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 Los Angeles County Metropolitan Transportation Authority (the "MTA"), which is responsible for the planning, design, construction and operation of the public transportation system for the County.

The Fiscal Year 2021-22 operating budget for the MTA is $8 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. Some of the noteworthy MTA projects include 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, due to travel restriction related to the COVID-19 pandemic, the region hosted 27 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 has experienced a strong and steady recovery from 2012 to 2021. 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 has continued to experience strong growth, with an increase in the average median home price of 168% from 2012 to 2021.

In 2021, the residential real estate market continued to experience strong growth, as the average median home price increased by 15.2% to $777,777 from 2020. New and existing home sales increased by 26.3% from 71,479 in 2020 to 90,257 in 2021. After a record high of 105,433 in 2009, notices of default recorded decreased by 95.4% to 4,858 in 2020. Notices of default recorded continued to decrease in 2021 to 3,566, which represents a 26.6% decrease from 2020. Foreclosures, as measured by the number of trustees deeds recorded, experienced a significant decrease of approximately 98% from a cyclical high of 39,774 in 2008 to 876 in 2020. The number of trustees deeds recorded continued to decrease in 2021 to 660, which represents a 25% decrease from 2020.

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 2021-22, the County Assessor reported a Net Local Roll of $1.763 trillion, which represents a 3.7% increase from the Net Local Roll of $1.7 trillion in Fiscal Year 2020-21. The Net Local Roll in Fiscal Year 2021-22 represents a 63.3% increase from Fiscal Year 2011-12, and the eleventh consecutive year of growth in assessed valuation after the previous economic downturn in 2008. For Fiscal Year 2022-23, the County Assessor is projecting an increase in the Net Local Roll of 6.0% from Fiscal Year 2021-22.

The commercial real estate sector experienced some improvement in 2021, with construction lending increasing by 19.4% from $9,247 billion in 2020 to $11,038 billion in 2021. Industrial market vacancy rates decreased to 1.1% in 2021 from 1.8% in 2020, which is slightly lower than the 1.5% vacancy rate in 2007 prior to the previous economic downturn. However, office market vacancy rates increased from 16.7% in 2020 to 19.4% in 2021, which is still significantly higher than the 9.7% rate in 2007, prior to the previous 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 Joe's, Target and CVS. In November 2018, demolition began on the Grand LA, a $1 billion mixed use development project designed by Frank Gehry. Construction of the Grand, with 45 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 $)

	2017	2018	2019	2020	2021
Los Angeles County	756	785	819	807	862
State of California	2,831	2,975	3,133	3,092	3,299
United States	19,543	20,612	21,433	20,937	22,997
Los Angeles County as a % of California	26.7%	26.4%	26.2%	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)

	2017	2018	2019	2020	2021
Los Angeles County	10,194	10,210	10,184	10,136	10,044
State of California	39,409	39,597	39,706	39,649	39,467
Los Angeles County as a % of California	25.9%	25.8%	25.6%	25.6%	25.4%

Source: Los Angeles County Economic Development Corporation

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

	2017	2018	2019	2020	2021
Los Angeles County	602,415	627,606	653,483	700,044	N/A
Orange County	209,631	218,876	227,730	242,171	N/A
San Diego County	193,889	203,855	212,749	229,379	N/A
Riverside County	94,539	99,268	104,796	113,182	N/A
San Bernardino County	83,398	86,998	91,659	98,760	N/A
Ventura County	50,066	52,502	54,749	58,777	N/A
State of California	2,383,131	2,514,503	2,632,280	2,822,297	2,997,205
Los Angeles County as a % of California	25.3%	25.0%	24.8%	24.8%	N/A

Source: Los Angeles County Economic Development Corporation
N/A: Data Not Available

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

	2017	2018	2019	2020	2021
Los Angeles County	160,280	166,024	172,314	157,738	192,273
State of California	677,823	706,835	732,757	706,756	861,330
Los Angeles County as a % of California	23.6%	23.5%	23.5%	22.3%	22.3%

Source: California Department of Tax and Fee Administration

TABLE E: UNEMPLOYMENT RATES

	2017	2018	2019	2020	2021
Los Angeles County	4.8%	4.7%	4.5%	13.6%	6.2%
State of California	4.8%	4.2%	4.1%	11.3%	5.0%
United States	4.4%	3.9%	3.7%	10.4%	3.9%

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	2017	2018	2019	2020	2021
Health Care & Social Assistance	675.9	702.9	706.8	696.1	713.2
Wholesale & Retail Trade	644.9	645.6	638.4	578.6	591.9
Government	568.2	572.4	586.9	565.6	553.2
Lesiure and Hospitality	520.6	535.3	547.2	394.4	426.0
Manufacturing	346.4	342.2	340.7	313.8	306.1
Professional Scientific & Technical Services	281.4	291.2	301.2	287.0	290.3
Administrative & Support & Waste Services	267.4	268.1	279.8	247.0	255.1
Transportation, Warehousing & Utilities	184.0	196.2	213.0	208.6	220.2
Information	200.5	198.9	217.9	185.8	183.3
Construction	137.4	145.6	149.8	145.5	147.6
Finance & Insurance	136.1	135.7	135.2	131.5	129.2
Educational Services	100.4	103.2	133.1	124.9	127.6
Other	178.5	162.7	160.3	128.7	125.4
Real Estate & Rental & Leasing	83.6	86.4	88.2	80.1	79.9
Management of Companies & Enterprises	56.6	59.4	63.0	59.2	58.8
Total	4,381.8	4,445.8	4,561.5	4,146.8	4,207.8

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

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

Type of Activity	2017	2018	2019	2020	2021
International Air Cargo (Tons)					
Los Angeles International Airport	1,476.7	1,557.6	1,436.0	1,530.4	1,846.6 *
As Percentage of Total Air Cargo	61.80%	63.68%	62.08%	62.09%	62.09%
Total Air Cargo (Tons)					
Los Angeles International Airport	2,389.5	2,446.1	2,313.2	2,464.8	2,974.1
Long Beach Airport	23.0	21.6	21.1	15.7	14.9
Hollywood Burbank Airport	54.4	56.6	53.0	56.6	53.9
Total	2,466.9	2,524.3	2,388.1	2,537.1	3,042.9
International Air Passengers					
Los Angeles International Airport	24,829.4	26,053.6	25,696.3	6,421.7	7,965.3
As Percentage of Total Passengers	29.4%	29.8%	29.2%	22.3%	16.6%
Total Air Passengers					
Los Angeles International Airport	84,558.0	87,534.4	88,068.0	28,779.5	48,007.3
Long Beach Airport	3,783.8	3,884.7	3,584.2	1,043.8	2,104.7
Hollywood Burbank Airport	4,739.5	5,264.0	5,983.7	1,995.3	3,733.0
Total	93,081.3	96,683.1	97,635.9	31,818.6	53,845.0
Container Volume (TEUs)					
Port of Los Angeles	9,343.2	9,458.7	9,337.6	9,213.4	10,677.6
Port of Long Beach	7,544.5	8,091.0	7,632.0	8,113.3	9,384.4
Total	16,887.7	17,549.8	16,969.6	17,326.7	20,062.0

Source: Los Angeles World Airports; Hollywood Burbank Airport; Long Beach Airport; Port of Long Beach; Port of Los Angeles
** Estimate based on prior years*

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

Customs District	2017	2018	2019	2020	2021
Los Angeles, CA	$430,929	$455,914	$427,910	$405,280	$479,381
New York, NY	364,165	392,360	381,111	394,367	464,902
Laredo, TX	302,561	326,826	324,601	291,099	354,310
Chicago, IL	223,480	251,933	255,411	268,869	343,713
Houston-Galveston, TX	192,003	234,024	235,840	196,897	273,104
Detroit, MI	264,323	270,340	262,980	225,379	265,078
New Orleans, LA	217,456	238,462	218,228	195,476	228,763
Savannah, GA	155,837	173,173	180,575	170,764	201,066
Cleveland, OH	142,684	152,342	151,270	149,517	168,407
Seattle, WA	149,164	155,249	142,620	111,159	140,821

Source: USA Trade Online

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

Port	2017	2018	2019	2020	2021
Los Angeles-Long Beach, CA	222,980	222,979	217,958	213,643	234,536
Tacoma, WA	34,697	33,830	31,518	25,075	26,423
Oakland, CA	31,388	31,773	32,440	32,516	32,356
Seattle, WA	17,848	19,786	17,919	16,942	17,727
Longview/Kalama, WA	17,083	18,460	14,629	12,135	12,115
Portland, OR	12,184	13,418	12,661	11,112	12,749
Port Hueneme	5,911	5,948	6,370	5,821	6,885
San Diego, CA	5,193	5,386	5,333	3,943	4,350
Vancouver, WA	2,866	3,086	2,960	2,645	2,255

Source: Pacific Maritime Association, Annual Reports

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

Port	2017	2018	2019	2020	2021
Los Angeles-Long Beach, CA	16,888	17,550	16,970	17,327	20,062
New York-New Jersey, NY	6,711	7,180	7,471	7,586	8,986
Savannah, GA	4,046	4,352	4,599	4,682	5,613
Seattle-Tacoma, WA	3,702	3,798	3,775	3,320	3,736
Norfolk, VA	2,841	2,856	2,938	2,813	3,523
Houston, TX	2,459	2,670	2,990	2,989	3,453
Charleston, SC	2,178	2,316	2,436	2,310	2,751
Oakland, CA	2,421	2,546	2,500	2,461	2,448

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	2017	2018	2019	2020	2021
1. Construction Lending (in millions)	$13,619	$20,419	$14,193	$9,247	$11,038
2. Residential Purchase Lending (in millions)	$53,764	$48,203	$56,480	$72,996	$96,868
3. New & Existing Median Home Prices	$561,335	$598,387	$614,080	$674,964	$777,777
4. New & Existing Home Sales	82,318	75,086	73,548	71,479	90,257
5. Notices of Default Recorded	11,402	9,726	9,821	4,858	3,566
6. Office Market Vacancy Rates	14.3%	14.0%	14.0%	16.7%	19.4%
7. Industrial Market Vacancy Rates	1.2%	1.3%	1.2%	1.8%	1.1%

Source: Real Estate Research Council of Southern California

TABLE L: BUILDING PERMITS AND VALUATIONS

	2017	2018	2019	2020	2021
Residential Building Permits					
1. New Residential Permits (Units)					
a. Single Family	5,559	5,800	5,558	6,195	7,216
b. Multi-Family	16,451	16,765	15,804	14,056	16,204
Total Residential Building Permits	22,010	22,565	21,362	20,251	23,420
Building Valuations					
2. Residential Building Valuations (in millions of $)					
a. Single Family	$2,376	$2,155	$1,907	$1,870	$2,070
b. Multi-Family	3,173	3,162	2,947	2,790	2,979
c. Alterations and Additions	1,692	1,754	1,561	1,010	887
Residential Building Valuations Subtotal	$7,241	$7,071	$6,415	$5,670	$5,936
3. Non-Residential Building Valuations (in millions of $)					
a. Office Buildings	$498	$426	$470	$242	$137
b. Retail Buildings	688	770	1,174	896	157
c. Hotels and Motels	89	213	203	232	53
d. Industrial Buildings	132	91	63	31	28
e. Alterations and Additions	2,999	2,424	3,258	1,227	888
f. Other	876	1,724	723	674	317
Non-Residential Building Valuations Subtotal	$5,282	$5,648	$5,891	$3,302	$1,580
Total Building Valuations (in millions)	$12,523	$12,719	$12,306	$8,972	$7,516

Source: Real Estate Research Council of Southern California

TABLE M: LARGEST PRIVATE SECTOR EMPLOYERS IN LOS ANGELES COUNTY

	Company (in order of 2021 Ranking)	Industry	Headquarters	No. of Employees L.A. County	No. of Employees Total
1	Kaiser Permanente	Health Care Provider	Oakland, CA	40,876	216,776
2	University of Southern California	Education-Private University	Los Angeles, CA	22,465	23,067
3	Target Corp.	Retailer	Minneapolis, MN	20,000	350,000
4	Northrop Grumman Corp.	Aerospace/Defense Contractor	Falls Church, VA	18,000	97,000
5	Cedars-Sinai	Medical Center	Los Angeles, CA	16,309	16,859
6	Amazon	Online Retailer	Seattle, WA	16,200	1,300,000
7	Allied Universal	Security Professional and Safety Services	Santa Ana, CA/ Conshohocken, PA	15,326	800,000
8	Providence St. Joseph Health Southern California	Health Care	Renton, WA	14,935	NA
9	Ralphs/Food 4 Less (Kroger Co. division)	Grocery Retailer	Cincinnati, OH	14,585	NA
10	Walt Disney Co.	Entertainment	Burbank, CA	12,200	NA
11	Boeing Co.	Aerospace/Defense Contractor	Chicago, IL	12,005	141,014
12	UPS	Transportation and Freight	Atlanta, GA	11,643	543,000
13	Home Depot	Home Improvement Specialty Retailer	Atlanta, GA	11,200	504,800
14	NBCUniversal	Media and Entertainment	Philadephia, PA	11,000	NA
15	AT&T Inc.	Telecommunications	Dallas, TX	10,500	230,000
16	Albertsons/Vons/Pavilions	Grocery Retailer	Boise, Idaho	9,700	250,000
17	California Institute of Technology	Private University and Jet Propulsion Lab	Pasadena, CA	8,988	10,630
18	Edison International	Electric Utility, Energy Services	Rosemead, CA	7,672	12,829
19	ABM Industries, Inc.	Facility Services, Janitorial, Parking	San Francisco, CA	7,400	NA
20	City of Hope	Cancer Treatment and Research Center	Duarte, CA	7,143	7,507
21	Wells Fargo & Co.	Banking and Financial Services	San Francisco, CA	7,075	NA
22	FedEx Corp.	Shipping and Logistics	Memphis, TN	6,750	NA
23	Children's Hospital Los Angeles	Hospital	Los Angeles, CA	6,405	6,405
24	Raytheon Intelligence & Space	Aerospace/Defense Contractor	Waltham, MA	6,133	37,000
25	Dignity Health	Hospitals	San Francisco, CA	6,118	60,000
26	Space Exploration Technologies Corp. (SpaceX)	Rockets and Spacecraft	Hawthorne, CA	6,000	10,000
27	Amgen Inc.	Biotechnology	Thousand Oaks, CA	5,578	23,680
28	Costco Wholesale	Membership Chaine of Warehouse Stores	Issaquah, WA	5,500	288,000
29	Bank of America Corp.	Banking and Financial Services	Charlotte, NC	5,200	212,000
30	SoCalGas	Natural Gas Company	San Diego, CA	5,200	NA
31	Long Beach Memorial Medical Center	Hospital	Fountain Valley, CA	5,000	NA
32	Adventist Health	Hospital	Roseville, CA	4,625	NA
33	Warner Bros. Entertainment Inc.	Entertainment	Burbank, CA	4,120	NA
34	Medtronic Diabetes	Diabetes Medical Technology	Northridge, CA	4,000	90,000
35	JPMorgan Chase & Co.	Banking and Financial Services	New York, NY	4,000	NA
36	Paramount Pictures	Entertainment	Hollywood, CA	4,000	NA
37	Whole Foods Market	Grocery Retailer	Seattle, WA	3,900	NA
38	99 Cents Only Stores	Retailer	Los Angeles, CA	3,869	NA
39	Huntington Hospital	Hospital	Pasadena, CA	3,850	NA
40	Lockhead Martin Corp.	Aerospace/Defense Contractor	Bethesda, CA	3,750	110,000
41	Charter Communications Inc.	Cable Provider	Stamford, CT	3,650	96,100
42	Walmart Inc.	Retailer	Bentonville, AR	3,500	2,300,000
43	Torrance Memorial Medical Center	Medical Center	Torrance, CA	3,500	NA
44	City National Bank	Banking and Financial Services	Los Angeles, CA	3,480	5,250
45	Pomona Valley Hospital Medical Center	Hospital	Pomona, CA	3,250	NA
46	Centene Corp.	Health Care	St. Louis, MO	3,000	NA
47	Farmers Insurance Group	Insurance	Los Angeles, CA	2,861	21,784
48	Aerospace Corp.	Aerospace/Defense Contractor	El Segundo, CA	2,727	4,627
49	Antelope Valley Hospital	Hospital	Lancaster, CA	2,600	NA
50	Sony Pictures Entertainment	Entertainment	Culver City, CA	2,570	NA

NA - Not Available
Source: Los Angeles Business Journal

APPENDIX B

THE COUNTY OF LOS ANGELES AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

COUNTY OF LOS ANGELES

CALIFORNIA

COUNTY OF LOS ANGELES, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
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COUNTY OF LOS ANGELES
CALIFORNIA

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, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

Opinion Unit	Assets	Net Position/ Fund Balances	Revenues/ Additions
Aggregate discretely presented component units	100%	100%	100%
Aggregate remaining fund information	73%	74%	19%

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

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

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Los Angeles, California, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Fire Protection District, Flood Control District, LA County Library, Regional Park and Open Space District, and Mental Health Services Act for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

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

As discussed in Note 21 to the financial statements, in March 2020, a presidential emergency was declared due to the Coronavirus Disease 2019 (COVID-19) pandemic. The County was advanced federal and State disaster assistance funding to supplement the County's recovery efforts. As of June 30, 2021, the County reported $1.19 billion in advances payable (unearned revenues) related to these advances. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Macias Gini & O'Connell LLP

Los Angeles, California
December 15, 2021

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

This section of the County's Annual Comprehensive Financial Report (ACFR), formerly referred as the Comprehensive Annual Financial Report, presents a narrative overview and analysis of financial activities for the year ended June 30, 2021. The County early implemented Governmental Accounting Standards Board Statement (GASB) No. 98, "*The Annual Comprehensive Financial Report*" (GASB 98), and replaced the new term and acronym to the ACFR. We recommend that this information be used in conjunction with additional information contained in the letter of transmittal.

Financial Highlights

At the end of the current year, the net position (total assets and deferred outflows of resources, reduced by total liabilities and deferred inflows of resources) of the County was negative $12.918 billion. Net position is classified into three categories and the unrestricted component was negative $35.004 billion.

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

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

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

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

Overview of the Basic Financial Statements

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $12.918 billion at the close of the most recent fiscal year.

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

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

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

Current and Other Assets

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

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

Deferred Outflows of Resources

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

Liabilities

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

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

Liabilities-Continued

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

Deferred Inflows of Resources

In the current year, the County's deferred inflows of resources were $5.488 billion. Deferred inflows of resources decreased by $295 million and $117 million for governmental and business-type activities, respectively. The total OPEB RHC related deferred inflows decreased by $115 million and $77 million for governmental and business-type activities, respectively, from the prior year. The OPEB RHC and pension changes in deferred inflows of resources will vary from year to year due to differences between projected and actual experience, assumption changes and changes in proportion. Pension related deferred inflows of resources decreased by $170 million and $40 million for governmental and business-type activities, respectively. Pension and OPEB matters are discussed in more detail in Note 7 and 8, respectively, to the basic financial statements. For service concession arrangements, there were also $78 million of deferred inflows of resources recognized in the current year, which represents a decrease of $1 million from the prior year in governmental activities. This amount represents the present value of installment payments associated with private operators of twenty County golf courses, as discussed in Note 6.

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

Net Investment in Capital Assets

The largest portion of the County's net position, $17.721 billion, represents its investment in capital assets (i.e., land, buildings and improvements, infrastructure, software and equipment, net of related depreciation), less any related debt and related deferred outflows of resources used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted Net Position

The County's restricted net position at year-end was $4.364 billion. Asset restrictions are primarily due to external restrictions imposed by State legislation and bond covenants. Net position that pertains to the various separate legal entities included in the basic financial statements is also generally restricted because the entities' funding sources require that funds be used for specific purposes.

Unrestricted Net Position (Deficit)

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

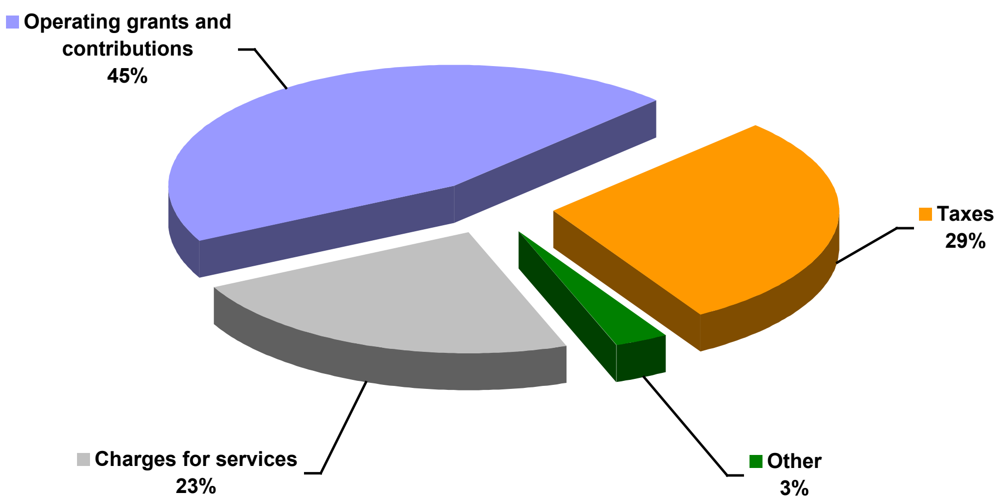
COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2021

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

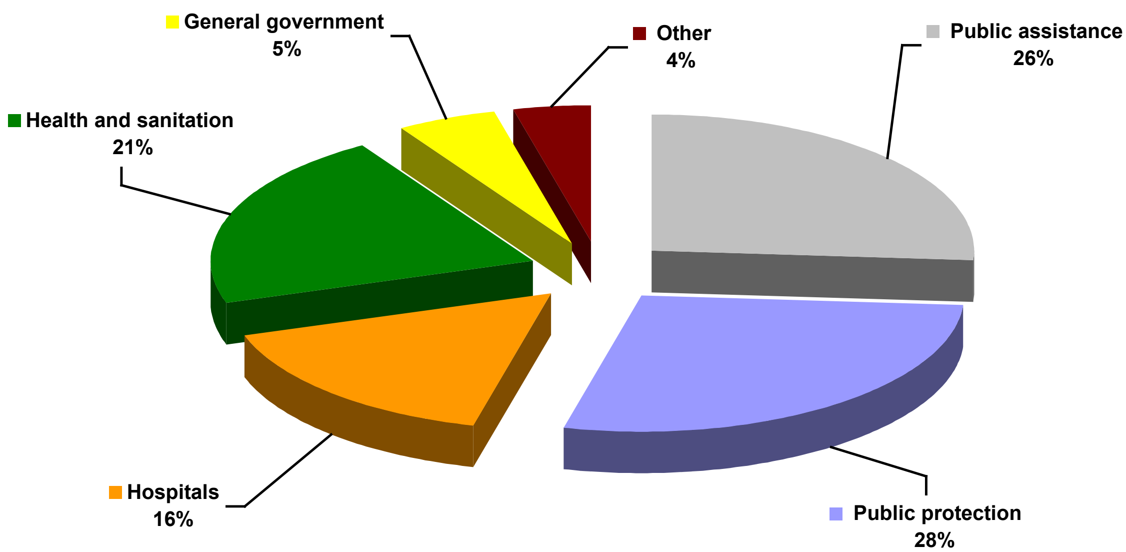
Summary of Changes in Net Position
For the Years Ended June 30, 2021 and 2020
(in thousands)

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

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



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



Governmental Activities

Revenues from governmental activities increased by $2.533 billion (10.0%) when compared with the prior year. The most significant changes in specific revenue sources were experienced in the following areas:

- Program revenues recognized from operating grants and contributions increased by $1.934 billion, which was primary attributable to $1.626 billion of COVID-19 federal and State revenues. For health and sanitation programs, there was net revenue growth of $827 million with $734 million attributed to COVID-19 federal and State revenues. COVID-19 federal and State revenues from public health programs was $388 million, correctional health services was $169 million, community health programs was $143 million, and mental health programs was $34 million. Revenues for public assistance programs grew by $677 million of which $565 million was from COVID-19 federal and State revenues, as there were higher levels of administrative and program reimbursable costs. Revenue from general government was higher by $329 million, of which $280 million was from COVID-19 federal and State revenues. Revenues for public protection programs increased by $28 million for COVID-19 federal and State revenues and $83 million for non-COVID federal and State revenue primarily associated with the Sheriff's department.

- Taxes, the County's largest general revenue source, were $660 million higher than the prior year and were mostly attributable to property taxes and sales and other taxes, which grew by $581 million and $79 million, respectively. The County's total taxable assessed property tax value is $1.724 trillion, which grew by 6.07% in the current year. Property tax revenues were also recognized in conjunction with the dissolution of redevelopment agencies. "pass through" payments from redevelopment dissolution were $448 million and increased by $84 million from the prior year. Redevelopment dissolution also provides residual property taxes to local governments, including the County. The County's share of such residual tax revenues in the current year was $423 million, an increase of $145 million compared to the prior year. Revenues also increased by $44 million from the sales and use taxes in the Homeless and Housing Measure H program and $31 million from the documentary transfer taxes due to an improved real estate market.

- Unrestricted grants and contributions were $485 million higher than the prior year. The increase was primarily attributable to Assembly Bill (AB85), where the County was subject to the State withholding revenue known as "1991 Health Realignment Funds". In the current year, the County evaluated the estimated amount owed to the State and determined we did not owe funds to the State at year-end. Accordingly, the revenue increased by $495 million in the unrestricted grants and contributions.

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

Governmental Activities-Continued

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

Business-type Activities

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

Expenses related to business-type activities increased from the previous year by a net total of $188 million (3.8%), and were associated primarily with the County's hospitals, where expenses increased by $185 million. RHC OPEB, pension, and general salary increases were higher by $390 million, $82 million, and $79 million, respectively. In addition, there was an increase of $189 million for services and supplies and professional services related to the COVID-19 pandemic. This was offset by a decline in intergovernmental transfer expense of $557 million. For all hospital facilities, the average daily inpatient census during the current year was 1,137 patients, which was higher than the 1,081 patients for the prior year.

Financial Analysis of the County's Funds

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

Governmental Funds

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

As of the end of the current fiscal year, the County's governmental funds reported combined total fund balances of $10.136 billion, an increase of $1.033 billion in comparison with the prior year. Of the total fund balances, $239 million is nonspendable to indicate the extent that funds are not in spendable form or are required to remain intact. An additional $4.850 billion is classified as restricted, $733 million as

Governmental Funds-Continued

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

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

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

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

Following are significant changes in General Fund revenues and expenditures:

- Intergovernmental revenues increased by $2.024 billion overall, and were primarily associated with State and federal revenue increases of $911 million and $1.107 billion, respectively. The County recognized $1.611 billion of State and federal revenues related to the COVID-19 pandemic. The AB85 amount owed was zero for the current year which resulted in a $501 million increase in State realignment revenue. Other State and federal revenue growth was attributable to higher levels of reimbursable program and administrative costs in the Sheriff's department of $113 million and social services programs of $65 million. This was offset by lower levels of reimbursable program and administrative costs in the health administration programs of $127 million, registrar-recorder programs of $102 million, and ambulatory care network programs of $78 million. The remaining variance was a net increase of $41 million.

- Revenues from taxes increased by $573 million and were primarily associated with an increase in property taxes of $539 million and other taxes of $34 million. The property taxes increase was primarily associated with growth in assessed property values of $318 million. Residual property tax revenues, which are associated with redevelopment dissolution, were $352 million in the current year, $120 million higher than the prior year. Property tax growth was also reflected in "pass through" property tax revenues, which were $71 million higher in the current year. Documentary transfer taxes increased other taxes by $31 million fueled by low interest rates in the real estate market and the County median home prices saw record highs in this fiscal year.

- Investment loss resulted in an increase of $164 million due to a decline in interest earnings and the fair value change in investments at year-end of $80 million and $84 million, respectively, which was primarily from a decrease in market yields throughout the fiscal year.

Governmental Funds-Continued

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

The Fire Protection District reported a year-end fund balance of $214 million, which represented an increase of $42 million in fund balance compared to the previous year increase of $25 million, resulting in a net difference of $17 million. The Fire Protection District responds to a number of major incidents and emergencies during the fiscal year, including the COVID-19 pandemic. Revenues increased by $111 million, of which $74 million was related to property taxes and primarily associated with growth in assessed property values, and $43 million for contract cities services. This was offset by $8 million in lower federal and State revenues. Expenditures were higher by $101 million, of which salaries and employee benefits and capital outlay costs increased by $91 million and $20 million, respectively, and offset by $10 million in a decrease of services and supplies costs.

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

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

Governmental Funds-Continued

The Regional Park and Open Space District reported a year-end fund balance of $517 million, which represented an increase of $67 million in fund balance compared to the previous year increase of $46 million, resulting in a net difference of $21 million. The net change in fund balance was primarily attributable to a reduction of investment income of $10 million and a decrease in expenditures of $30 million from delays of issuing new projects related to the Measure A Safe, Clean Neighborhood Parks, Open Space, Beaches, Rivers Protection, and Water Conservation. Overall, current year revenues were lower by $11 million and expenditures were lower by $32 million.

The Mental Health Services Act (MHSA) Fund reported a year-end fund balance of $1.097 billion, which represented a increase of $215 million in fund balance compared to the previous decrease of $57 million, resulting in a net difference of $272 million. Current year revenues were higher by $227 million, primarily from an increase in State revenues, while transfers out were lower by $45 million from a decrease in expenditures for affordable housing projects for mental health clients.

Proprietary Funds

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

The County is legally required to provide local matching funds to the health care system in order to remain eligible for federal and State assistance. Such funds were provided to the hospitals as operating subsidies from the County General Fund during the year as discussed in Note 14 to the basic financial statements. The amount of subsidy, per facility, ranged from $145 million for the Olive-View UCLA Medical Center to $607 million for the LAC+USC Medical Center. The total subsidy amount was $1.252 billion and is reflected in the Statement of Revenues, Expenses and Changes in Fund Net Position as "transfers in." By comparison, the total General Fund subsidy in the prior year was $883 million. During the current year, the County's hospital operations experienced higher levels of patient care revenues and operating expenses in comparison to the prior year as previously discussed.

An additional source of local funding for the Hospitals is the Health Services Measure B Special Revenue Fund (Measure B Fund). The Measure B Fund receives voter approved property taxes for trauma and emergency services. In the current year, the Measure B Fund provided transfers to the LAC+USC Medical Center ($123 million), Harbor-UCLA Medical Center ($52 million), and Olive-View UCLA Medical Center ($40 million). The total current year amount of $215 million in Measure B transfers was the same as the prior year.

Waterworks Funds reported year-end net position of $776 million, which was $4 million lower than the previous year due to higher operating expenses. There were no significant operational changes during the current year. Current year operating revenues for charges for services were higher by $11 million, operating expenses were higher by $2 million, and nonoperating revenue/(expenses) were lower by $2 million.

General Fund Budgetary Highlights

The accompanying basic financial statements include a Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual on Budgetary Basis for the County's General Fund. The County's budgetary basis of accounting is discussed in Notes 1 and 15 to the basic financial statements. There are approximately 160 separate budget units within the General Fund, excluding capital improvement projects, which are individually budgeted. The data presented below represents the net budgetary changes for the General Fund in a highly summarized format. Accordingly, in certain instances, budgets have been increased for programs within a category even though actual amounts have not been realized for the category in its entirety. Under the budgetary basis, there was a net increase of $241 million in the General Fund's available (unassigned) fund balance from the previous year.

Budgetary Summary - Revenues/Financing Sources

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

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

Changes from Amounts Originally Budgeted

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

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

- The budget for tax revenues increased by $234 million. The $234 million increase was primarily associated with year-end budgetary changes that are designed to demonstrate compliance with legal provisions related to the appropriation of revenues from property taxes and certain other tax related revenues.

Changes from Amounts Originally Budgeted-Continued

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

Actual Revenues/Financing Sources Compared with Final Budget Amounts

Actual revenues and other financing sources recognized by the General Fund were approximately $24.391 billion. This amount was $1.051 billion, or 4.1%, lower than budget. As discussed below, most of this variance was concentrated in the areas of intergovernmental revenues, charges for services, and "other sources and transfers in."

- Actual intergovernmental revenues were $469 million lower than the amount budgeted. Approximately $358 million of intergovernmental revenues were associated with social services and child and family programs, where reimbursable costs were lower than anticipated due to delays in hiring and promoting staff, reduced contractual spending for services and child care provider payments, and delays in implementing new systems. Budgeted intergovernmental revenues of $178 million were not realized for various capital improvements and disaster recovery programs, as these initiatives were not completed prior to year-end. Mental and public health programs accounted for approximately $158 million, which experienced lower than anticipated reimbursable costs and correspondingly lower than expected revenues not associated with the pandemic. This was offset by higher revenue from the ambulatory care network and sheriff's department. The ambulatory care network services increased by $132 million primarily from the Quality Incentive Program and Provider Relief Fund revenues. As previously discussed, the public safety augmentation sales tax revenues were higher by $92 million for the Sheriff's department. The were net increases of $1 million from a variety of programs.

- Actual charges for services were $389 million lower than the amount budgeted. The decrease was primarily attributable to $327 million and $135 million of costs associated with ambulatory care network and public health programs, respectively, which experienced lower than anticipated reimbursable costs for charges for services due to the shift of resources to respond to the COVID-19 pandemic. This was offset by higher revenue from the Sheriff's department and the non-department central revenue budget. The Sheriff's department experienced an increase in revenues for housing justice-involved individuals awaiting transfer to the California Department of Corrections and Rehabilitation due to the COVID-19 pandemic by $45 million. Approximately $22 million were higher for reimbursements to recovery the County's central services costs from the County hospitals and contract cities. There were net increases of $6 million from a variety of other programs.

- The actual amount of "other sources and transfers in" was $371 million lower than the amount budgeted. Of this amount, mental health programs funded by the Mental Health Services Act Special Revenue Fund did not fully materialize at the budgeted level and "transfers in" were $217 million lower than budgeted. In addition, "transfers in" totaling $70 million were assumed in the budget for capital improvements and extraordinary building maintenance projects, which did not incur expected costs. Costs associated with Probation, Sheriff, and Consumer Protection departmental programs funded by the Other Public Protection Special Revenue Funds were $47 million less than budgeted. The "transfers in" for the housing for health program, funded by the Homeless and Housing Measure H nonmajor special revenue fund, were $11 million less than

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

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

Budgetary Summary - Expenditures/Other Financing Uses

Following is a summary of current year budgetary changes and actual results (on the County's budgetary basis) for General Fund expenditures, transfers out, and changes in fund balance components (in thousands):

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

Changes from Amounts Originally Budgeted

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

- Public assistance appropriations were increased by $362 million. The increase in appropriation was primarily to support the County's Coronavirus Relief Fund Spending Plan, which included an increase of $187 million to provide rent relief and small businesses negatively impacted by COVID-19, $119 million to provide food and nutrition to the seniors and individuals who have food insecurities and Small Business Assistance programs, and $23 million to provide supportive housing through "Project Room Key" for homeless individuals and families. In addition, there was an increase in appropriation of $34 million to provide social services to support the "Project Room Key" clients. There were net decreases of $1 million for other public assistance programs.

- Public protection appropriations were increased by $220 million. Law enforcement appropriations were increased by $219 million which was funded by provisional financing uses and other revenues for the Sheriff's department operations costs which includes increases in salaries and employee benefits, services and supplies, legal settlements, and costs for the operation of body scanners. The Consumer and Business Affairs appropriation increased by $17 million for COVID-19 grant programs to small businesses and community-based organizations providing reentry and diversion services and to expand the Los Angeles County Eviction Defense Program. Probation appropriations were increased by $8 million to help provide mental heath, custodial, and security services, various alternations and improvements at the probation camps, and COVID-19 related expenditures. This was offset by a reduction in appropriation for the unspent Tobacco Settlement funds in the federal and State disaster budget by $35 million. There were net increases of $11 million for other public protection programs.

Changes from Amounts Originally Budgeted-Continued

- Appropriations for "transfers out" were increased by $351 million. The increase was primarily attributable to augmenting the amount of fund transfers from the General Fund to the various Hospital Enterprise Funds by $356 million. The remaining variance of $5 million was from transfers out to various other funds.

- General government appropriations decreased by $233 million. The decrease was largely attributable to appropriations not associated with specific County departments. Provisional appropriations decreased by $298 million and were transferred to fund the Sheriff's department operation costs, "Project Room Key" homeless and housing programs, and community programs. In addition, $33 million shifted funds for extraordinary maintenance to capital projects, and there was an appropriation increase of $64 million to support the Small Business Recovery Programs, Food Nutrition programs, and distance learning due to the COVID-19 pandemic. In addition, an appropriation increase of $28 million for the Registrar-Recorder associated with the 2020 Presidential and special elections during the current year. There were net increases of $6 million for other general governmental programs.

Actual Expenditures/Other Financing Uses Compared with Final Budget Amount

Actual expenditures/other financing uses for the current year were $3.489 billion (12.6%) lower than the final total budget of $27.639 billion. There were budgetary savings in all functional expenditure categories. Following are the functional areas that recognized the largest variations from the final budget:

- The category referred to as "all other expenditures" reflected actual spending of $1.016 billion less than the budgeted amount. Of this variance, $998 million was in the capital outlay category and was related to numerous capital improvements anticipated in the budget that remained in the planning and development stages and did not incur expenditures during the year. Most of the unused balance has been re-established in the following year's budget to ensure the continuity of the projects, many of which are multi-year in nature.

- The general government function reported actual expenditures that were $849 million less than the amount budgeted. Of this amount, $456 million represented budgetary savings for items that are not associated with specific County departments, such as provisional appropriations and central non-departmental appropriations. Salaries and employee benefits savings of $181 million were due to the hiring freeze and vacancies. The Board of Supervisors had budgetary savings of $109 million to be spent in future years for various community projects. The County Counsel and Judgments and Damages budget units had budgetary savings of $56 million due to lower than anticipated attorney and legal settlements costs. The Chief Executive Office had budgetary savings of $18 million due to lower than anticipated COVID-19 related program costs. The Assessor's Office had a budgetary savings of $17 million associated with delays in the Assessor Modernization Project. The remaining net increase of $12 million was spread across the general government departments and was mostly related to savings in the areas of services and supplies.

- Actual public assistance expenditures were $673 million lower than the final budget. Social services, children and family, and workforce development, aging, and community programs were lower than budgeted by $297 million, $189 million, and $28 million, respectively. Administrative cost savings in these areas were due to lower than anticipated costs for professional, contracted, and information technology services, and the budgetary spending freeze. There were also direct program savings associated with lower than anticipated caseloads. In addition, there were salaries and employee benefits savings of $72 million due to the hiring freeze, hiring delays and

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

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

- Actual public protection expenditures were $256 million less than the budgeted amount. Salaries and employee benefits savings of $131 million were due to the hiring freeze and vacancies. The Sheriff and Probation departments had budgetary savings of $41 million due to the budgetary freeze in purchasing non-essential expenditures. The Diversion and Reentry budget unit had a budgetary savings of $30 million for programs not fully implemented and will be utilized next year for housing support. The federal and State Disaster budget unit had budgetary savings of $22 million to be spent on COVID-19 pandemic projects, which were carried over to the following fiscal year. Trial Court operations had a budgetary savings of $15 million due to the closure of their court facilities due to COVID-19 pandemic and lower than anticipated indigent defense aid cases. The remaining variance of $17 million was related to other public protection programs.

- Overall expenditures for the health and sanitation category were $560 million less than the budgeted amount. Specifically, the budgetary savings were from the mental health, ambulatory care network, and public health programs of $215 million, $184 million, and $153 million, respectively, due to lower than anticipated costs for professional, contracted, and information technology services, and the budgetary spending freeze. There was also $86 million from salaries and employee benefits savings from the hiring freeze, hiring delays, and vacancies. This was offset with $71 million in the health service administration budget for services provided to other County General Fund departments. The remaining variance of $7 million was due to higher than expected services and supplies and contracted costs related to other health and sanitation programs.

Capital Assets

The County's capital assets for its governmental and business-type activities as of June 30, 2021, were $20.723 billion (net of depreciation). Capital assets include land, easements, buildings and improvements, equipment, software, and infrastructure. The major infrastructure network elements are roads, sewers, water, flood control, and aviation. Specific capital asset changes during the current year are presented in Note 5 to the basic financial statements.

The total increase in the County's capital assets (net of depreciation) for the current fiscal year was $733 million as shown in the following table.

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

	Current Year	Prior Year	Increase (Decrease)
Land and easements	$ 7,700,595	$ 7,649,058	$ 51,537
Buildings and improvements	5,689,879	5,724,949	(35,070)
Infrastructure	4,123,744	4,201,735	(77,991)
Equipment	643,373	638,867	4,506
Software	224,488	271,428	(46,940)
Capital assets, in progress	2,340,535	1,503,910	836,625
Total	$ 20,722,614	$ 19,989,947	$ 732,667

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

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

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

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

Debt Administration

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

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

- New debt of $427 million (including bond premium proceeds) was issued to finance the construction of the Los Angeles County Museum of Art Building Project.

- Lease Revenue Obligation Notes (LRON) of $504 million were issued for governmental and business-type activities in the amounts of $297 million and $207 million, respectively. For governmental activities, debt was issued to finance renovations for a behavioral health center, social services and probation buildings, beach and park facilities, libraries, residential treatment centers, and various general government buildings. For business-type activities, debt was issued to finance hospital improvements.

- New debt of $23 million was issued to finance the acquisition of equipment for governmental activities. Equipment debt totaling $50 million was redeemed during the year in accordance with maturity schedules.

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

Bond Ratings

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

	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+

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

Economic Conditions and Outlook

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

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

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

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

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

Obtaining Additional Information

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

BASIC FINANCIAL STATEMENTS

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

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

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

COUNTY OF LOS ANGELES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021 (in thousands)

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

GENERAL REVENUES:
Taxes:
Property taxes
Utility users taxes
Voter approved taxes
Documentary transfer taxes
Other taxes
Sales and use taxes, levied by the State
Grants and contributions not restricted to special programs
Investment loss
Miscellaneous
TRANSFERS - NET
Total general revenues and transfers
CHANGE IN NET POSITION
NET POSITION (DEFICIT), JULY 1, 2020
NET POSITION (DEFICIT), JUNE 30, 2021

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

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

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

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

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

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

COUNTY OF LOS ANGELES
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021 (in thousands)

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

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

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

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

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

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

COUNTY OF LOS ANGELES
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021 (in thousands)

Net change in fund balances - total governmental funds (page 33)		$ 1,032,780
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Expenditures for general capital assets, infrastructure and other related capital asset adjustments	$ 1,136,003	
Less - current year depreciation expense	(431,578)	704,425
In the statement of activities, only the gain or loss on the disposal and impairment of capital assets is reported, whereas in the governmental funds, the proceeds from the sale are reported as an increase in financial resources. Thus, the change in net position differs from the change in fund balance.		(13,756)
Contribution of capital assets is not recognized in the governmental funds.		9,950
Amortization of losses on refunding of debt are reported as changes to deferred outflows of resources in governmental activities, but not reported for governmental funds.		(1,580)
Changes in unavailable revenues are reported as changes in deferred inflows of resources for governmental funds, but were recognized when earned for governmental activities.		106,756
Timing differences result in more or less revenues and expenses in the statement of activities.		
Change in accrued interest on long-term receivables	$ (51)	
Change in unamortized premiums	3,281	3,230
Issuance of long-term debt provides resources in the governmental funds, but increases long-term liabilities in the statement of net position.		(745,565)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
Certificates of participation and bonds	$ 56,853	
Notes, loans, and lease revenue obligation notes	224,818	
Other long-term notes, loans and capital leases	14,679	296,350
Some expenses reported in the accompanying statement of activities do not require (or provide) the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Change in workers' compensation	$ (160,152)	
Change in litigation and self-insurance	330,701	
Change in pollution remediation obligation	10,486	
Change in accrued compensated absences	(192,764)	
Change in net pension liability, net of related deferred outflows of resources and deferred inflows of resources	(931,727)	
Change in net OPEB liability, net of related deferred outflows of resources and deferred inflows of resources	(925,952)	
Change in third party payor liability	(62,677)	
Change in accrued interest payable	4,634	
Change in accretion of bonds and notes	7,820	
Change in accretion of tobacco settlement bonds	(4,421)	
Transfer of capital assets between governmental fund and enterprise fund	(529)	(1,924,581)
The portion of internal service funds that is reported with governmental activities.		(89,828)
Change in net position of governmental activities (page 27)		$ (621,819)

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021 (in thousands)

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

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
FIRE PROTECTION DISTRICT
FOR THE YEAR ENDED JUNE 30, 2021 (in thousands)

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

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
FLOOD CONTROL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2021 (in thousands)

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

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
LA COUNTY LIBRARY
FOR THE YEAR ENDED JUNE 30, 2021 (in thousands)

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

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
REGIONAL PARK AND OPEN SPACE DISTRICT
FOR THE YEAR ENDED JUNE 30, 2021 (in thousands)

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

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
MENTAL HEALTH SERVICES ACT
FOR THE YEAR ENDED JUNE 30, 2021 (in thousands)

	MENTAL HEALTH SERVICES ACT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Revenue from use of money and property-				
Investment income	$ 16,411	16,411	6,430	(9,981)
Intergovernmental revenues-				
State	610,422	610,422	781,748	171,326
TOTAL REVENUES	626,833	626,833	788,178	161,345
EXPENDITURES				
Current-Health and sanitation-				
Services and supplies	860	860		860
TOTAL EXPENDITURES	860	860		860
EXCESS OF REVENUES OVER EXPENDITURES	625,973	625,973	788,178	162,205
OTHER FINANCING USES				
Transfers out	(778,622)	(778,651)	(562,600)	216,051
Appropriations for contingencies	(22,640)	(22,640)		22,640
Changes in fund balance	(85,491)	(85,462)	(85,463)	(1)
TOTAL OTHER FINANCING USES	(886,753)	(886,753)	(648,063)	238,690
NET CHANGE IN FUND BALANCE	(260,780)	(260,780)	140,115	400,895
FUND BALANCE, JULY 1, 2020 (Note 15)	260,780	260,780	260,780	
FUND BALANCE, JUNE 30, 2021 (Note 15)	$		400,895	400,895

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

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

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

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Waterworks	Nonmajor Aviation	Total	Internal Service Funds	
				ASSETS
				Current assets:
				Pooled cash and investments: (Notes 1 and 4)
$ 121,072	11,456	$ 796,182	$ 63,351	Operating
2,683	170	195,035	9,554	Other
123,755	11,626	991,217	72,905	Total pooled cash and investments
797		797		Taxes receivable
17,270	1,470	1,761,506		Accounts receivable - net (Note 13)
112	10	560	57	Interest receivable
	1	49,389	8,653	Other receivables
2,928	28	634,543	114,864	Due from other funds (Note 14)
1,553		1,553		Advances to other funds (Note 14)
		39,768	8,863	Inventories
146,415	13,135	3,479,333	205,342	Total current assets
				Noncurrent assets:
		103,659	6,357	Restricted assets (Note 4)
		48,854		Other receivables (Note 13)
				Capital assets: (Notes 1, 5 and 9)
12,318	134,692	166,986		Land and easements
119,091	42,227	2,859,326		Buildings and improvements
2,572	1,634	436,417	291,105	Equipment
1,322		58,922		Intangible - software
1,223,499	82,492	1,305,991		Infrastructure
43,031	14,246	279,215		Construction in progress
(752,979)	(76,491)	(1,988,158)	(164,329)	Less accumulated depreciation
648,854	198,800	3,118,699	126,776	Total capital assets - net
648,854	198,800	3,271,212	133,133	Total noncurrent assets
795,269	211,935	6,750,545	338,475	TOTAL ASSETS
		2,103,974	549,533	DEFERRED OUTFLOWS OF RESOURCES (Note 19)
				LIABILITIES
				Current liabilities:
3,988	3	411,185	6,445	Accounts payable
		105,949	23,170	Accrued payroll
	53	11,775	2,498	Other payables
	17	18,428	53	Accrued interest payable
6,053	1,061	326,570	58,681	Due to other funds (Note 14)
		14,956	22,000	Advances from other funds (Note 14)
25	55	163,039	528	Advances payable
3,204	110	532,833	26,247	Current portion of long-term liabilities (Note 10)
13,270	1,299	1,584,735	139,622	Total current liabilities
				Noncurrent liabilities:
		255,651	74,415	Accrued compensated absences (Note 10)
5,934	1,293	919,440	245	Bonds and notes payable net of premiums for bonds payable (Note 10)
		11		Capital lease obligations (Notes 9 and 10)
		344,504	54,374	Workers' compensation (Notes 10 and 17)
		13,876		Litigation and self-insurance (Notes 10 and 17)
		2,394,406	584,120	Net pension liability (Notes 7 and 10)
		4,506,862	1,093,017	Net OPEB liability (Notes 8 and 10)
		395,651		Third party payor (Notes 10 and 13)
5,934	1,293	8,830,401	1,806,171	Total noncurrent liabilities
19,204	2,592	10,415,136	1,945,793	TOTAL LIABILITIES
		1,137,747	164,097	DEFERRED INFLOWS OF RESOURCES (Note 19)
				NET POSITION
642,717	197,397	2,071,584	119,783	Net investment in capital assets
				Restricted-
		61,341	5,082	Debt service
133,348	11,946	(4,831,289)	(1,346,747)	Unrestricted (deficit)
$ 776,065	209,343	(2,698,364)	$ (1,221,882)	TOTAL NET POSITION (DEFICIT) (Note 3)
		4,585		Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
		$ (2,693,779)		NET POSITION (DEFICIT) OF BUSINESS-TYPE ACTIVITIES (PAGE 25)

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021 (in thousands)

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

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Waterworks	Nonmajor Aviation	Total	Internal Service Funds	
				OPERATING REVENUES:
$		$ 3,327,525	$	Net patient service revenues (Note 13)
	4,223	4,223	19,934	Rentals
97,332	286	97,618	668,626	Charges for services
299		244,428		Other (Note 13)
97,631	4,509	3,673,794	688,560	TOTAL OPERATING REVENUES
				OPERATING EXPENSES:
		2,766,480	631,782	Salaries and employee benefits
84,455	3,277	743,176	48,532	Services and supplies
2,529	257	939,349	66,451	Other professional services
23,823	2,618	109,197	33,518	Depreciation and amortization (Note 5)
		2,576		Medical malpractice
		1,087		Rent
110,807	6,152	4,561,865	780,283	TOTAL OPERATING EXPENSES
(13,176)	(1,643)	(888,071)	(91,723)	OPERATING LOSS
				NONOPERATING REVENUES (EXPENSES):
7,367		7,367		Taxes
(338)	(38)	(1,090)	(545)	Investment income (loss)
		(737)	456	Gain (loss) on disposal of property
(148)	(43)	(54,137)	(55)	Interest expense
		(532,391)		Intergovernmental transfers expense (Note 13)
				Intergovernmental revenues:
457		457		State
1,047	177	121,523		Federal
717		717		Other
9,102	96	(458,291)	(144)	TOTAL NONOPERATING REVENUES (EXPENSES)
(4,074)	(1,547)	(1,346,362)	(91,867)	LOSS BEFORE CONTRIBUTIONS AND TRANSFERS
169	15,298	15,996		Capital contributions
		1,483,372	3,267	Transfers in (Note 14)
(10)	(73)	(14,150)		Transfers out (Note 14)
(3,915)	13,678	138,856	(88,600)	CHANGE IN NET POSITION
779,980	195,665		(1,133,282)	NET POSITION (DEFICIT), JULY 1, 2020
$ 776,065	209,343		$ (1,221,882)	NET POSITION (DEFICIT), JUNE 30, 2021
		1,228		Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds
		$ 140,084		CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES (PAGE 27)

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

	BUSINESS-TYPE ACTIVITIES -			
	Harbor-UCLA Medical Center	Olive View-UCLA Medical Center	LAC+USC Medical Center	Rancho Los Amigos National Rehab Center
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from patient services	$ 1,241,692	630,402	1,818,413	387,781
Rentals received				
Rentals received from other funds				
Cash received from charges for services				
Other operating revenues	99,674	32,138	103,447	8,870
Cash received for services provided to other funds	21,222	21,190	31,309	442
Cash paid for salaries and employee benefits	(789,027)	(429,072)	(1,037,581)	(205,564)
Cash (paid) returned for services and supplies	(68,576)	46,908	(145,570)	(21,385)
Other operating expense	(278,493)	(159,106)	(456,824)	(62,829)
Cash paid for services from other funds	(147,092)	(93,448)	(30,210)	(34,442)
Net cash provided by operating activities	79,400	49,012	282,984	72,873
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash advances received from other funds	143,855	52,604	250,154	131,872
Cash advances paid to other funds	(143,855)	(52,604)	(249,344)	(191,802)
Interest paid on advances				(26)
Intergovernmental transfers	(123,177)	(140,176)	(187,991)	(81,047)
Intergovernmental receipts	48,422	24,457	38,879	8,541
Transfers in	165,801	153,588	113,890	234,683
Transfers out	(528)	(792)	(5,828)	(6,919)
Net cash provided by (required for) noncapital financing activities	90,518	37,077	(40,240)	95,302
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from taxes				
Capital contributions				
Proceeds from bonds and notes	97,899	15,456	15,447	78,141
Interest paid on capital borrowing	(34,001)	(9,959)	(9)	(11,818)
Principal payments on bonds and notes	(84,005)	(4,936)		(32,627)
Principal payments on capital leases	(18)	(31)		
Acquisition and construction of capital assets	(32,850)	(21,956)	(21,299)	(41,914)
Net cash provided by (required for) capital and related financing activities	(52,975)	(21,426)	(5,861)	(8,218)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income (loss)	53	59	(406)	(731)
Net increase (decrease) in cash and cash equivalents	116,996	64,722	236,477	159,226
Cash and cash equivalents, July 1, 2020	137,200	69,646	156,325	18,903
Cash and cash equivalents, June 30, 2021	$ 254,196	134,368	392,802	178,129

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

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

Continued…

FOR THE YEAR ENDED JUNE 30, 2021 (in thousands)

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

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

	ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
	Waterworks	Nonmajor Aviation	Total	Internal Service Funds
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating loss	$ (13,176)	(1,643)	$ (888,071)	$ (91,723)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation and amortization	23,823	2,618	109,197	33,518
(Increase) decrease in:				
Accounts receivable - net	(1,696)	5,533	578,485	
Other receivables		103	17,533	6,353
Due from other funds	1,219	303	50,562	8,327
Inventories			15,038	412
Increase (decrease) in:				
Accounts payable	(1,595)	(4,059)	(162,613)	(3,549)
Accrued payroll			4,632	726
Other payables		(100)	(15)	67
Accrued compensated absences			29,246	10,878
Due to other funds	(495)	(351)	302,704	1,338
Advances payable			7,804	
Workers' compensation			10,288	2,012
Litigation and self-insurance	500		(16,525)	
Net pension liability and related changes in deferred outflows and inflows of resources			149,449	39,796
Net OPEB liability and related changes in deferred outflows and inflows of resources			110,801	44,180
Third party payor			176,738	
TOTAL ADJUSTMENTS	21,756	4,047	1,383,324	144,058
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 8,580	2,404	$ 495,253	$ 52,335
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
Contributions of capital assets	$ 169		$ 698	$
Gain (loss) on disposal of capital assets			(737)	456
TOTAL	$ 169		$ (39)	$ 456
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:				
Pooled cash and investments	$ 123,755	11,626	$ 991,217	$ 72,905
Restricted assets			103,659	6,357
TOTAL	$ 123,755	11,626	$ 1,094,876	$ 79,262

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

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

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

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

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

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

COUNTY OF LOS ANGELES
STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2021 (in thousands)

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

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

COUNTY OF LOS ANGELES
STATEMENT OF ACTIVITIES
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2021 (in thousands)

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

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
- Flood Control District
- Garbage Disposal Districts
- Improvement Districts
- Regional Park and Open Space District
- Sewer Maintenance Districts
- Street Lighting Districts
- Waterworks Districts
- Los Angeles County Capital Asset Leasing Corporation (a Not-for-Profit Corporation) (NPC)
- Various Joint Powers Authorities (JPAs)
- Los Angeles County Securitization Corporation (LACSC)
- Los Angeles County Facilities Inc. (LACF)

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

When both the restricted and unrestricted components of net position are available, restricted resources are used first and then unrestricted resources are used to the extent necessary.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements

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

In accordance with GAAP, the County reports on each major fund. By definition, the general fund is always considered a major fund. Funds other than the general fund must be reported as major funds if they meet both the ten percent and five percent criterion, defined respectively, 1) an individual fund reports at least ten percent of any of the following: a) total fund assets and deferred outflows of resources, b) total fund liabilities and deferred inflows of resources, c) total fund revenues, or d) total fund expenditures/expenses; 2) an individual fund reports at least 5% of the aggregated total for both governmental funds and enterprise funds of any one of the items for which it met the ten percent criterion. In addition, a fund may be reported as major if it is believed to be of particular importance to financial statement users.

The County reports the following major governmental funds:

General Fund

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

Fire Protection District Fund

The Fire Protection District Fund is used to account for fire prevention and suppression, rescue service, management of hazardous materials incidents, ocean lifeguard services, and acquisition and maintenance of the Fire Protection District property and equipment. Funding comes primarily from the Fire Protection District's statutory share of the Countywide tax levy, voter-approved taxes and charges for services.

Flood Control District Fund

The Flood Control District Fund provides flood protection services that incorporate an integrated water resource management approach in providing flood protection; increases local water availability through conservation efforts; increases stormwater capture and reduces stormwater and urban runoff pollution; and provides passive recreational opportunities. The primary sources of revenue for the Flood Control District are property taxes and benefit assessments (charges for services).

LA County Library Fund

The LA County Library Fund is used to account for free library services to the unincorporated areas of the County and to cities that contract for these services. Funding comes primarily from the Library's statutory share of the Countywide tax levy and voter-approved taxes.

Regional Park and Open Space District Fund

The Regional Park and Open Space District Fund is used to account for the programs designed to preserve beaches, parks, and wild lands, to acquire and renovate new and existing recreational facilities, and to restore rivers, streams, and trails in the County. Funding comes primarily from voter-approved special taxes.

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 (ISFs) are used to account for the financing of services provided by a department or agency to other departments or agencies on a cost-reimbursement basis. The County's principal Internal Service Fund is used to account for the cost of services provided by the Department of Public Works to various other County funds and agencies.

Fiduciary Fund Types

Pension and Other Postemployment Benefit Trust Funds

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

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

Investment Trust Fund

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

Custodial Funds

External Investment Pools Funds

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

Other Custodial Funds

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Basis of Accounting

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers revenues to be available if collectible within one year after year-end, except for property taxes, which are considered available to the extent that they are collectible within 60 days after year-end. When property taxes are measurable but not available, the collectible portion (taxes levied less estimated uncollectibles) is recorded as deferred inflows of resources in the period when an enforceable legal claim to the assets arises. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims (including workers' compensation) and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and capital lease obligations are reported as other financing sources.

For the governmental funds financial statements, revenues are recorded when they are susceptible to accrual. Specifically, ad valorem property taxes (except for redevelopment agency dissolution), sales taxes, investment income (loss), charges for services, and other miscellaneous revenue are all considered to be susceptible to accrual and have been recognized as revenue in the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met and are recorded at the time of receipt or earlier, if the susceptible to accrual criteria are met. When all eligibility requirements are met, except for the timing requirements, a deferred inflow of resources is reported until the time requirements have passed. All other revenues are not considered susceptible to accrual and are recognized when received, including property tax revenues derived from redevelopment agency dissolution.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's four Hospital Enterprise Funds (Hospitals) are from patient services. The principal operating revenues for the Waterworks Enterprise Funds are from charges for services. The principal operating revenues for the Nonmajor Aviation Enterprise Funds and Internal Service Funds are charges for services and rental revenues. Operating expenses for all Enterprise Funds and the Internal Service Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. Medical malpractice expenses, which are self-insured, are classified

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Basis of Accounting-Continued

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

Budgetary Data

In accordance with the provisions of Sections 29000-29144 of the Government Code of the State of California (Government Code), commonly known as the County Budget Act, the County prepares and adopts a budget on or before October 2 for each fiscal year. Budgets are adopted for the major governmental funds and certain nonmajor governmental funds on a basis of accounting that is different from GAAP. Annual budgets were not adopted for the JPAs, Public Buildings and the LACSC debt service funds, the capital project funds and the permanent funds.

The County budget is organized by budget unit and by expenditure object. Budget units are established at the discretion of the Board. Within the General Fund (with certain exceptions), budget units are generally defined as individual departments. For other funds, each individual fund constitutes a budget unit. Expenditures are controlled at the object level for all budget units within the County, except for capital asset expenditures, which are controlled at the sub-object level. The total budget exceeds $40.920 billion and is currently controlled through the use of approximately 500 separate budget units. There were no excesses of expenditures over the related appropriations within any fund for the year ended June 30, 2021. The County prepares a separate budgetary document, the County Budget, which demonstrates legal compliance with budgetary control. This document is made available to the public on the County's website at https://ceo.lacounty.gov/budget, or can be obtained from the Auditor-Controller's office.

Transfers of appropriations between budget units must be approved by the Board. Supplemental appropriations financed by unanticipated revenue during the year must also be approved by the Board. Transfers of appropriations between objects of expenditure within the same budget unit must be approved by the Board or the Chief Executive Office, depending upon the amount transferred. The original and final budget amounts are reported in the accompanying basic financial statements. Any excess of budgetary expenditures and other financing uses over revenues and other financing sources is financed by beginning available fund balances as provided for in the County Budget Act.

Note 15 describes the differences between the budgetary basis of accounting and GAAP. A reconciling schedule is also presented for the major governmental funds.

Property Taxes

All jurisdictions within California derive their taxing authority from the State Constitution and various legislative provisions contained in the Government Code and Revenue and Taxation Code. Property is assessed at 100% of full cash or market value (with some exceptions) pursuant to Article XIIIA of the California State Constitution and statutory provisions by the County Assessor and State Board of Equalization. The total Fiscal Year (FY) 2020-2021 assessed valuation of the County approximated $1.724 trillion.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Property Taxes-Continued

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

The County is divided into 12,790 tax rate areas, which are unique combinations of various jurisdictions servicing a specific geographic area. The rates levied within each tax rate area vary only in relation to levies assessed as a result of voter-approved taxes or indebtedness.

Property taxes are levied on both real and personal property. Secured property taxes are levied during September of each year. They become a lien on real property on January 1 preceding the fiscal year for which taxes are levied. These tax payments can be made in two equal installments; the first is due November 1 and delinquent with penalties after December 10; the second is due February 1 and delinquent with penalties after April 10. Secured property taxes, which are delinquent and unpaid as of June 30, are declared to be tax defaulted and are subject to redemption penalties, costs, and interest when paid. If the delinquent taxes are not paid at the end of 5 years, the property may be sold at public auction. The proceeds are used to pay the delinquent amounts due, and any excess is remitted, if claimed, to the taxpayer. Additional tax liens are created when there is a change in ownership of property or upon completion of new construction. Tax bills for these new tax liens are issued throughout the fiscal year and contain various payment and delinquent dates but are generally due within one year. If the new tax liens are lower, the taxpayer receives a tax refund rather than a tax bill. Unsecured personal property taxes are not a lien against real property. These taxes are due on August 1 and become delinquent, if unpaid, on August 31.

Property owners affected by the Coronavirus Disease 2019 (COVID-19) pandemic may have late payment penalties cancelled if they were unable to pay their FY 2020-2021 property taxes by the deadline. The California Revenue and Taxation Code (R&TC) grants the Treasurer and Tax Collector the authority to cancel payment penalties in limited circumstances. The Treasurer and Tax Collector has been accepting requests for a property tax penalty cancellation related to COVID-19.

Legislation Dissolving Redevelopment Agencies and Affect on Property Taxes

State Assembly Bill (AB) x1 26, also referred to as the “Redevelopment Dissolution Act” was approved in 2011. Under AB x1 26, property tax revenues are allocated to pay enforceable legal obligations, pass-through payments and eligible administrative costs. Any remaining property tax revenues, otherwise known as “residual taxes,” are distributed as property tax revenue to the appropriate local government agencies, including the County. In FY 2018-2019, 5 Oversight Boards were established in the County per Senate Bill 107. The Oversight Boards are required to evaluate and approve the successor agencies’ remaining enforceable legal obligations. The County Auditor-Controller is responsible for disbursing property tax increment revenues in accordance with provisions of AB x1 26 and applicable amendments. For the year ended June 30, 2021, the County’s share of residual property tax revenues was $423.74 million, of which $352.41 million was recognized in the County’s General Fund.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Deposits and Investments

Deposits and investments as discussed in Note 4 are reflected in the following asset accounts:

Pooled Cash and Investments

As provided for by the Government Code, the cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing interest earnings through investment activities. Interest earned on pooled investments is deposited to participating funds based upon each fund's average daily deposit balance during the allocation period. Each respective fund's share of the total pooled cash and investments is included among asset balances under the caption "Pooled Cash and Investments."

Pooled Cash and Investments are identified within the following categories for all County operating funds:

Operating Pooled Cash and Investments

This account represents amounts reflected in the County's day-to-day financial records. Such amounts are utilized to determine the availability of cash for purposes of disbursing and borrowing funds.

Other Pooled Cash and Investments

This account represents amounts identified in various funds as of June 30, 2021, that were owed to or were more appropriately classified in County operating funds. Accordingly, certain cash balances have been reclassified from the custodial funds.

Other Investments

This account represents Pension and OPEB Trust Fund investments, various JPAs, NPCs and Public Buildings (bond financed capital assets), and amounts on deposit with the County Treasurer, which are invested separately as provided by the Government Code or by specific instructions from the depositing entities.

Restricted Assets

Enterprise Funds' restricted assets represent cash and investments of certain JPAs and Public Buildings projects restricted in accordance with the provisions of the certificates of participation issued. The Internal Service Funds' restricted assets represent cash and investments restricted for debt service in accordance with the provisions of the LACCAL bond indenture. All of the above noted assets are included in the various disclosures in Note 4. These restricted assets are presented as noncurrent assets and are generally associated with long-term bonds and certificates of participation payable.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Inventories

Inventories, which consist of materials and supplies held for consumption, are valued at cost using the first in/first out basis. The inventory costs of the governmental funds are accounted for as expenditures when the inventory items are purchased. Reported inventories are categorized as nonspendable fund balance as required by GASB 54, "Fund Balance Reporting and Governmental Fund Type Definitions" (GASB 54) because these amounts are not available for appropriation and expenditure.

Capital Assets

Capital assets, which include land and easements, buildings and improvements, equipment, and intangible and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets are divided into the five following networks: road, water, sewer, flood control and aviation. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. Certain buildings and equipment are being leased under capital leases as defined in GASB 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." The present value of the minimum lease obligation has been capitalized in the statement of net position and is also reflected as a liability in that statement.

Capital outlay is recorded as expenditures in the governmental fund financial statements and as assets in the government-wide financial statements to the extent the County's capitalization threshold is met. GASB 89, "Accounting for Interest Cost Incurred before the End of a Construction Period," changed the accounting for interest cost incurred before the end of a construction period for business-type activities and enterprise funds. It requires that such interest cost be recognized as an expense in the period in which the cost is incurred. Accordingly, such interest costs for business-type activity and enterprise funds are no longer capitalized as part of the historical cost of a capital asset.

The County's capitalization thresholds are $5,000 for equipment, $100,000 for buildings and improvements, $1 million for software intangible assets, $100,000 for non-software intangible assets, and $25,000 for infrastructure assets. Maintenance and repairs are charged to operations when incurred. Betterments and major improvements, which significantly increase values, change capacities, or extend useful lives are capitalized subject to the threshold in the affected asset category. Upon sale or retirement of capital assets, the cost and the related accumulated depreciation or amortization, as applicable, are removed from the respective accounts and any resulting gain or loss is included in the results of operations. Specific disclosures related to capital assets appear in Note 5. Amortization for software and other intangible assets is included in the reporting of depreciation.

Capital assets are depreciated or amortized using the straight-line method over the following estimated useful lives:

Buildings and Improvements	10 to 50 years
Equipment	2 to 35 years
Software	5 to 25 years
Infrastructure	15 to 100 years

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Capital Assets-Continued

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

Deferred Outflows and Inflows of Resources

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

In addition to assets, the financial statements report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditures) until then.

In addition to liabilities, the financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time, except for pension and OPEB related deferred inflows of resources, which will be recognized as a credit to expense.

Specific disclosures of items representing deferred outflows and inflows of resources appear in Note 19.

Advances Payable

The County uses certain funds as clearing accounts for the distribution of financial resources to other County funds. Pursuant to GASB 34, for external financial reporting purposes, the portions of the clearing account balances that pertain to other County funds should be reported as cash of the appropriate funds. The corresponding liability is included in "Advances Payable" because the amounts represent unearned revenue. The unspent balance of certain COVID-19 related financial assistance payments are recognized as Advances Payable due to the uncertainty on the revenue recognition. See Note 21 for additional information.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Compensated Absences

Vacation pay benefits accrue to employees ranging from 10 to 25 days per year depending on years of service and the benefit plan. Sick leave benefits accrue at the rate of 10 to 12 days per year for union represented employees depending on years of service. Non-represented employees accrue at a rate of up to eight days of sick leave per year depending on the benefit plan. Employees can also accumulate unused holiday and compensatory time off benefits throughout the year. All benefits are payable upon termination, if unused, within limits and rates as specified in the County Salary Ordinance.

Liabilities for accrued compensated absences are accrued in the government-wide financial statements and in the proprietary funds. For the governmental funds, expenditures are recorded when amounts become due and payable (i.e., when employees terminate from service).

Net Pension Liability and Related Balances

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of LACERA and additions to/deductions from LACERA's fiduciary net position have been determined on the same basis as they are reported by LACERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Reported results pertain to liability and asset information within the following defined timeframes:

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

Net OPEB Liability and Related Balances - Retiree Healthcare

For purposes of measuring the net OPEB liability related to Retiree Healthcare, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of LACERA and additions to/deductions from LACERA's fiduciary net position have been determined on the same basis as they are reported by LACERA. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Reported results pertain to liability and asset information within the following defined timeframes:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Total OPEB Liability and Related Balances - Long-Term Disability

For purposes of measuring the total OPEB liability related to Long-Term Disability (LTD), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by the plan. For this purpose, the LTD plan recognizes benefit payments when due and payable in accordance with the benefit terms. Reported results pertain to liability information within the following defined timeframes:

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

Long-term Debt

In the government-wide and proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized in the period issued.

In the governmental funds financial statements, bond premiums, discounts, and issuance costs are recognized in the period issued. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. Interest is reported as an expenditure in the period in which the related payment is made. The matured portion of long-term debt (i.e., portion that has come due for payment) is reported as a liability in the fund financial statements of the related fund.

Fund Balances

In the fund financial statements, the governmental funds report the classification of fund balance in accordance with GASB 54. The reported fund balances are categorized as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Specific details related to Fund Balances appear in Note 20.

Nonspendable Fund Balance - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and long-term notes receivable.

Restricted Fund Balance - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted only by changing the condition of the constraint.

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

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

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

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

Restatement of Net Position

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

2. NEW ACCOUNTING PRONOUNCEMENTS-Continued

Restatement of Net Position-Continued

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

3. DEFICIT NET POSITION

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

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

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

4. CASH AND INVESTMENTS

Investments in the County's cash and investment pool, other cash and investments, and Pension and OPEB Trust Funds investments, are stated at fair value. Aggregate pooled cash and investments and other cash and investments are as follows at June 30, 2021 (in thousands):

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

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

Cash:	
County	
Imprest Cash	$ 10,692
Cash in Vault	138
Cash in Bank	100,544
Deposits in Transit	14,309
Held by Outside Trustees	666
LACDA	25,068
Total Cash	151,417
Investments:	
In Treasury Pool	39,423,114
In Specific Purpose Investment (SPI)	117,832
In Other Specific Investments	302
Held by Outside Trustees	79,638
In LACERA	76,936,832
In Discretely Presented Component Unit - LACDA	264,326
Total Investments	116,822,044
Total Cash and Investments	$ 116,973,461

Cash and investments are reported as follows:

Governmental Funds	$ 13,137,498
Proprietary Funds	1,174,138
Investment Trust Fund	671,567
Custodial Funds	24,001,353
Pension and OPEB Trust Funds (LACERA)	77,053,424
Discretely presented component units:	
First 5 LA	329,633
LACDA	605,848
Total Cash and Investments	$ 116,973,461

4. CASH AND INVESTMENTS-Continued

County Treasurer Cash

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

Under California Government Code Section 53652, each financial institution in California is required to pledge a pool of securities as collateral against all of its public deposits. California Government Code Section 53651 delineates the types of eligible securities, and the required collateral percentage, generally at 110%. In addition, under California Government Code Section 53653, the Treasurer has discretion to waive security for the portion of any deposits as insured pursuant to federal law. Through contractual agreement, the Treasurer has opted to waive security for the portion of deposits that is federally insured.

The total balance of deposits in financial institutions was covered by federal depository insurance or collateralized with securities monitored by the California Department of Business Oversight (DBO). DBO confirmed that the pools of collateral related to the County Treasurer's deposits were maintained at required levels as of June 30, 2021.

County Investment Pool

California Government Code Sections 53601 and 53635 authorize the Treasurer to invest the External Investment Pool (Pool) and SPI funds in obligations of the United States Treasury, federal agencies, municipalities, asset-backed securities, bankers' acceptances, commercial paper, negotiable certificates of deposit, medium-term notes, corporate notes, repurchase agreements, reverse repurchase agreements, forwards, futures, options, shares of beneficial interest of a Joint Powers Authority (JPA) that invests in authorized securities, shares of beneficial interest issued by diversified management companies known as money market mutual funds (MMF) registered with the Securities and Exchange Commission (SEC), securities lending agreements, the State of California's Local Agency Investment Fund (LAIF), and supranational institutions. California Government Code Section 53534 authorizes the Treasurer to enter into interest rate swap agreements. However, these agreements should only be used in conjunction with the sale of the bonds approved by the Board. As permitted by the California Government Code, the Treasurer developed, and the Board adopted, an Investment Policy that further defines and restricts the limits within which the Treasurer may invest. The investments are managed by the Treasurer, which reports investment activity to the Board on a monthly basis. In addition, the Treasurer's investment activity is subject to an annual investment policy review, compliance oversight, quarterly financial review, and annual financial reporting. The Treasurer also maintains Other Specific Investments, which are invested pursuant to Section 1300.76.1, Title 28, California Code of Regulations. The County has not provided nor obtained any legally binding guarantees during the year ended June 30, 2021, to support the value of shares in the Pool.

The School Districts and the Superior Court are required by legal provisions to participate in the County's investment pool. Forty-eight percent (47.73%) of the Treasurer's Pool consists of these involuntary participants. Voluntary participants in the County's Pool include the Sanitation Districts, Metropolitan Transportation Authority, the South Coast Air Quality Management District and other special districts with independent governing boards. The deposits held for both involuntary and voluntary entities are included in either the Investment Trust Fund or the External Investment Pool (Custodial Fund). Certain SPI have been made by the County as directed by external depositors.

4. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

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

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

Investments in LAIF are governed by the California Government Code and overseen by a five member Local Investment Advisory Board as designated by the California Government Code. As of June 30, 2021, the total amount invested by all California local governments and special districts in LAIF was $37.070 billion. LAIF is part of the State of California's Pooled Money Investment Account (PMIA), which as of June 30, 2021 had a balance of $193.320 billion. The PMIA is not SEC registered, but is required to invest according to the California Government Code. Included in the PMIA's investment portfolio are structured notes and asset-backed securities totaling $4.470 billion at June 30, 2021. Collectively, these represent 2.31% of the PMIA balance of $193.320 billion. The SPI holdings in the LAIF investment pool as of June 30, 2021, were $40.45 million, which were valued using a fair value factor provided by LAIF.

4. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

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

		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	$ 10,007,179	$	$ 10,007,179	$	$
Corporate and Deposit Notes	83,958		83,958		
Los Angeles County Securities	5,000			5,000	
Negotiable Certificates of Deposit	2,600,064		2,600,064		
U.S. Agency Securities	17,553,788		17,553,788		
U.S. Treasury Securities:					
U.S. Treasury Notes	2,609,790		2,609,790		
U.S. Treasury Bills	6,538,803		6,538,803		
Municipals	24,532		24,532		
Total Investments	$ 39,423,114	$	$ 39,418,114	$ 5,000	$
SPI					
Local Agency Investment Fund	$ 40,447	$	$	$	$ 40,447
Los Angeles County Securities	3,351			3,351	
U.S. Agency Securities	74,034		74,034		
Total Investments	$ 117,832	$	$ 74,034	$ 3,351	$ 40,447
Other Specific Investments					
U.S. Treasury Bills	$ 302	$	$ 302	$	$
Total Investments	$ 302	$	$ 302	$	$

4. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

As permitted by the Government Code, the Treasurer developed, and the Board adopted, an Investment Policy that further defines and restricts the limits within which the Treasurer may invest. The table below identifies the investment types that are authorized by the County, along with the related concentration of credit limits:

	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' debts be rated "A" or its equivalent or better.

(4) Euro Certificates of Deposit are further restricted to a maximum maturity of one year and a maximum percentage of portfolio of 10%.

(5) Floating Rate Notes are further restricted to a maximum maturity of 5 years, maximum of 10% of the portfolio, and maximum investment in one issuer of $750 million. The maximum maturity may be 7 years, provided that the Board's authorization to exceed maturities in excess of 5 years is in effect, of which $100 million par value may be greater than 5 years to maturity.

(6) The maximum percentage of the portfolio is based on the investment limit established by LAIF for each account, not by Pool Policy.

(7) The maximum par value is limited to a combined total of reverse repurchase agreements and securities lending agreements of 20% of the base value of the portfolio.

*Represents restriction in which the County's Investment Policy is more restrictive than the California Government Code.

4. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

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

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

The unrealized loss on investments held in the Pool was $222.43 million as of June 30, 2021. This amount takes into account all changes in fair value that occurred during the year. The method used to apportion the unrealized loss was based on a pro-rata share of each funds' cash balance as of June 30, 2021 relative to the County Pool balances. A separate financial report is issued for the Pool for the year ended June 30, 2021 and can be obtained at https://ttc.lacounty.gov/investor-information/.

Specific Purpose Investments and Other Specific Investments

A summary of investments held by the SPI and Other Specific Investments at June 30, 2021 is as follows (dollars in thousands):

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

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

4. CASH AND INVESTMENTS-Continued

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County's Investment Policy limits most investment maturities to less than five years, with the exception of U.S. Treasury Notes, Bills, and Bonds and U.S. Agency Securities, which may have maturities beyond five years. The Treasurer manages the Pool and mitigates exposure to declines in fair value by generally investing in short-term investments with maturities of six months or less and by holding all investments to maturity.

Historically, the Treasurer manages the Pool's exposure to declines in fair value by limiting its weighted average maturity target to a range between 1.0 and 2.0 years, in accordance with the Investment Policy. However, due to the low interest rate environment caused by the COVID-19 pandemic, the weighted average maturity target was increased between 1.0 and 3.0 years on August 12, 2020. For purposes of computing weighted average maturity, the maturity date of variable-rate notes is the stated maturity.

The balance of the Pool's investments at June 30, 2021, is $39.423 billion, of which 56.93% will mature in six months or less. Of the remainder, 36.28% have a maturity of more than one year. At June 30, 2021, the weighted average maturity in years for the Pool was 2.82 years.

The California Government Code and the Investment Policy allow the Treasurer to purchase floating rate notes, that is, any instruments that have a coupon interest rate that is adjusted periodically due to changes in a base or benchmark rate. The Investment Policy limits the amount invested in floating rate notes to 10% of the Pool portfolio. The Investment Policy prohibits the purchase of inverse floating rate notes and hybrid or complex structured investments and for the year ended June 30, 2021, there were none.

At June 30, 2021, the Pool contained floating rate notes at fair value of $5.00 million (0.01% of the Pool). The notes are tied to the six-month U.S. Treasury Bill and Bank of America prime rates. The fair value of variable securities is generally less susceptible to changes in value than fixed rate securities because the variable-rate coupon resets back to the market rate on a periodic basis. There were no variable rate notes in the SPI and Other Specific Investments.

Fair value fluctuates with interest rates, and increasing interest rates could cause fair value to decline below original cost. County management believes the liquidity in the portfolios is adequate to meet cash flow requirements and to preclude the County from having to sell investments below original cost for that purpose.

Custodial Credit Risk

Custodial credit risk for investments is the risk that the Treasurer will not be able to recover the value of investment securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Treasurer and are held by either the counterparty, or the counterparty's trust department or agent but not in the Treasurer's name. At year-end, all Pool, SPI and Other Specific Investment securities, except for the Rancho Palos Verdes Redevelopment Agency Tax Allocation Bond (Bond), Bond Anticipation Notes (BANs) and LAIF, were either held by the Treasurer or by the custodian bank in the name of the Treasurer. The Bond and the BANs were held in the Treasurer's vault and are recorded in the Los Angeles County Securities line item. The LAIF investments were managed by the State of California and the County is considered a pool participant.

4. CASH AND INVESTMENTS-Continued

Credit Risk and Concentration of Credit Risk

Credit risk is the risk that an issuer, or other counterparty to an investment, will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The County mitigates these risks by holding a diversified portfolio of high quality investments.

The Investment Policy establishes acceptable credit ratings for investments from any two of three Nationally Recognized Statistical Rating Organizations (NRSRO). For an issuer of short-term debt, the rating must be no less than A-1 (S&P) or P-1 (Moody's), and F-1 (Fitch) while an issuer of long-term debt shall be rated no less than an "A." All investments purchased during the year ended June 30, 2021 met the credit rating criteria in the Investment Policy, at the issuer level. However, while the NRSROs did rate the issuer of the investments purchased, the NRSROs did not, in all instances, rate the investment itself (e.g., commercial paper, corporate and deposit notes, negotiable certificates of deposit, and U.S. Treasury bills, bonds and notes). Accordingly, for purposes of reporting the credit quality distribution of investments, some investments are reported as not rated.

The Investment Policy also permits investments in LAIF, pursuant to California Government Code Section 16429.1. At June 30, 2021, a portion of the SPI was invested in LAIF, which is unrated as to credit quality.

The Pool and SPI had the following investments in a single issuer that represent 5% or more of total investments at June 30, 2021 (dollars in thousands):

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

4. CASH AND INVESTMENTS-Continued

Credit Risk and Concentration of Credit Risk-Continued

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of each portfolio's fair value at June 30, 2021:

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

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

Reverse Repurchase Agreements

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

4. CASH AND INVESTMENTS-Continued

Reverse Repurchase Agreements-Continued

The County's investment guidelines limit the maximum par value of reverse repurchase agreements to $500.00 million and proceeds from reverse repurchase agreements may only be reinvested in instruments with maturities at or before the maturity of the reverse repurchase agreement. During the fiscal year, the County did not enter into any reverse repurchase agreements.

Securities Lending Transactions

For the year ended June 30, 2021, the Pool did not enter into any securities lending transactions.

Cash and Investments - Held by Outside Trustees

NPC and JPAs have been established for the purpose of rendering assistance to the County to refinance, acquire, construct, improve, lease and sell properties and equipment, including the construction of buildings, and purchase of equipment, land, and any other real or personal property, for the benefit of County residents, through the issuance of bonds, certificates of participation notes (COPs) and commercial paper.

The NPC and JPAs' cash is invested with the outside trustees and the amounts are held in the NPC and JPAs name. Investment practices are governed by the County's investment guidelines, established pursuant to the California Government Code and the County Board's action.

Investments are stated at fair value. Deposits held by outside trustees as of June 30, 2021 were $.67 million. A total of $304.82 million of investments held by outside trustees are invested in the Pool. In addition, the outside trustees invested $79.64 million outside of the Pool.

The following is a summary of deposits and investments held by outside trustees as of June 30, 2021 (dollars in thousands):

	Amortized Cost	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity (Years)
Money Market Mutual Funds	$ 79,638	$ 79,638	0.01% - 0.02%	07/01/21	N/A

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

Other Investments	S&P	Moody's	Fitch	% of Portfolio
Money Market Mutual Funds	Not Rated	Not Rated	Not Rated	100.00%

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio

Narratives and tables presented for the Pension and OPEB Trust funds managed by LACERA are taken directly from LACERA's ACFR for the year ended June 30, 2021 (certain terms have been modified to conform with the County's ACFR presentation). The custodial credit risk, credit risk, concentration of credit risk, interest rate risk, and foreign currency risk related to Pension and OPEB Trust Fund investments are different than the corresponding risk on investments held by the Treasurer. Detailed deposit and investment risk disclosures are included in Note G, Note I and the fair value measurement disclosures are included in Note P of LACERA's ACFR.

Investments

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

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

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

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

Investment Risks

The County Employees Retirement Law of 1937 (CERL) vests the Board of Investments (BOI) with exclusive control over LACERA's investment portfolio. The BOI established Investment Policy Statements and Manager Guidelines for the management of the LACERA defined benefit retirement plan (Pension Plan) and the LACERA Other Post-Employment Benefit Master Trust (OPEB Master Trust or OPEB Trust). BOI members exercise authority and control over the management of LACERA's Fiduciary Net Position Restricted for Benefits by setting a policy that the investment staff executes either internally or through the use of prudent external experts.

Each Investment Policy Statement recognizes that every investment asset class and type is subject to certain risks. Outlined below are the Investment Risks as they relate to fixed income investments.

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Credit Risk

Credit risk is the risk that an issuer or a counterparty to an investment transaction will not fulfill its obligations, causing the investment to decline in value. LACERA seeks to maintain a diversified portfolio of fixed income instruments in order to obtain the highest total return for the Pension and OPEB plans at an acceptable level of risk within this asset class. To control credit risk, credit quality guidelines have been established.

Investment Grade Bonds

Investment Grade bonds are categorized as a component of the Risk Reduction and Mitigation functional asset category and are subdivided into two types of strategies: Core and Core Plus, with target allocation ranges of 80% to 100% for Core and 0% to 20% for Core Plus. Investment guidelines for Core managers require that they invest predominantly in sectors represented in their benchmark index, which consists 100% of bonds rated investment grade. As a result, Core portfolios consist almost 100% of bonds rated investment grade by the major credit rating agencies: Moody’s, S&P, and Fitch. Core Plus managers are afforded some latitude to deviate from the benchmark index in order to generate excess return, so investment grade bonds must comprise at least 70% of Core Plus portfolios.

High Yield Bonds

Dedicated High Yield bond portfolios are categorized in the Credit functional asset category. By definition, high yield bonds are securities rated below investment grade. Therefore, the majority of bonds in the high yield portfolios are rated below investment grade by at least one of the major credit rating agencies: Moody's, S&P, and Fitch.

The credit portfolios allow for the assumption of more credit risk than Investment Grade portfolios by investing in securities that include unrated bonds, bonds rated below investment grade issued by corporations undergoing financial stress or distress, junior tranches of structured securities backed by residential and commercial mortgages, bank loans, illiquid credit, and emerging market debt. LACERA utilizes specific investment guidelines for these portfolios that limit maximum exposure by issuer, industry, and sector, which result in well-diversified portfolios.

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Credit Quality Ratings

The following is a schedule as of June 30, 2021 of the credit quality ratings by Moody's, a nationally recognized statistical rating organization, of investments in fixed income securities. Whole loan mortgages included in the Pension Plan portfolio of $16.35 million are excluded from this presentation.

Credit Quality Ratings of Investments in Fixed Income Securities - Pension Plan
As of June 30, 2021
(dollars in thousands)

Quality Ratings	U.S. Treasuries	U.S. Govt. Agencies	Municipals	Corporate Debt/Credit Securities	Pooled Investment	Non U.S. Fixed Income	Private Placement Fixed Income	Total	Percentage of Portfolio
Aaa	$ 3,301,874	1,195,987	1,480	172,471	4,497,797	2,346	160,507	$ 9,332,462	44.31 %
Aa			4,221	32,962	1,042,542	24,674	20,947	1,125,346	5.34 %
A				386,122	877,203	38,208	47,334	1,348,867	6.40 %
Baa			2,695	585,436	1,079,893	78,426	140,929	1,887,379	8.96 %
Ba				211,026	33,863	47,809	188,558	481,256	2.29 %
B				1,115,369	662	120,190	383,016	1,619,237	7.69 %
Caa				190,817		13,097	216,681	420,595	2.00 %
Ca				7,630		784	6,797	15,211	0.07 %
C				1,132				1,132	0.01 %
Not Rated		1,027		317,497	4,195,662	110,193	205,097	4,829,476	22.93 %
Total Investment in Fixed Income Securities - Pension Plan	$ 3,301,874	1,197,014	8,396	3,020,462	11,727,622	435,727	1,369,866	$21,060,961	100.00 %

Note: Pooled Investments included within the Not Rated Quality Ratings, represents investments in commingled funds.

Credit Quality Ratings of Investments in Fixed Income Securities - OPEB Trust
As of June 30, 2021
(dollars in thousands)

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

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Custodial Credit Risk

LACERA's contract with its custodian, State Street Bank and Trust (Bank), provides that the Bank may hold LACERA's securities registered in the Bank's or its agent's nominee name, in bearer form, book-entry form, with a clearing house corporation, or with a depository, so long as the Bank's records clearly indicate that the securities are held in custody for LACERA's account. The Bank may also hold securities in custody in LACERA's name when required by LACERA. When held in custody by the Bank, the securities are not at risk of loss in the event of the Bank's financial failure, because the securities are not property (assets) of the Bank. Cash invested overnight in the Bank's depository accounts is subject to the risk that in the event of the Bank's failure, LACERA might not recover all or some of those overnight deposits. This risk is mitigated when the overnight deposits are insured or collateralized.

LACERA's policy as incorporated in its current contract with the Bank requires the Bank to certify it has taken all steps to assure all LACERA monies on deposit with the Bank are eligible for and covered by pass-through insurance, in accordance with applicable law and FDIC rules and regulations. The steps taken by the Bank include paying deposit insurance premiums when due, maintaining a prompt corrective action capital category of "well capitalized," and identifying on the Bank's records that it acts as a fiduciary for LACERA with respect to the monies on deposit. In addition, the Bank is required to provide evidence of insurance and to maintain a Financial Institution Bond, which would cover the loss of money and securities with respect to any and all property the Bank or its agents hold in or for LACERA's account, up to the amount of the bond. To implement certain investment strategies, some of LACERA's assets are invested in investment managers' pooled vehicles. The securities in these vehicles may be held by a different custodian other than the Bank.

Counterparty Risk

Counterparty risk for investments is the risk that, in the event of the failure of the counterparty to complete a transaction, LACERA would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. LACERA and its managers seek to minimize risk of loss from its counterparties by diversifying the number of counterparties, periodically reviewing their credit quality and seeking to structure agreements so that collateral is posted on accrued gains if they reach certain size thresholds.

Concentration of Credit Risk

No more than 5.00% of the Investment Grade bond and High Yield bond portfolios may be invested in securities of a single issuer, except: U.S. Treasury securities, government-guaranteed debt (including G-7 countries), agency debt, agency mortgage-backed securities, and approved commingled funds. During FY 2019-2020, LACERA revised the investment Manager Guidelines to allow an allocation to one high yield bond portfolio of up to 7.00%.

As of June 30, 2021, LACERA did not hold any investments in any one issuer that would represent 5.00% or more of the Pension Plan Fiduciary Net Position. Investments issued or explicitly guaranteed by the U.S. government and pooled investments are excluded from this requirement.

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of the price sensitivity of a fixed income portfolio to changes in interest rates. It is calculated as the weighted average time to receive a bond's coupon and principal payments. The longer the duration of a portfolio, the greater its price sensitivity to changes in interest rates.

To manage interest rate risk, the duration of all Investment Grade bond portfolios is restricted to +/- 25.00% of the duration of the portfolios' respective benchmarks. Deviations from any of the stated guidelines require prior written authorization from LACERA.

The Duration in Fixed Income Securities - Pension Plan schedule for the year ended June 30, 2021 presents the duration by investment type. Whole loan mortgages included in the Pension Plan Portfolio of $16.35 million are excluded from this presentation.

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

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

*Effective Duration is a measure of a bond's sensitivity to interest rates. It is calculated as the percentage change in a bond's price caused by a change in the bond's yield. For example, a duration of 5 indicates that a 1.00% increase in a bond's yield will cause the bond price to decline 5.00%.

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Interest Rate Risk-Continued

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

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

*Effective Duration is a measure of a bond's sensitivity to interest rates. It is calculated as the percentage change in a bond's price caused by a change in the bond's yield. For example, a duration of 5 indicates that a 1.00% increase in a bond's yield will cause the bond price to decline 5.00%.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. LACERA’s authorized managers are permitted to invest in approved countries or regions, as stated in their respective investment guidelines. To mitigate foreign currency risk with global equity, LACERA has implemented a passive currency hedging program, which hedges into U.S. dollars approximately 50% of LACERA’s foreign currency exposure for developed market equities.

The following schedule represents LACERA’s exposure to foreign currency risk in U.S. dollars. Most of the exposure is from separately managed accounts with the remaining exposure from non-U.S. commingled funds. For the commingled funds, LACERA owns units, and the fund holds the actual securities and/or currencies. The values shown include LACERA’s separately managed account holdings and pro-rata portion of non-U.S. commingled fund holdings.

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

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

Currency	Equity	Fixed Income	Foreign Currency	Real Estate Commingled Funds	Private Equity Investments	Forward Contracts	Total
AFRICA							
Angolian Kwanza	$	4788					$ 4,788
Central African CFA franc		2,317					2,317
Ghana New Cedi		7,798					7,798
Kenya Shilling	4,338	2,133					6,471
Mauritian Rupee		4,547					4,547
Moroccan Dirham		3,775					3,775
Nigerian Naira	8,383	5,445					13,828
Rwandan Franc		4,542					4,542
South African Rand	163,350	30,442	77				193,869
Tunisian Dinar		4,366					4,366
West African CFA Franc		11,786					11,786
AMERICAS							
Argentine Peso		10,889					10,889
Bahamian Dollar		5,884					5,884
Barbadian Dollar		794					794
Belize Dollar		1,150					1,150
Brazilian Real	176,747	39,358	465			7,304	223,874
Canadian Dollar	912,837	10,290	766				923,893
Chilean Peso	21,484	3,313					24,797
Colombian Peso	5,114	17,641	5				22,760
Dominican Peso		7,355					7,355
Honduran Lempira		912					912
Mexican Peso	86,166	43,521	(57)				129,630
Paraguayan Guarani		2,007					2,007
Peruvian Sol	5,730	6,438					12,168
Uruguayan Peso		6,134					6,134
Venezuelan Bolivar		1,124					1,124
ASIA							
Armenian Dram		5,196					5,196
Australian Dollar	582,851	1,499	810				585,160
Chinese Renminbi	207,769	17,241	4				225,014
Georgia Lari		7,107					7,107
Hong Kong Dollar	1,124,714		699			3,978	1,129,391
Indian Rupee	155,324	11,351					166,675
Indonesian Rupiah	55,584	25,989	42				81,615
Japanese Yen	1,486,494		1,248			(82)	1,487,660
Kazakhstani Tenge		5,518					5,518
Kuwaiti Dinar	8,078						8,078
Malaysian Ringgit	61,692	10,306	131				72,129
New Zealand Dollar	46,881	261	12			787	47,941
Pakistan Rupee	2,405	3,109					5,514
Philippine Peso	25,662	1,220	3				26,885
Singapore Dollar	78,336	2,351	280			2,462	83,429
South Korean Won	488,596	1,743	342			19,887	510,568
Taiwan Dollar	417,184		96				417,280
Thai Baht	52,389	7,844	8				60,241
Uzbekistani So'm		5,115					5,115
Vietnamese Dong	37,223						37,223
EUROPE							
Belarusian Ruble		6,341					6,341
British Pound Sterling	1,481,904	60,616	385	485	122,063	27,817	1,693,270
Czech Republic Koruna	3,588	16,354					19,942
Danish Krone	222,322		479			3,106	225,907
Euro	2,589,916	172,931	13,719	287,627	644,294	1,918	3,710,405
Hungarian Forint	17,363	3,486					20,849
Norwegian Krone	128,472		90				128,562
Polish Zloty	39,781	6,537	197				46,515
Romanian New Leu	17,169	8,210					25,379
Russian Ruble	127,259	23,145					150,404
Serbian Dinar		4,367					4,367
Swedish Krona	508,125		516			237	508,878
Swiss Franc	685,030		265			817	686,112
Ukrainian Hryvnia		22,175					22,175
MIDDLE EAST							
Bahraini Dinar		5,687					5,687
Egyptian Pound	2,732	18,671					21,403
Israeli New Shekel	42,162	1,799	5			68	44,034
Jordanian Dinar	7,197						7,197
Qatari Rial	18,655	17,795					36,450
Saudi Riyal	1,410	11,763					13,173
Turkish Lira	10,340	7,122					17,462
UAE Dirham	18,277	15,373	13				33,663
Total Investment Securities Subject to Foreign Currency Risk - Pension Plan	$ 12,137,033	746,971	20,600	288,112	766,357	68,299	$14,027,372

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

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

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

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Securities Lending Program

The BOI policies authorize LACERA to participate in a securities lending program. Securities lending is an investment management activity that mirrors the fundamentals of a loan transaction. Securities are lent to brokers and dealers (borrower), and in turn, LACERA receives cash and non-cash collateral. When cash collateral is received, the income that is generated from securities lending has two sources: lending and reinvestment. LACERA pays the borrower interest on the collateral and invests the collateral with the goal of earning a higher yield than the interest rate paid to the borrower. When non-cash collateral is received, the borrower pays a fee for borrowing the security.

During the last fiscal year, LACERA's securities lending program was managed by two parties: LACERA's custodian bank, State Street Bank and Trust, and a third-party lending agent, Goldman Sachs Agency Lending (GSAL). The Bank lends LACERA's non-U.S. equities, U.S. Treasury, and U.S. Agency securities. GSAL lends LACERA's U.S. equities and corporate bonds. During FY 2020-2021, GSAL was terminated and its program was transferred to the Bank. Collateralization is set on non-U.S. loans at 105% and on U.S. loans at 102% of the market value of securities on loan.

State Street Global Advisors invests the collateral received from the lending programs. The collateral is invested in short-term highly liquid instruments. The maturities of the investments made with cash collateral typically do not match the maturities of their securities loans. Loans are marked-to-market daily, so that if the market value of a security on loan rises, LACERA receives additional collateral. Conversely, if the market value of a security on loan declines, then the borrower receives a partial return of the collateral. Earnings generated in excess of the interest paid to the borrowers represent net income. LACERA shares this net income with the lending agent based on contractual agreements.

Under the terms of their lending agreements, both lending agents provide borrower default indemnification in the event a borrower does not return securities on loan. The terms of the lending agreements entitle LACERA to terminate all loans upon the occurrence of default and purchase a like amount of "replacement securities" when loaned securities are not returned. LACERA does not have the ability to pledge assets received as collateral without a borrower default. In the event the purchase price of replacement securities exceeds the amount of collateral, the lending agent is liable to LACERA for the difference, plus interest. Either LACERA or the borrower of the security can terminate a loan on demand.

At fiscal year-end, LACERA had no credit risk exposure to borrowers, because the amount of collateral received exceeded the value of securities on loan. LACERA had no losses on securities lending transactions resulting from the default of a borrower for the year ended June 30, 2021.

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

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Securities Lending Program-Continued

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

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

(1) Calculated Mark is performed daily, and it is the amount LACERA will collect from the borrower (if the amount is positive), or payment to the borrower (if the amount is negative), to bring the collateralization to appropriate levels based on market value.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest rate swaps are an example of an investment that has a fair value that is highly sensitive to interest rate changes. These investments are disclosed in the following table, not including holdings within a commingled structure.

Interest Rate Risk Analysis
As of June 30, 2021
(dollars in thousands)

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

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Hedge Funds

LACERA's Investment Policy Statement establishes the portfolio framework for and role of the hedge funds program. The hedge fund category of investments is composed of strategies that may: 1) invest in securities within LACERA's existing asset classes or across multiple asset classes; 2) have an absolute return objective; and 3) include the ability to use specialized techniques, such as leverage and short-selling, and instruments such as derivatives.

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

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

The investment performance for this strategy is measured separately from other asset classes. The fair value of assets invested in hedge funds as of June 30, 2021 was $2.748 billion.

The GCM hedge funds of funds portfolio and Direct portfolio reside within Diversified Hedge Funds under the Risk Reduction and Mitigation functional asset category of LACERA's Total Fund. The GCM credit portfolio resides within Illiquid Credit under the Credit functional asset category.

Fair Value

GASB 72 was issued to address accounting and financial reporting issues related to fair value measurements and disclosures. LACERA categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the investment securities and assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Certain investments held by LACERA are valued at net asset value (NAV) per share when an investment does not have a readily determined fair value, provided that the NAV is calculated and used as a practical expedient to estimate fair value in accordance with the requirements of GAAP.

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Fair Value-Continued

Equity and Fixed Income Securities

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets issued by pricing vendors for these securities. Fixed income and equity securities classified in Level 2 of the fair value hierarchy are valued using prices determined by matrix pricing techniques maintained by the various pricing vendors for these securities. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Fixed income and equity securities classified in Level 3 are securities whose stated market price is unobservable by the marketplace; many of these securities are priced by the issuers or industry groups for these securities. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by LACERA's custodian bank.

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

Investments in hedge funds, private equity, real estate, equity and fixed income funds are valued at estimated fair value, as determined in good faith by the General Partner (GP), in accordance with GAAP fair value principles in instances where no observable public market values are available. Investments that are estimated at fair value are initially valued at cost with subsequent adjustments that reflect third party transactions, financial operating results, and other factors deemed relevant by the GP. These assets are reported by LACERA based on the practical expedient allowed under GAAP. In instances where observable public market values are available for the underlying securities held, fair value is determined by the fund's administrator using independent pricing sources.

Real Estate Separate Account Investments

Investments in real estate are valued at estimated fair value, as determined in good faith by the Investment Manager. These investments are initially valued at cost with subsequent adjustments that reflect third party transactions, financial operating results, and other factors deemed relevant by the Investment Manager. Properties are subject to independent third party appraisals every year.

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Fair Value-Continued

Investments and Derivatives Measured at Fair Value - Pension Plan
As of June 30, 2021
(in thousands)

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

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Fair Value-Continued

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

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

(1) Commingled Fixed Income Funds: 8 fixed income funds are considered commingled in nature. They are valued at the NAV of units held at the end of the period based upon the fair value of the underlying investments. Most of the funds are highly liquid within one month; 2 of the funds representing 3% of Commingled Fixed Income assets have liquidity available at the end of the fund terms which range from 3 to 7 years.

(2) Commingled Equity Funds: 5 equity funds are considered commingled in nature. They are valued at the NAV of units held at the end of the period based upon the fair value of the underlying investments. Most of the funds are highly liquid within one month; 3 of these funds representing 5% of Commingled Equity assets have liquidity subject to lock up periods that limit or prohibit redemptions for the next 3 to 4 years.

(3) Hedge Funds: This portfolio consists of 8 current funds and 2 fund of funds. Hedge Fund investments are valued at NAV per share. When considering liquidity terms of the 8 current funds, 76% of the fund assets are available within 12 months; these funds provide daily, monthly, quarterly, semi-annual, or annual liquidity. Some of these funds are subject to redemption notices that extend the time frame to receive redemptions beyond the next 12 months. The remaining 24% of fund assets are in funds that offer periodic liquidity that extends beyond the next 12 months.

LACERA's Hedge Funds portfolio invests in the following strategies:

(a) Macro and Tactical Trading: This strategy makes investments based on analyses and forecasts of macroeconomic trends, including governmental and central bank policies, fiscal trends, trade imbalances, interest rate trends, inter-country relations, and economic and technical analysis.
(b) Equity Long/Short: This strategy purchases and/or sells equities based on fundamental and/or quantitative analysis and other factors.
(c) Credit: This strategy includes long-biased credit, long/short credit, structured credit, and mortgage credit.
(d) Relative Value: This strategy's focus is to benefit from valuation discrepancies that may be present in related financial instruments by purchasing and/or shorting these instruments.
(e) Multi-Strategy: This strategy aims to pursue varying strategies to diversify risks and reduce volatility.
(f) Event Driven: This strategy seeks to gain an advantage from pricing inefficiencies that may occur in the onset or aftermath of a corporate action or related event.

(4) Private Equity and Real Estate Funds: LACERA's Private Equity portfolio consists of 254 funds, investing primarily in Buyout Funds, with some exposure to venture capital, special situations, fund of funds, real assets, and co-investments. Due to contractual limitations, none of the funds are currently eligible for redemption. One of the funds may be eligible for redemption after 3 years, while the remaining 253 funds are ineligible for up to 10 years. The Real Estate portfolio, composed of 23 commingled funds, invests in both U.S. and Non-U.S. commercial real estate. The fair values of these funds have been determined using net assets valued at the end of the period and net assets valued one quarter in arrears plus current quarter cash flows. 3 out of 23 Real Estate funds are eligible for redemption depending upon the availability of cash for redemptions in the fund. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of 5 to 10 years. For Real Estate investments held in separate accounts and debt program investments, see Note J - Special Purpose Entities of LACERA's ACFR.

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Fair Value-Continued

Investments Measured at Fair Value - OPEB Trust
As of June 30, 2021
(in thousands)

Investments by Fair Value Level	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Fixed Income Securities				
Pooled Investments	$ 237,868	$ 237,868	$	$
Total Fixed Income Securities	237,868	237,868		
Total Investments by Fair Value Level	$ 237,868	$ 237,868	$	$
Investments Measured at Net Asset Value (NAV)				
Fixed Income	$ 656,332			
Equity	1,145,218			
Real Estate Investment Trust (REIT)	219,190			
Total Investments Measured at NAV	2,020,740			
Total Investments	$ 2,258,608			

Investments Measured at Net Asset Value - OPEB Trust
As of June 30, 2021
(dollars in thousands)

Investment by Fair Value Level	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Fixed Income Securities				
Commingled Fixed Income Funds	$ 656,332	$	Daily, Monthly	1-30 days or N/A
Commingled Equity Fund	1,145,218		Daily, Monthly	1-30 days or N/A
Real Estate Investment Trust (REIT)	219,190		Daily, Monthly	1-30 days or N/A
Total Investments Measured at NAV (1)	$ 2,020,740			

(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.

5. CAPITAL ASSETS

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

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

5. CAPITAL ASSETS-Continued

Business-type Activities-Continued

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

Depreciation Expense

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

Governmental activities:	
General government	$ 53,765
Public protection	171,096
Public ways and facilities	91,700
Health and sanitation	50,372
Public assistance	12,071
Education	5,443
Recreation and cultural services	47,131
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	33,518
Total depreciation expense, governmental activities	$ 465,096
Business-type activities:	
Hospitals	$ 82,756
Waterworks	23,823
Aviation	2,618
Total depreciation expense, business-type activities	$ 109,197

5. CAPITAL ASSETS-Continued

Discretely Presented Component Units

LACDA

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

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

First 5 LA

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

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

6. SERVICE CONCESSION ARRANGEMENTS

GASB 60, "Accounting and Financial Reporting for Service Concession Arrangements (SCA)," (GASB 60) defines an SCA as a type of public-private or public-public partnership. An SCA is an arrangement, which meets specific criteria under GASB 60, between a government (the transferor) and an operator.

The County determined that golf courses met the criteria set forth in GASB 60 (where the County is the transferor) and therefore included these SCAs in the County's financial statements as deferred inflows of resources. GASB 60 also provides guidance on accounting treatment if the County were acting as an operator of another government's facility. The County has determined that there are no incidences where the County would qualify as an operator.

Golf Courses

The County manages a public golf course system, which offers affordable greens fees, discount programs for senior citizens and students, and a junior golf program. Each golf course is leased under agreement with an operator, which provides for activities such as golf course management, clubhouse operations, and food and beverage concessions. The operators collect user fees and are responsible for the day-to-day operations of the golf courses. The operators are required to operate and maintain the golf courses, and make installment payments to the County, in accordance with their respective contracts.

As of June 30, 2021, the present value of the installment payments under contract is estimated to be $77.58 million and reported as deferred inflows of resources in the statement of net position. The present values of the installment payments were calculated using discount rates of 5.12%, 3.55%, 3.70%, and 1.87% for the term of the agreement for each SCA. The lease terms for the twenty golf courses cover remaining periods ranging from 3 to 18 years as of June 30, 2021. The FY 2020-2021 total monthly installment payments are approximately $770,000. The County primarily uses the proceeds to fund parks and recreation operations, 10% of which is set aside for future golf course capital improvements. The acquisition value of the golf courses, including land, buildings, and construction in progress, is reported at $23.27 million as of June 30, 2021.

7. PENSION PLAN

Plan Description

The County pension plan is administered by LACERA, which was established under the CERL. LACERA is a cost-sharing, multi-employer defined benefit plan. It provides benefits to employees of the County and the following additional entities that are not part of the County's reporting entity:

Los Angeles Superior Court
Little Lake Cemetery District
Local Agency Formation Commission
Los Angeles County Office of Education (LACOE)
South Coast Air Quality Management District (SCAQMD)

New employees of LACOE hired on or after July 1971 and new employees of SCAQMD hired after December 31, 1979 are not eligible for LACERA benefits.

7. PENSION PLAN-Continued

Plan Description-Continued

LACERA issues a stand-alone financial report, which is available at its offices located at Gateway Plaza, 300 N. Lake Avenue, Pasadena, California 91101-4199 or at www.LACERA.com.

Benefits Provided

Benefits are authorized in accordance with the California Constitution, the CERL, the bylaws, and procedures and policies adopted by LACERA's Boards of Retirement and Investments. The County Board may also adopt resolutions, as permitted by CERL, which may affect the benefits of LACERA members.

LACERA provides retirement, disability, death benefits and cost of living adjustments to eligible members. Vesting occurs when a member accumulates 5 years of creditable service under contributory plans or accumulates 10 years of creditable service under the general service non-contributory plan. Benefits are based upon 12 or 36 months' average compensation, depending on the plan, as well as age at retirement and length of service as of the retirement date, according to applicable statutory formula. Vested members who terminate employment before retirement age are considered terminated vested (deferred) members. Service-connected disability benefits may be granted regardless of length of service consideration. Five years of service are required for nonservice-connected disability eligibility according to applicable statutory formula. Members of the non-contributory plan, who are covered under separate long-term disability provisions not administered by LACERA, are not eligible for disability benefits provided by LACERA.

Contributions

LACERA has nine benefit tiers known as A, B, C, D, E and G, and Safety A, B and C. All tiers except E are employee contributory. Tier E is employee non-contributory. Prior to December 31, 2012, new general members were only eligible for tier D or E and new safety members were only eligible for Safety B. As of January 1, 2013, new general employees are only eligible for tier G and new safety members are only eligible for Safety C. These new tiers were added as a result of the California Public Employees' Pension Reform Act of 2013 (PEPRA) and became effective January 1, 2013. Rates for the tiers are established in accordance with State law by LACERA's Boards of Retirement and Investments and the County Board.

The following employer rates were in effect for FY 2020-2021:

July 1, 2020 - September 15, 2020	A	B	C	D	E	G
General Members	27.81%	19.33%	18.33%	19.42%	20.79%	19.42%
Safety Members	35.32%	29.30%	24.68%			

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

7. PENSION PLAN-Continued

Contributions-Continued

The rates were determined by the actuarial valuations performed as of June 30, 2018 and 2019, respectively. The investment rate of return assumption used in the valuation performed as of June 30, 2019 decreased from 7.25% to 7.00%. The employer contribution rates used in FY 2020-2021, beginning September 16, 2020, increased by 1.39% to 2.78% over the rates used in FY 2019-2020 and may increase again during the following fiscal year. The most significant factor causing the increase was an increase to the normal cost rate.

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

During FY 2020-2021, the County contributed the full amount of the Actuarial Determined Contribution, as determined by the actuarial valuations, in the form of semi-monthly cash payments in the amount of $1.941 billion.

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

At June 30, 2021, the County reported a liability of $17.395 billion for its proportionate share of the net pension liability in accordance with the parameters of GASB 68, "Accounting and Financial Reporting For Pensions-an amendment of GASB Statement No. 27" (GASB 68). The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, projected forward to the measurement date, taking into account any significant changes between the valuation date and the measurement date. The County's proportion of the net pension liability was based on a projection of the County's future contribution effort to the pension plan relative to the projected contributions of all pension plan participants, actuarially determined. At June 30, 2020, the County's proportionate share was 96.27%, which was an increase of 0.05% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense of $3.062 billion which is reported as $2.645 billion for governmental activities and $416.59 million for business-type activities. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or methods, and plan benefits. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	Deferred Inflows of Resources	Deferred Outflows of Resources
Net difference between projected and actual earnings	$	$ 1,908,552
Change in assumptions		3,694,567
Change in experience	357,778	1,218,798
Change in proportion and differences between County contributions and proportionate share of contributions	339,423	369,870
Contributions made subsequent to measurement date		1,940,715
Total	$ 697,201	$ 9,132,502

7. PENSION PLAN-Continued

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

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner. Investment gains or losses are recognized in pension expense over a 5 year period and economic/demographic gains or losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members, which is 8 years as of June 30, 2021.

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

Year Ending June 30:	Deferred Outflows/(Inflows) of Resources
2022	$ 819,859
2023	1,302,549
2024	1,553,255
2025	1,422,123
2026	511,180
Thereafter	885,620

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

Actuarial Assumptions

Valuation Timing	June 30, 2019, rolled forward to June 30, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.75%
General Wage Growth	3.25%
Projected Salary Increases	3.51% to 12.54%
Investment Rate of Return	7.13%, net of investment expense, including inflation
Cost of Living Adjustments (COLA)	Post-retirement benefit increases of either 2.75% or 2.00% per year are assumed based on the benefits provided. Supplemental Targeted Adjustment for Retirees (STAR) COLA benefits are assumed to be substantively automatic at the 80% purchasing power level until the STAR reserve is projected to be insufficient to pay further STAR benefits.
Mortality	Various rates based on the Pub-2010 mortality tables and using the MP-2014 Ultimate Projection Scale. See June 30, 2019 actuarial valuation for details. It can be found at www.LACERA.com.
Experience Study	Covers the 3 year period ended June 30, 2019.

7. PENSION PLAN-Continued

Actuarial Assumptions-Continued

The long-term expected rate of return on pension plan investments (7.00%, net of all expenses) was determined using a building block method in which a median, or expected, geometric rate of return was developed for each major asset class. The median rates were combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentages.

For the year ended June 30, 2020:

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

7. PENSION PLAN-Continued

Discount Rate

The discount rate used to measure the total pension liability was 7.13%. This is equal to the 7.00% long-term investment return assumption adopted by LACERA (net of investment and administrative expenses), plus 0.13% assumed administrative expenses. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and member rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be sufficient to pay all projected future benefit payments of current active and inactive plan members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, gross of administrative expenses.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the County's proportionate share of the net pension liability calculated using the discount rate of 7.13%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.13%) or 1-percentage point higher (8.13%) than the current rate (in thousands):

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

Pension Plan Fiduciary Net Position

Detailed information about pension plan fiduciary net position as of June 30, 2020 is available in the separately issued LACERA financial report, which can be found at www.LACERA.com.

Deferred Compensation Plans

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

7. PENSION PLAN-Continued

Deferred Compensation Plans-Continued

Plan Description and Funding Policy

The Deferred Compensation and Thrift Plan was established as a Section 457 defined contribution plan covering employees who have achieved full time and permanent employment status. The plan is designed to permit these employees to voluntarily defer a portion of their compensation and provide for retirement and death benefits. The plan is funded by employer and employee contributions. As of June 30, 2021, the County provided up to a 4% matching contribution per pay period of the employee's voluntary contribution. As of May 1, 2020, the match for non-represented employees was curtailed to help mitigate the economic effect of COVID-19. Matching contributions resumed on July 1, 2021. Employer and employee contributions are deposited into the participant accounts and invested based on participant selected options. Total employer contributions for the year ended June 30, 2021, were $232.11 million.

The Savings Plan is a Section 401(k) defined contribution plan covering eligible full-time permanent employees of the County not covered by collective bargaining agreements and who desire to participate in the plan. Employees eligible for voluntary participation in this plan are also eligible for participation in the Deferred Compensation and Thrift Plan. The plan is funded by employer and employee contributions. As of June 30, 2021, the County provided up to a 4% matching contribution per pay period of the employee's voluntary contribution. As of May 1, 2020, the match for non-represented employees was curtailed to help mitigate the economic effect of COVID-19. Matching contributions resumed on July 1, 2021. Employer and employee contributions are deposited into the participant accounts and invested based on participant selected options. Total employer contributions for the year ended June 30, 2021, were $8.94 million.

The Pension Savings Plan is a Section 457 defined contribution plan covering part-time, temporary and seasonal County employees who are not eligible to participate in the retirement programs provided through the LACERA. The plan was established in lieu of employee coverage under Social Security. Participation in the plan is mandatory and employees must contribute a minimum of 4.5% of their eligible earnings and the County makes a contribution equal to 3% of compensation. Participants may contribute additional amounts beyond the required 4.5%. Total employer contributions for the year ended June 30, 2021, were $9.12 million.

The plans are administered through a third-party administrator. The assets of the plans are held in trust by Great West Trust Company LLC and invested at the direction of the participants. Thus, plan assets and any related liability to plan participants have been excluded from the County's financial statements.

8. OTHER POSTEMPLOYMENT BENEFITS

Retiree Healthcare

Plan Description

LACERA administers an agent multiple-employer Retiree Healthcare (RHC) OPEB program on behalf of the County, its affiliated Superior Court, and four outside districts. The outside districts include: Little Lake Cemetery District, Local Agency Formation Commission, LACOE and the South Coast Air Quality Management District. As of July 1, 2018, LACERA transitioned the OPEB program from a cost-sharing, multi-employer plan. The agent plan structure determines program liabilities and costs directly by employer and allocates shared expenses. The measurement period for the RHC OPEB program is June 30, 2020.

In April 1982, the County adopted an ordinance pursuant to Government Code Section 31691, which provided for a health insurance program and death benefits for retired employees and their dependents. In 1994, the County amended the agreements to continue to support LACERA's retiree insurance benefits program regardless of the status of active member insurance.

In June 2014, the LACERA Board approved the County's request to modify the agreements to create a new retiree healthcare benefit plan in order to lower its Retiree Healthcare Program (RHP) costs. Structurally, this means the County will be segregating all current retirees and current employees into RHP Tier 1 and placing all employees hired after June 30, 2014 into RHP Tier 2. Under the new RHP Tier 2, retirees who are eligible for Medicare will be required to enroll in that program. In addition, coverage will be available for employees or eligible survivors only.

Pursuant to the 1982, 1994, and 2014 Agreements between the County and LACERA, the parties agreed to the continuation of the health insurance benefits then in existence. The County agreed to subsidize a portion of the insurance premiums of certain retired members and their eligible dependents based on the member's length of service. The County further agreed to maintain the status quo of existing benefits provided to participants. As part of the 2014 Agreement, the County modified the existing healthcare benefit plan, which created a new benefit structure, Tier 2, for all employees hired after June 30, 2014. LACERA agreed not to change retired members' contributions toward insurance premiums or modify medical benefit levels without the County's prior consent. Active employees are not required to make contributions to the plan.

Pursuant to the California Government Code, the County established an irrevocable OPEB Trust for the purpose of holding and investing assets to pre-fund the RHP, which LACERA administers. On May 15, 2012, the County Board entered into a trust and investment services agreement with the LACERA Board of Investments to act as trustee and investment manager. The OPEB Trust does not modify the County's benefit programs.

LACERA issues a stand-alone financial report that includes the required information for the OPEB plan. The report is available at its offices located at Gateway Plaza, 300 North Lake Avenue, Pasadena, California 91101-4199 or www.LACERA.com.

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Benefits Provided

Health care benefits earned by County employees are dependent on the number of completed years of retirement service credited to the retiree by LACERA upon retirement; it does not include reciprocal service in another retirement system. Service includes all service on which the member's retirement allowance was based.

The RHC OPEB Program offers members an extensive choice of medical plans as well as two dental/vision plans. The medical plans are either HMOs or indemnity plans, and some are designed to work with Medicare benefits, such as the Medicare Supplement or Medicare HMO plans. Coverage is available regardless of preexisting medical conditions. Under Tier 2, retirees who are eligible for Medicare are required to enroll in that program. Medicare-eligible retirees and their covered dependents must enroll in Medicare Parts A and B and in a Medicare HMO plan or Medicare Supplement plan under Tier 2.

Medical and Dental/Vision - Program benefits are provided through third party insurance carriers with the participant’s cost for medical and dental/vision insurance varying according to the years of retirement service credit with LACERA, the plan selected, and the number of persons covered. The County contribution subsidizing the participant’s cost starts at 10 years of service credit in the amount of 40% of the lesser of the benchmark plan rate or the premium of the plan in which the retiree is enrolled. For each year of retirement service credit earned beyond 10 years, the County contributes 4% per year, up to a maximum of 100% for a member with 25 years of service credit. The County contribution can never exceed the premium of the benchmark plans. Members are responsible for premium amounts above the benchmark plans, including those with 25 or more years of service credit.

Under Tier 1, the County subsidy is based on the coverage elected by the retiree. The benchmark plans are Anthem Blue Cross Plans I and II for medical and Cigna Indemnity Dental/Vision for dental and vision. Under Tier 2, the County subsidy is based on retiree only coverage. Tier 2 medical benchmark plans are Anthem Blue Cross Plans I and II for Medicare-ineligible members, Anthem Blue Cross Plan III for Medicare-eligible members, and Cigna Indemnity Dental/Vision for dental and vision plans.

Medicare Part B - The County reimburses the member’s Medicare Part B Standard rate premiums paid by member to Social Security for Part B coverage, subject to annual approval by the County Board of Supervisors. Eligible members and their dependents must be enrolled in both Medicare Part A and Medicare Part B and enrolled in a LACERA- administered Medicare HMO Plan or Medicare Supplement Plan and meet all of the qualifications. Under Tier 2, the County reimburses for Medicare Part B (at the standard rate) for eligible members or eligible survivors only.

Disability - If a member is granted a service-connected disability retirement and has less than 13 years of service, the County contributes the lesser of 50% of the benchmark plan rate or the premium of the plan in which the retiree is enrolled. Under Tier 2, the benchmark plan rate is based on retiree-only premiums. A member with 13 years of service credit receives a 52% subsidy. This percentage increases 4% for each additional completed year of service, up to a maximum of 100%.

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Benefits Provided-Continued

Death/Burial Benefit - There is a one-time lump-sum $5,000 death/burial benefit payable to the designated beneficiary upon the death of a retiree, reimbursed to LACERA by the County. Active and vested terminated (deferred) members are eligible for this benefit once they retire. Spouses and dependents are not eligible for this death benefit.

Employees Covered by Benefit Terms

Medical and Dental/Vision Benefits

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

Death Benefits

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

Contributions

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

Net OPEB Liability

At June 30, 2021, the County reported a net RHC OPEB liability of $28.077 billion. The net RHC OPEB liability was measured as of June 30, 2020, and the total RHC OPEB liability used to calculate the net RHC OPEB liability was determined by an actuarial valuation as July 1, 2019, projected forward to the measurement date taking into account any significant changes between the valuation date and the measurement date.

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Actuarial Methods and Assumptions

Valuation Timing	July 1, 2019, rolled forward to June 30, 2020
Actuarial Cost Method	Individual Entry Age Normal, Level Percent of Pay
Asset Valuation Method	Fair Market Value
Inflation	2.75%
Salary Increases	3.25% general wage increase and merit according to Table A-5 of the June 30, 2019 actuarial valuation of retirement benefits. It can be found at: www.LACERA.com.
Mortality	Various rates based on the RP-2014 Healthy and Disabled Annuitant mortality tables and including projection for expected future mortality improvement using the MO Healthcare Cost Trend Rates MP-2014 Ultimate Projection Scale.
Experience Study	Covers the three year period ended June 30, 2018.
Discount Rate	3.78%
Long-term expected rate of return, net of investment expenses	6.00%
20 Year Tax-Exempt Municipal Bond Yield	2.21%

Healthcare Cost Trend rates:

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

Investments

The LACERA Board of Investments is responsible for setting the investment policy and investing any contributions made to the OPEB Trust from the participating employers. In December 2017, the LACERA Board of Investments adopted a revised asset allocation policy which divides the OPEB Trust into four broad functional categories and contains asset classes that align with the purpose of each function. The approved target weights provide for diversification of assets in an effort to meet the LACERA's actuarial assumed rate of return, consistent with market conditions and risk control. The following was the adopted asset allocation policy as of June 30, 2020.

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Investments-Continued

Asset Class	Target Allocation	
Growth	50.00%	
Global Equity		50.00 %
Credit	20.00%	
High Yield Bonds		6.00 %
Bank Loans		10.00 %
EM Local Currency Bonds		4.00 %
Risk Reduction and Mitigation	10.00%	
Cash Equivalents		2.00 %
Investment Grade Bonds		8.00 %
Inflation Hedges	20.00%	
TIPS		6.00 %
Real Estate (REITs)		10.00 %
Commodities		4.00 %

Money-Weighted Rate of Return

As of the measurement date, June 30, 2020, the annual money-weighted rate of return on OPEB Trust investments, net of OPEB Trust investment expense, was 6.00%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the measurement date of June 30, 2019, the annual money-weighted rate of return was 6.00%.

Discount Rate

GASB 75 requires determination of whether the OPEB Trust's Fiduciary Net Position is projected to be sufficient to make projected benefit payments. The Plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate incorporates a municipal bond rate based on the 20-year Bond Buyer GO index (municipal bond rate) which was 2.21% as of June 30, 2020. For 2019, the long-term expected rate of return of 3.50% was applied to projected benefit payments from 2019 to 2059. The municipal bond rate was applied to the remaining periods. The resultant blended discount rate used to measure the Total OPEB Liability as of June 30, 2020 was 3.78%, a decrease of 0.91% from the rate as of June 30, 2019.

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Changes in the Net OPEB Liability (in thousands)

	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, 2019	$ 26,017,221	1,189,406	$ 24,827,815
Service cost	967,482		967,482
Interest on Total OPEB Liability	1,250,934		1,250,934
Effect of economic/demographic gains or losses	(432,634)		(432,634)
Effect of assumption changes or inputs	2,346,920		2,346,920
Benefit payments	(631,917)	(631,917)	
Employer contributions		886,821	(886,821)
Net investment income		5,918	(5,918)
Administrative expenses		(8,830)	8,830
Balance as of June 30, 2020	$ 29,518,006	1,441,398	$ 28,076,608

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

The following represents the County's net RHC OPEB liability calculated using the discount rate of 3.78%, as well as what the County's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.78%) or 1-percentage point higher (4.78%) than the current rate (in thousands):

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

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

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

	1% Decrease	Current Trend Rate	1% Increase
Net RHC OPEB Liability	$ 22,639,828	$ 28,076,608	$ 35,348,628

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

OPEB Expense and the Deferred Outflows/Inflows of Resources Related to RHC OPEB

For the year ended June 30, 2021, the County recognized OPEB expense of $1.055 billion which is reported as $944.02 million for governmental activities and $111.53 million for business-type activities. OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of change in investment gain/ loss, actuarial gain/loss, actuarial assumptions or methods, and plan benefits.

At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to RHC OPEB from the following sources (in thousands):

	Deferred Inflows of Resources	Deferred Outflows of Resources
Net difference between projected and actual earnings	$	$ 38,938
Change of assumptions	2,149,036	3,918,805
Change in experience	1,262,235	
Change in proportion and differences between County contributions and the proportionate share of contributions	1,070,476	1,070,476
Contributions made subsequent to measurement date		1,025,851
Total	$ 4,481,747	$ 6,054,070

The deferred inflows of resources and deferred outflows of resources above represent the unamortized portion of changes to the net RHC OPEB liability to be recognized in future periods in a systematic and rationale manner. Investment gains or losses are recognized in OPEB expense over a five year period and economic/demographic gains or losses and assumption changes or inputs are recognized over the average remaining service life of all active and inactive members, which is 9 years as of June 30, 2020.

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

Year ending June 30:	Deferred Outflows/(Inflows) of Resources
2022	$ (61,351)
2023	(51,065)
2024	(46,238)
2025	(46,472)
2026	(61,016)
Thereafter	812,614

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

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability

Plan Description

The County provides LTD benefits to employees and these benefits have been determined to fall within the definition of OPEB. The LTD plans are administered by the County and are not administered through a trust. Each of the LTD plans are a single employer plan and the amounts paid by the County are on a pay-as-you-go basis. These LTD benefits provide for income replacement if an employee is unable to work because of illness or injury. The Board approved the County's original LTD plan effective March 3, 1982. Effective January 1, 1991, a new Megaflex plan was approved by the Board and includes a Megaflex LTD plan and a LTD Health plan. The LTD Health plan was added to the LTD program and made available to all participants effective January 1, 2002.

Benefits Provided

The benefit provisions of the four LTD plans are as follows:

Eligibility

Non-Megaflex Income/Survivor Income Benefit (SIB) - The plan covers:

(1) An employee who becomes totally disabled as a direct result of an injury or disease while performing his/her assigned duties; or,
(2) An employee who becomes totally disabled after having completed five or more years of continuous service with the County; or,
(3) A qualified beneficiary of a deceased employee who had previously become totally disabled as a direct result of an injury or disease while performing his/her assigned duties; or,
(4) A qualified beneficiary of a deceased employee who had previously become totally disabled after having completed five or more years of continuous service with the County; or,
(5) A qualified beneficiary of an employee who dies as a direct result of an injury or disease while performing his/her assigned duties, or,
(6) A qualified beneficiary of an employee who dies in active service after having completed five or more years of continuous service with the County.

Megaflex Income/SIB - The plan covers:

(1) An employee purchases LTD coverage and then becomes totally disabled; or,
(2) An employee who becomes totally disabled after having completed five or more years of continuous service with the County and is a member of Retirement Plan E.
(3) The Qualified Beneficiary of a Retirement Plan E participant who is currently enrolled in the SIB plan at the time of death.

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability-Continued

Benefits Provided-Continued

Non-MegaFlex Member LTD Health Plan - The plan continues medical insurance coverage for employees who are receiving or eligible to receive LTD Income benefits and are enrolled in one of the County approved health plans.

MegaFlex Member LTD Health Plan - The plan continues medical insurance coverage for employees who are receiving or eligible to receive LTD Income benefits and are enrolled in one of the County approved health plans.

Benefit Formula

Non-Megaflex Income/SIB - The plan provides a basic monthly benefit of:

(1) 60% of Basic Monthly Compensation (commences after 6 months of disability).
(2) Annual COLA, beginning after 2 years of benefit payments (limited to a maximum of 2%/year), if disabled after 1/1/2001.
(3) For a qualified beneficiary, 55% of the LTD disability benefit that the employee was receiving or would have received immediately prior to death; and, continues for the life of the qualified surviving spouse/domestic partner and upon spousal death to the qualified children beneficiaries.

Megaflex Income/SIB - The plan provides a basic monthly benefit of:

(1) 40% or 60% of Basic Monthly Compensation (commences after 6 months of disability)
    a. Plan E members
        (1) With 5+ years of services 40% non-elective or can buy up to 60%
        (2) With less than 5 years of service: can buy 40% or 60%
    b. Plan A, B, C, or D members: can buy 40% or 60%
(2) Annual COLA, beginning after 2 years of benefit payments (limited to a maximum of 2% per year), if disabled after 1/1/2001.
(3) For a qualified beneficiary, the plan provides a basic monthly benefit of 10%, 15%, 25%, 35%, or 50% of employee’s monthly salary if they elected.

Non-MegaFlex Member LTD Health Plan - The plan pays 75% of monthly medical premiums for disabled members.

MegaFlex Member LTD Health Plan - The plan pays 75% of monthly medical premiums for disabled members.

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability-Continued

Benefits Provided-Continued

Maximum Period

Non-Megaflex Income/SIB and Megaflex Income/SIB - LTD benefits stop when:

(1) Employee is no longer totally disabled or turns age 65, whichever occurs first. However, if employee is age 62 or older when benefit commences, benefit can continue beyond age 65 (length depends on age at commencement) as follows:

Age at Disability	Maximum Period
62	3 ½
63	3
64	2 ½
65	2
66	1 ¾
67	1 ½
68	1 ¼
69 and older	1

or

(2) Employee takes early or normal retirement under Plan E.

Employees covered by benefit terms

At June 30, 2020, the following employees were covered by the benefit terms:

LTD Income and Survivor Benefit Plans:	
Inactive employees or beneficiaries currently receiving benefit payments	2,249
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	82,263
LTD Health Plans	
Inactive employees or beneficiaries currently receiving benefit payments	618
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	78,793

Total LTD OPEB Liability

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

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability-Continued

Actuarial Methods and Assumptions

Valuation Timing	July 1, 2019, rolled forward to July 1, 2020
Actuarial Cost Method	Individual Entry Age Normal, Level Percent of Pay
Inflation	The inflation rate is included in the salary increase percentage and the Healthcare cost trend rates.
Salary Increases	3.25% general wage increase and merit according to Table A-5 of the June 30, 2019 RHC OPEB Program's actuarial valuation report. It can be found at www.LACERA.com.
Mortality	Various rates based on the RP-2014 Healthy and Disabled Annuitant mortality tables and including projection for expected future mortality improvement using the MO Healthcare Cost Trend Rates - MP-2014 Ultimate Projection Scale.
Discount Rate	Equal to the municipal bond rate based on the 20-year Bond Buyer GO index (municipal bond rate), which was 3.50% as of June 30, 2019, and 2.21% as of June 30, 2020.

Healthcare Cost Trend rates:

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

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability-Continued

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

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

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

Sensitivity of the Total LTD OPEB Liability to Changes in the Discount Rate

The following represents the County's total LTD OPEB liability calculated using the discount rate of 2.21%, as well as what the County's total LTD OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.21%) or 1-percentage point higher (3.21%) than the current rate (in thousands):

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

Sensitivity of the County's Total LTD OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	1% Decrease	Current Trend Rate	1% Increase
Total LTD OPEB Liability	$ 1,274,877	$ 1,291,521	$ 1,312,290

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long Term Disability-Continued

OPEB Expense and the Deferred Outflows of Resources and Deferred Inflows of Resources Related to LTD OPEB

For the year ended June 30, 2021, the County recognized LTD OPEB expense of $25.40 million which is reported as $26.12 million for governmental activities and ($0.72) million for business-type activities. OPEB expense represents the change in the total LTD OPEB liability during the measurement period, adjusted for the deferred recognition of change in actuarial gain/loss, actuarial assumptions or methods, and plan benefits.

At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to LTD OPEB from the following sources (in thousands):

	Deferred Inflows of Resources	Deferred Outflows of Resources
Change in experience	$ 45,130	$ 8,560
Change of assumptions	103,481	218,834
Change in proportionate share	82,699	82,699
Total	$ 231,310	$ 310,093

The deferred inflows of resources and deferred outflows of resources above represent the unamortized portion of changes to the total LTD OPEB liability to be recognized in future periods in a systematic and rational manner. Economic/demographic gains or losses, assumption changes or inputs, and change in proportion are recognized over the average remaining service life of all active and inactive members, which is 11 years. The change in proportionate share represents the changes in allocation percentages to the individual funds, including the proprietary funds, of the total OPEB LTD liability from the prior measurement date to the current measurement date.

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

Year Ending June 30:	Deferred Outflows/(Inflows) of Resources
2022	$ 5,975
2023	5,975
2024	5,975
2025	5,975
2026	5,975
Thereafter	48,908

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Combined Balances of the Net OPEB Liability, Deferred Outflows of Resources, Deferred Inflows of Resources and the OPEB Expense

The following total balances are reflected in the accompanying statement of net position (in thousands):

	RHC OPEB	LTD OPEB	Total
Net OPEB Liability	$ 28,076,608	$ 1,291,521	$ 29,368,129
Deferred Outflows of Resources	6,054,070	310,093	6,364,163
Deferred Inflows of Resources	4,481,747	231,310	4,713,057
OPEB Expense	1,055,534	25,397	1,080,931

9. LEASES

Operating Leases

The following is a schedule of future minimum rental payments required under operating leases entered into by the County that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2021 (in thousands):

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

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

9. LEASES-Continued

Capital Lease Obligations

The following is a schedule of future minimum lease payments under capital lease obligations together with the present value of future minimum lease payments as of June 30, 2021 (in thousands):

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

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

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

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

Leases of County-Owned Property

The County has entered into operating leases relative to the Marina del Rey Project area, regional parks, asset development projects and Whiteman Airport. Substantially all of the Marina's land and harbor facilities are leased to others under agreements classified as operating leases. Certain regional parks are leased under agreements, which provide for activities such as food and beverage concessions, and recreational vehicle camping. The asset development projects are ground leases and development agreements are entered into by the County for private sector development of commercial, industrial, residential, and cultural uses on vacant or underutilized County owned property. The Whiteman Airport lease is for hanger space. The asset development leases cover remaining periods ranging generally from 5 to 77 years and are accounted for in the General Fund. The lease terms for the regional parks cover remaining periods ranging from 1 to 18 years and are also accounted for in the General Fund. The Marina del Rey leases cover remaining periods ranging from 1 to 57 years and are accounted for in the General Fund. The airport lease covers a remaining period of 10 years and is accounted for in the Aviation Enterprise Fund.

9. LEASES-Continued

Leases of County-Owned Property-Continued

The land carrying value of the asset development project ground leases and the Marina del Rey Project area leases is $754.27 million. The carrying value of the capital assets associated with the regional park and Whiteman Airport operating leases is not determinable.

The following is a schedule of future minimum rental receipts on noncancelable leases as of June 30, 2021 (in thousands):

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

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

	Governmental Activities	Business-type Activities
Minimum rentals	$ 45,207	$ 194
Contingent rentals	14,674	
Total	$ 59,881	$ 194

The minimum rental income is a fixed amount based on the lease agreements. The contingent rental income is a percentage of revenue above a certain base for the asset development leases or a calculated percentage of the gross revenue less the minimum rent payment for the other leases.

10. LONG-TERM OBLIGATIONS

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

10. LONG-TERM OBLIGATIONS-Continued

A summary of bonds, and notes and loans from direct borrowings and direct placements recorded within governmental activities follows (in thousands):

	Original Par Amount of Debt	Balance June 30, 2021
NPC Bonds, 5.00%	$ 23,465	$ 9,210
Public Buildings Bonds and Notes, 0.32% to 7.62%	1,798,696	1,771,672
Los Angeles County Securitization Corporation Tobacco Settlement Asset-Backed Bonds, 0.71% to 5.35%	349,584	368,790
NPC Bond Anticipation Notes, 0.675%	5,000	5,000
Marina del Rey Loans, 4.50% to 4.70%	23,500	10,189
Lease Revenue Obligation Notes, 0.07% to 0.12%	297,134	297,134
Total	$ 2,497,379	$ 2,461,995

A summary of bonds, and notes and loans from direct borrowings and direct placements recorded within business-type activities follows (in thousands):

	Original Par Amount of Debt	Balance June 30, 2021
Public Buildings Bonds and Notes, 2.00% to 7.62%	$ 968,128	$ 936,247
Lease Revenue Obligation Notes, 0.07% to 0.12%	206,943	206,943
Waterworks District Loans, 2.28%	8,869	6,137
Aviation Loan, 2.95%	2,000	1,404
Total	$ 1,185,940	$ 1,150,731

Certificates of Participation and Bonds

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

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

10. LONG-TERM OBLIGATIONS-Continued

Principal and interest requirements on NPC bonds and Public Buildings certificates of participation and bonds for governmental activities and business-type activities are as follows (in thousands):

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

Tobacco Settlement Asset-Backed Bonds

In 2006, the County entered into a Sale Agreement with the LACSC under which the County relinquishes to the LACSC a portion of its future tobacco settlement revenues (TSRs) for the next 40 years. The County received from the sold TSRs a lump sum payment of $319.83 million and a residual certificate in exchange for the rights to receive and retain 25.90% of the County’s TSRs through 2046. The residual certificate represented the County’s ownership interest in excess TSRs to be received by the LACSC during the term of the Sale Agreement. Residuals through 2021 were $131.51 million. The total TSRs sold, based on the projected payment schedule in the Master Settlement Agreement and adjusted for historical trends, was estimated to be $1.438 billion. The estimated present value of the TSRs sold, net of the expected residuals and assuming a 5.70% interest rate at the time of the sale, was $309.23 million. In the event of a decline in the tobacco settlement revenues for any reason, including the default or bankruptcy of a participating cigarette manufacturer, resulting in a decline in the tobacco settlement revenues and possible default on the Tobacco Bonds, neither the California County Tobacco Securitization Agency, the County, nor the LACSC has any liability to make up any such shortfall.

10. LONG-TERM OBLIGATIONS-Continued

Tobacco Settlement Asset-Backed Bonds-Continued

On June 10, 2020, the California County Tobacco Securitization Agency issued $349.59 million of Tobacco Settlement Bonds comprised of three series, maturing on various dates between 2021 and 2055, as reflected in governmental activities. These tax-exempt Tobacco Settlement Bonds Series 2020A (Senior) totaling $213.46 million, Series 2020B-1 (Subordinate) totaling $52.50 million, and Series 2020B-2 (Subordinate) totaling $83.63 million were issued to refund on a current basis all of the outstanding principal amount of $392.40 million of the Agency's Tobacco Settlement Asset-Backed Bonds Series 2006 through defeasance and redemption. The effective interest rates of the Series 2020 bonds vary from 0.71% through 5.35%.

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

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

Notes, Loans, and Lease Revenue Obligation Notes

Notes from Direct Placements

BANs are issued by LACCAL to provide interim financing for equipment purchases. BANs are purchased by the County Treasury Pool and are payable within 5 years. In addition, the BANs are issued with a formal agreement that, in the event they are not liquidated within the five-year period, they convert to capital lease obligations with a three-year term secured by County real property. During FY 2020-2021, LACCAL did not issue additional BANs. As of June 30, 2021, the note balance is $5.00 million for governmental activities only.

10. LONG-TERM OBLIGATIONS-Continued

Notes, Loans, and Lease Revenue Obligation Notes-Continued

Loans from Direct Borrowings

Marina del Rey loans were obtained from the California Department of Boating and Waterways for the restoration and renovation of the marina seawall. The loans are secured by Marina del Rey lease revenue and by Los Angeles County Music Center parking revenues. The loan contract contains a provision that in the event the County fails to make payment due, all principal and interest outstanding shall become immediately due and payable, and the deficiency will be added to, and become part of, the principal of the loan. As of June 30, 2021, the balance is $10.19 million.

In June 2010, the Board approved a resolution authorizing the Waterworks Districts to obtain Safe Drinking Water State Revolving loans in the amount of $3.41 million and $5.47 million from the California Department of Public Health to fund the Sepulveda Feeder Interconnection project (Malibu) and the Marina del Rey Waterline Replacement project (Marina), respectively. The loans will be repaid over 20 years and are secured by revenues from surcharges collected for capital improvements. Annual principal and interest payments of the loans are expected to require less than 46.73% of the annual surcharge revenues. The funding agreements contain a provision that in an event of default, obligations may be immediately due and payable, and further disbursements may be terminated. During FY 2020-2021, the County did not obtain any additional loans. As of June 30, 2021, total loans drawn are $3.40 million on the Sepulveda Feeder Interconnection project and $5.47 million on the Marina del Rey Waterline Replacement project. As of June 30, 2021, the balance is $6.14 million.

In July 2014, the Board approved the Whiteman Airport Leasehold Interest Acquisition Project, with a total Project cost of $4.02 million. To partially finance the acquisition, the Aviation Enterprise Fund obtained an Airport Development Loan from the State of California Department of Transportation, Aeronautics Program for $2.00 million with an annual interest rate of 2.95%. The Airport Development Loan will be repaid over 17 years with revenue generated by rental income. The loan agreement contains a provision that if the County fails to comply with or perform any term or condition in the agreement, or fails to pay the annual loan payment, the entire outstanding principal amount of the loan and all accrued interest may be immediately due and payable. In addition, the County may be ineligible for future financing under the program. During FY 2020-2021, the County did not obtain any additional airport development loans. As of June 30, 2021, the balance is $1.40 million.

Lease Revenue Obligation Notes from Direct Borrowings

LRON provide the County with a flexible and cost-effective source of financing to provide interim funding during the initial construction phase of a capital project, which may be refinanced with the issuance of long-term bonds upon completion. Repayment of LRON are secured by four irrevocable direct-pay letters of credit (LOC) from separate banks supporting the issuance of LRON. This program is secured by fifteen County-owned properties pledged as collateral in a lease-revenue financing structure with LACCAL. The LOCs were issued for a five-year period and have a termination date of April 30, 2024. The County has the option to extend the LOCs for an additional one-year period or to some other term mutually agreed to with the participating banks.

10. LONG-TERM OBLIGATIONS-Continued

Notes, Loans, and Lease Revenue Obligation Notes-Continued

Lease Revenue Obligation Notes from Direct Borrowings-Continued

The aggregate maximum principal amount of the four LOCs is $600.00 million, which consists of $100.00 million of Series A (Bank of the West), $200.00 million of Series B (U.S. Bank), $200.00 million of Series C (Wells Fargo Bank), and $100.00 million of Series D (State Street Bank). The County is responsible for the payment of a non-refundable letter of credit fee for each LOC on a quarterly basis in an amount equal to the rate per annum corresponding to the lowest long-term unenhanced debt ratings assigned by any of Moody's, S&P, or Fitch to any Lease Obligation Debt of the County. The letter of credit fee for all four series of LOCs is equal to 0.35% of the maximum principal amount of the LOC. As of June 30, 2021, $504.08 million of LRON issued under the program were outstanding, including $18.20 million of Series A, $194.19 million of Series B, $191.69 million of Series C, and $100.00 million of Series D.

LRON are issued as variable rate instruments with a maximum term not to exceed 270 days. On the maturity date of LRON, the notes are reissued at the prevailing interest rates in the note market, which reflects the term of the note and the perceived credit quality of the supporting letter of credit bank. In the event the notes are not able to be reissued in the note market, the bank will make a Principal Advance to pay the principal of the maturing note. If the Principal Advance remains outstanding longer than 90 days, a term loan is created to repay the bank. During FY 2020-2021, the County reissued $224.82 million representing the total outstanding at the beginning of the year and redeemed $125.40 million for governmental activities and reissued $99.97 million representing the total outstanding at the beginning of the year and redeemed $8.31 million for business-type activities. These reissues, along with an additional $313.00 million of new County LRON, which is reported as $197.72 million for governmental activities and $115.28 million for business-type activities, are reflected as notes payable. The total outstanding LRON as of June 30, 2021 is $504.08 million, which is reported as $297.14 million for governmental activities and $206.94 million for business-type activities. The average interest rate on LRON issued in FY 2020-2021 was 0.18%.

Principal and interest requirements on NPC BANS, Marina del Rey Loans and LRON for governmental activities and NPC BANS, Waterworks District Loans, Aviation Loan and LRON for business-type activities are as follows (in thousands):

Year Ending	Governmental Activities		Business-type Activities	
June 30	Principal	Interest	Principal	Interest
2022	$ 303,220	$ 458	$ 207,257	$ 111
2023	1,136	410	528	171
2024	1,186	359	542	159
2025	1,239	305	554	145
2026	1,295	249	568	132
2027-2031	4,247	388	3,054	444
2032-2036			1,981	89
Total notes, loans, and LRON	$ 312,323	$ 2,169	$ 214,484	$ 1,251

10. LONG-TERM OBLIGATIONS-Continued

Summary-All Future Principal, Interest and Accretions

The following summarizes total future principal and interest requirements for the various debt issues referenced above (in thousands):

	Governmental Activities		Business-type Activities	
Debt Type	Principal	Interest	Principal	Interest
Certificates of participation and bonds	$ 1,581,957	$ 1,132,595	$ 856,538	$ 680,427
Tobacco settlement asset-backed bonds	332,749	632,451		
Notes, Loans, and LRON from direct borrowings and placements	312,323	2,169	214,484	1,251
Subtotal	2,227,029	$ 1,767,215	1,071,022	$ 681,678
Add: Accretions	4,421			
Unamortized premiums on bonds payable	230,545		79,709	
Total bonds and notes	$ 2,461,995		$ 1,150,731	

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

Bonds Defeased in Prior Years

In prior years, various debt obligations, consisting of bonds and certificates of participation, were defeased by placing the proceeds of refunding bonds in an irrevocable trust to provide for all future debt service payments on the old obligations. GASB 86, "Certain Debt Extinguishment Issues," requires that debt also be considered defeased when cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust to extinguish debt. Accordingly, the trust account assets and the related debt service payments for the defeased bonds would not be reflected in the County’s statement of net position. At June 30, 2021, there were no outstanding bonds and certificates of participation considered defeased.

10. LONG-TERM OBLIGATIONS-Continued

Changes in Long-term Liabilities

The following is a summary of long-term liabilities and corresponding activity for the year ended June 30, 2021 (in thousands):

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

10. LONG-TERM OBLIGATIONS-Continued

Changes in Long-term Liabilities-Continued

For governmental activities, the General Fund, the Fire Protection District Special Revenue Fund and the LA County Library Special Revenue Fund have typically been used to liquidate workers' compensation, accrued compensated absences, pension, OPEB, and litigation and self-insurance.

Bond interest accretions for deep discount bonds have been included in the amounts reported for Bonds. Accretions decreased during FY 2020-2021, thereby decreasing liabilities for Bonds by $3.40 million for governmental activities. Note 17 contains information about changes in the combined current and long-term liabilities for workers' compensation and litigation and self-insurance.

Discretely Presented Component Unit

Long-term debt obligations and corresponding activity for the LACDA discretely presented component unit for the year ended June 30, 2021, was as follows (in thousands):

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

11. SHORT-TERM DEBT

On July 10, 2020, the County issued $1.20 billion of short-term Tax and Revenue Anticipation Notes at an effective interest rate of 0.28%. The proceeds of the notes were used to assist with County General Fund cash flow needs prior to the first major apportionment of property taxes, which occurred in December 2020. The notes matured and were redeemed on June 30, 2021.

12. CONDUIT DEBT OBLIGATIONS

Community Facilities and Improvement District Bonds

As of June 30, 2021, various community facilities and improvement districts established by the County had outstanding special tax bonds payable totaling $16.20 million and limited obligation improvement bonds totaling $665,451. The bonds were issued to finance the cost of various construction activities and infrastructure improvements, which have a regional or direct benefit to the related property owners.

The bonds do not constitute an indebtedness of the County and are payable solely from special taxes and benefit assessments collected from property owners within the districts. In the opinion of County officials, these bonds are not payable from any revenues or assets of the County and neither the full faith and credit of the County, the State or any political subdivision thereof is obligated to the payment of the principal or interest on the bonds. Accordingly, no liability has been recorded in the accompanying basic financial statements.

The County functions as an agent for the districts and bondholders. Debt service transactions related to the various bond issues are reported in the custodial funds. Construction activities are reported in the Improvement Districts' Capital Projects Fund.

Industrial Development and Other Conduit Bonds

Industrial development bonds, and other conduit bonds, have been issued to provide financial assistance to private sector entities and nonprofit corporations for the acquisition of industrial and health care facilities, which provide a public benefit. The bonds are secured by the facilities acquired and/or bank letter of credit and are payable solely from project revenue or other pledged funds. The County is not obligated in any manner for the repayment of the bonds. Accordingly, no liability has been recorded in the accompanying basic financial statements.

As of June 30, 2021, the amount of industrial development and other conduit bonds outstanding was $67.18 million.

Redevelopment Refunding Bonds

The County of Los Angeles Redevelopment Refunding Authority, a JPA between the County and the Public Works Financing Authority, was established to issue bonds that would enable successor agencies to former redevelopment agencies within the County to refund their outstanding tax allocation bonds in order to achieve debt service savings and to provide significant economies of scale through reduced costs of issuance and lower interest rates. The bonds are secured by a lien on future tax revenues of successor agencies. The County is not obligated in any manner for the repayment of the bonds. Accordingly, no liability has been recorded in the accompanying basic financial statements.

As of June 30, 2021, the amount of redevelopment refunding bonds outstanding was $519.07 million.

13. HOSPITAL AND OTHER PROGRAM REVENUES

Net patient service revenue is reported at the estimated net realizable amounts from patients, third party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Medi-Cal Demonstration Project: Medi-Cal 2020

On December 30, 2015, the federal Centers for Medicaid and Medicare Services (CMS) approved the special terms and conditions (STCs) for Medi-Cal 2020 - a five-year renewal of California's Section 1115(a) Medi-Cal Demonstration Project, which provides California with new federal funding through programs with an intent to shift focus away from hospital-based and inpatient care, towards outpatient, primary, and preventative care. Medi-Cal 2020 covers the period January 1, 2016 to December 31, 2020. Due to the COVID-19 pandemic, it was extended to December 31, 2021.

Revenues for the public hospitals under Medi-Cal 2020 are composed of:

1. Global Payment Program
2. Public Hospitals Redesign and Incentives in Medi-Cal
3. Whole Person Care

Global Payment Program

The Global Payment Program (GPP) is a payment reform program that aims to change the way county-owned and operated Public Hospital Systems (PHS) in California are compensated for providing care to the remaining uninsured. The program encourages a shift away from cost-based, hospital-centric models of care, through financial incentives to provide cost-effective primary and specialty care.

The GPP lifts restrictions that have historically impeded providing services for the remaining uninsured in the most appropriate setting for each patient, and now includes non-traditional methods of care delivery that have not been covered under either program. The shift from volume to value is done through a value-based point methodology, which takes into account both the value of care to the patient, and the recognition of costs to the health care system.

The GPP funds were previously comprised of Disproportional Share Hospital (DSH) funds that otherwise would have been allotted to a PHS, and Safety Net Uncompensated Care Pool (SNCP). DSH is a federal program to support safety-net hospital caring for a disproportionate share of low-income patients. SNCP was established under California's 2005 waiver to support services provided to uninsured patients. The inclusion of the SNCP portion of funds into GPP for FY 2020-2021 is still pending approval from Centers for Medicare and Medicaid Services (CMS), and therefore was not included in the FY 2020-2021 estimated GPP revenues.

Each participating PHS has an opportunity to earn a global budget for care to the remaining uninsured, and must meet service thresholds to receive full funding. Points are assigned to services in the following categories:

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

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

Global Payment Program-Continued

- Traditional Outpatient (e.g., primary or specialty care visit, dental, ER/urgent care, mental health visit).
- Non-Traditional Outpatient (e.g., health coaching, care navigation, community wellness encounters).
- Technology-Based Outpatient (e.g., nurse advice line, email consultation, provider-to-provider eConsult for specialty care).
- Inpatient and Facility Stays (e.g., trauma care, ICU stays, recuperative care, respite care, sober center stays, skilled nursing facility stays).

The County provides funding for the State of California's (State's) share of the program by using "Intergovernmental Transfers (IGTs)" to draw down federal matching funds.

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

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

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

The General Fund received $177.74 million for GPP and paid $23.46 million of related IGTs, which were recorded as "Charges for Services" revenue and "Health and Sanitation" expenditures, respectively, on the governmental funds statement.

Public Hospital Redesign and Incentives in Medi-Cal

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

PRIME directs PHS, district, and municipal hospitals to use evidence-based quality improvement methods to achieve ambitious, year-over-year performance targets. All federal funding for this program is contingent on meeting these targets.

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

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

Public Hospital Redesign and Incentives in Medi-Cal-Continued

Efforts within PRIME include (1) increasing the capability to furnish patient-centered, data driven, team-based care, (2) improving the capacity to provide point-of-care services, complex care management and population health management, (3) improving population and health outcomes, (4) high quality care that integrates physical and behavioral health services in the most appropriate setting and (5) moving towards value-based payments.

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

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

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

The General Fund received $39.85 million for PRIME and paid ($5.37) million of related IGTs, which were recorded as “Intergovernmental Revenues - Federal” and "Health and Sanitation" expenditures, respectively, on the governmental funds statement.

Whole Person Care

Whole Person Care (WPC) pilot program focuses on coordination of health, behavioral health, and social services in a patient-centered manner with the goals of improved beneficiary health and well-being through more efficient and effective use of resources.

WPC program is on a calendar year basis, starting with 2016. The General Fund received $331.25 million for WPC revenues, which were recorded as "Intergovernmental Revenues - Federal" on the governmental funds statement. In addition, the General Fund recorded $148.88 million of WPC IGT expenditures, which were recorded as "Health and Sanitation" expenditures on the governmental funds statement.

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Previous Medi-Cal Demonstration Projects

Bridge to Reform

Bridge to Reform was approved in November 2010 by CMS, pursuant to Section 1115(a) of the Social Security Act. This waiver affected many aspects of Medi-Cal revenue for the County hospitals and clinics including the financing methods by which the State drew down federal matching funds. Bridge to Reform covered the period November 1, 2010 to October 31, 2015, with a temporary extension to December 31, 2015. As of the end of the FY 2020-2021, Program Years 2010-2011 through 2012-2013 and 2014-2015 are still pending State's final reconciliation.

Safety Net Care Pool

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

Medi-Cal Redesign

Medi-Cal Redesign covered the period of July 1, 2005 to June 30, 2010. The implementing State legislation (SB 1100) was enacted by the Legislature in September 2005. This waiver restructured inpatient hospital fee-for-service (FFS) payments and DSH payments, as well as the financing method by which the State drew down federal matching funds.

Disproportionate Share Hospital Program

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

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

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Managed Care for Seniors and Persons with Disabilities

Under the Medi-Cal Demonstration Project, in an effort to provide more coordinated care and contain costs, Medi-Cal beneficiaries who are Seniors and Persons with Disabilities (SPDs) are required to enroll in managed care plans, rather than using a fee for service system. In FY 2020-2021, an estimated $113.03 million of SPD revenues were recorded as part of net patient service revenue.

The General Fund received $26.27 million for SPD, which were recorded as "Charges for Services" revenue on the governmental funds statement.

Affordable Care Act

On January 1, 2014, when the federal health care reform of the Patient Protection and Affordable Care Act went into effect, the Hospital Presumptive Eligibility program also provided individuals with temporary Medi-Cal benefits while a formal, permanent Medi-Cal application is being processed.

Medicaid Coverage Expansion

The Medicaid Coverage Expansion (MCE), also known as the Optional Medicaid Expansion program, provides Medi-Cal coverage for adult citizens or legal residents (ages 19-64) who are uninsured and have incomes at or below 138.00% of the Federal Property Level. The Federal Medical Assistance Percentage (FMAP) for the MCE Program was 100.00% from July 1, 2016 through December 31, 2016, 95.00% from January 1, 2017 through December 31, 2017, 94.00% from January 1, 2018 through December 31, 2018, and 93.00% from January 1, 2019 through December 31, 2019. It became 90.00% on January 2020 and is set to continue at the level thereafter.

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

In FY 2020-2021, the total estimated MCE revenues and related estimated IGTs, including prior year over/under-realization were as follows (in thousands):

	Program Revenues	Intergovernmental Transfers Expense
MCE	$ 117,194	$
MCRS - MCE	165,387	16,968
Total	$ 282,581	$ 16,968

The General Fund received $244.85 million for MCE and paid $0.29 million of related IGTs, which were recorded as "Charges for Services" revenue and "Health and Sanitation" expenditures, respectively, on the governmental funds statement.

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs

Medi-Cal Fee-For-Service

The Medi-Cal Demonstration Project restructured the financing method by which the State draws down federal matching funds for the inpatient hospital FFS to cost based reimbursement. The non-federal share of the Medi-Cal FFS is provided by the hospitals primarily through certified public expenditures (CPE) whereby the hospital expends its local funding for services to draw down the federal financing participation (FFP), currently provided at a 56.20% match which incorporates a 6.20% increase in the FFP rate as authorized by the Families First Coronavirus Response Act (FFCRA) and retroactive to January 1, 2020. For FY 2020-2021, an estimated $433.50 million of Medi-Cal FFS revenues were recorded as part of net patient service revenue.

Medi-Cal Physician State Plan Amendment

The Medi-Cal Demonstration Project payment for inpatient and other facility services excluded professional services. State Plan Amendment 05-23 allows professional services provided by public entities to be paid similarly to the inpatient hospital services under the Medi-Cal Demonstration Project. Hospitals are allowed to claim federal reimbursement for unreimbursed costs of Medi-Cal professional services (Hospital Inpatient, Emergency Room, and Psychiatric services), which is matched at the applicable FMAP rate for the year.

Revenues of $13.63 million were recognized and recorded as part of net patient service revenue during FY 2020-2021 and included an adjustment for the under-realization of revenues associated with FY 2013-2014.

Cost Based Reimbursement Clinics

Cost Based Reimbursement Clinics (CBRC) reimburse 100% of allowable costs for outpatient services provided to Medi-Cal beneficiaries at the County's hospital-based clinics, outpatient centers and Ambulatory Care Network health centers (excluding clinics that provide predominately public health services). In FY 2020-2021, CBRC revenues were $159.78 million for the enterprise funds.

In FY 2018-19, DHS notified the California Department of Health Care Services (DHCS) that it would begin filing a single, consolidated Ambulatory Care Network cost report for most of the freestanding clinics. The change reflected a reorganization: effective July 1, 2018, finances related to those clinics were transferred from hospital enterprise funds to the County's General Fund. (The change did not impact CBRC cost reporting for hospital-based clinics). In March 2021, DHCS accepted the single, consolidated ACN cost reports for FY 2018-2019 and FY 2019-2020.

As of June 30, 2021, the County estimated that approximately $48.85 million of CBRC accounts receivable would not be collectible within 12 months and this amount is classified as a non-current asset in the proprietary fund statements of net position for each hospital.

The General Fund received $30.56 million for CBRC, which was recorded as "Charges for Services" revenue on the governmental funds statement. As of June 30, 2021, the County estimated that approximately $16.04 million of CBRC accounts receivable would not be collectible within 12 months.

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Medi-Cal Cost Report Settlements

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

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

Medi-Cal Managed Care Graduate Medical Education

On March 19, 2020, the State executed State Plan Amendment (SPA) Transmittal Number 17-009 that allows for graduate medical education (GME) payments to certain governmental hospitals for Medicaid managed care services effective January 1, 2017. The Medicaid managed care plans do not include GME payments within the capitation rates.

These supplemental GME payments are funded by voluntary IGTs made by the County pursuant to Welfare and Institutions Code (WIC) sections 14164 and 14105.29(c), that is used solely as the source for the non-federal share of GME payments made to the eligible providers of the Governmental Funding Entity pursuant to WIC section 14105.29 and Supplement 6 to Attachment 4.19-A of the SPA. The funds transferred qualify for federal financial participation (FFP) pursuant to 42 Code of Federal Regulations part 433 subpart B.

Under the SPA, the County is required by Welfare and Institutions Code Section 14105.29, to pay the State a 5% administrative fee that is assessed on the full amount of the IGTs. This amount is also recorded as part of the IGT.

In FY 2020-2021, the County recorded the GME supplemental gross revenue payments as listed below and recorded the corresponding IGT expense as follows (in thousands):

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

Medi-Cal Managed Care Rate Supplements

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

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Medi-Cal Managed Care Rate Supplements-Continued

In addition, in order to receive the supplemental payments, the County is required by Welfare and Institutions Code Section 14301.4, to pay the State a 20% administrative fee that is assessed on the full amount of the IGTs. This amount is also recorded as part of the IGT.

The total estimated managed care rate supplement revenues and related estimated IGTs recorded in FY 2020-2021, including prior year over/under realization, were as follows (in thousands):

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

The General Fund recorded $9.93 million of MCRS revenues and ($7.04) million of related IGTs as "Charges for Services" revenue and "Health and Sanitation" expenditures, respectively, on the governmental funds statement.

Managed Care Rule

On April 25 2016, CMS published the Medicaid and Children's Health Insurance Program (CHIP) Managed Care Final Rule. The rule, many provisions of which went into effect July 1, 2017, is an update to the regulatory framework for Medicaid, aligning it as much as possible with Medicare and other commercial insurance requirements for issues like rate setting, access standards, grievances and appeals, and quality.

The managed care rule limits the ability of states to direct payments to health care providers, unless certain conditions are met. Among the allowable exceptions are payments tied to performance, and payments that provide a uniform payment increase which includes a pre-determined increase over contracted rates. The previous SPD-SB208 and AB85 MCE-to-Cost programs did not meet these conditions. In order to retain this critical funding, the following two programs were introduced:

1. Enhanced Payment Program
2. Quality Incentive Program

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Managed Care Rule-Continued

Enhanced Payment Program

The Enhanced Payment Program (EPP) creates a funding to be used to supplement the base rates public health care systems receive through Medi-Cal managed care contracts, meant to meet the managed care rule's exception that allows payments that provide a uniform increase within a class of providers such as a predetermined increase over contracted rates.

Enhanced payments public health care systems would be eligible to receive depend largely on systems' existing payment arrangements with their managed care plans. Under the proposed structure, health plans would receive an add-on to their managed care rates and would provide interim payments to providers throughout the year. Payments would be reconciled at the end of the year, protecting health plans from any risk associated with payment.

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

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

The General Fund received $295.34 million for EPP and paid $40.87 million of related IGTs, which were recorded as "Charges for Services" revenue and "Health and Sanitation" expenditures, respectively, on the governmental funds statement.

Quality Incentive Program

The Quality Incentive Program (QIP) is meant to meet the Managed Care Rule's exception that allows payments tied to performance.

The QIP represents a new pay for performance program for California's public health care systems that would convert funding from previously existing supplemental payments into a value-based structure. QIP payments are tied to the achievement of performance on a set of clinically established quality measures for Medi-Cal managed care enrollees.

The QIP is structured similar to the PRIME program. The QIP's measures do not directly overlap with any of the quality measures being used in PRIME, but are designed to be complementary.

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Managed Care Rule-Continued

Quality Incentive Program-Continued

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

At FY 2020-2021 year-end, the estimated QIP revenues, recorded as "other operating revenues", and related IGTs, including prior year over/under realization, are as follows (in thousands):

	QIP Revenues	Intergovernmental Transfers Expense
Harbor-UCLA Medical Center	$ 56,795	$ 12,257
Olive View-UCLA Medical Center	20,206	4,438
LAC+USC Medical Center	52,935	11,499
Rancho Los Amigos National Rehab Center	5,368	1,073
Total	$ 135,304	$ 29,267

The General Fund received $128.37 million for QIP and paid $26.51 million of related IGTs, which were recorded as "Intergovernmental Revenues - Federal" and "Health and Sanitation" expenditures, respectively, on the governmental funds statement.

Third Party Payor Liability

The County's Hospitals reported third party payor liabilities of $618.56 million (see Note 10) as of June 30, 2021, as reported on the statement of net position for proprietary funds. The current liabilities for amounts due within one year are $222.91 million.

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

Accounts Receivable-Net

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

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

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Charity Care

Charity care includes those uncollectible amounts for which the patient is unable to pay. Generally, charity care adjustment accounts are those accounts for which an indigence standard has been established and under which the patient qualifies. Inability to pay may be determined through DHS's Ability-to-Pay program, through other collection efforts by DHS, by the Treasurer and Tax Collector, or by an outside collection agency. Determinations of charity care may be made prior to, at the time of service, or any time thereafter. The estimated cost of charity care for the year ended June 30, 2021 was $541.50 million. The total amount of such charity care provided by the hospitals for the year ended June 30, 2021 is as follows (in thousands):

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

Realignment

As a result of the ACA, the State adopted and passed Assembly Bill 85 (AB85), as amended by Senate Bill 98, which lays out the process by which a portion of the 1991 County Health Realignment funds will be redirected to support Social Services programs based on a formula. The redirection is based on the assumption that the counties will decrease their cost for healthcare for the indigent population. These savings will be shared between the counties' health departments and the State. The sharing ratio is 80% to the State and 20% to the County. This ratio has been in place since FY 2014-2015. AB85, as amended, provides a unique formula for the County to determine the amount to be redirected.

In FY 2020-2021, the State did not withhold any of the County's Health Realignment funds. This amount is expected to be reconciled against actual revenues and expenses for FY 2020-2021 within two years. The redirection amount will be subject to the State's review and approval. The financial impact of the potential redirection of realignment funding in future years is not yet known.

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

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

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Martin Luther King, Jr. Community Hospital

The County and the University of California (UC), with the State, have created a wholly independent, non-profit 501(c)(3) entity, the Martin Luther King, Jr. - Los Angeles Healthcare Corporation (MLK-LA), to operate a hospital at the MLK-MACC site. As originally conceived, the hospital would: i) serve as a safety-net provider treating a high volume of Medi-Cal and uninsured patients and ii) be integrated with the County's existing network of specialty and primary care ambulatory clinics. The seven-member MLK Hospital Board of Directors was appointed by the County and UC in August 2010. The MLK Community Hospital opened on May 14, 2015.

To assist with the opening of the MLK Hospital, the County provided MLK-LA with $50.00 million of coordination start-up funds, $39.10 million of grant funding, and $82.00 million of long-term loan funding, which includes a 30-year loan in the amount of $50.00 million, a 10-year revolving line of credit in the amount of $20.00 million, and a 2-year loan in the amount of $12.00 million. On January 5, 2016, the Board approved an additional short-term revolving loan in the amount of $40.00 million to assist MLK-LA with post-hospital opening expenses. All the loans have been repaid in full, with the exception of the 30-year loan, which has a current outstanding balance of $41.07 million. In addition, the DHS has committed to make ongoing annual payments of $18.00 million for indigent care support, and $50.00 million of intergovernmental transfers for the benefit of the MLK Hospital.

COVID-19

COVID-19 Accelerated and Advance Payments

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

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

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

13. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

COVID-19-Continued

COVID-19 Accelerated and Advance Payments-Continued

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

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

Provider Relief Funds

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

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

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

14. INTERFUND TRANSACTIONS

Interfund Receivables/Payables

Interfund receivables and payables have been eliminated in the government-wide financial statements, except for “internal balances” that are reflected between the governmental and business-type activities. The majority of the interfund balances resulted from the time lag between the time that (1) goods and services were provided; (2) the recording of those transactions in the accounting system; and (3) payments between the funds were made. Interfund receivables and payables have been recorded in the fund financial statements. Such amounts arise due to the exchange of goods or services (or subsidy transfers) between funds that were pending the transfer of cash as of June 30, 2021.

14. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

Cash transfers related to interfund receivables/payables are generally made within 30 days after year-end. Amounts due to/from other funds at June 30, 2021 are as follows (in thousands):

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

14. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

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

14. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

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

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.

14. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

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

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

14. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

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

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.

14. INTERFUND TRANSACTIONS-Continued

Interfund Advances-Continued

Advances from/to other funds at June 30, 2021 are as follows (in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Harbor-UCLA Medical Center	$ 4,737
	Olive View-UCLA Medical Center	2,553
	LAC+USC Medical Center	6,401
	Rancho Los Amigos Nat'l Rehab Center	1,265
	Internal Service Funds	3,128
		18,084
Flood Control District	Internal Service Funds	6,404
Nonmajor Governmental Funds	Internal Service Funds	10,915
Waterworks Enterprise Funds	Internal Service Funds	1,553
Total Interfund Advances		$ 36,956

15. BUDGETARY ACCOUNTING DIFFERENCES/RECONCILIATIONS BETWEEN THE BUDGETARY BASIS AND GAAP

The County's statement of revenues, expenditures and changes in fund balances-budget and actual on budgetary basis for the major governmental funds has been prepared on the budgetary basis of accounting, which is different from GAAP.

The amounts presented for the governmental funds statements are based on the modified accrual basis of accounting and differ from the amounts presented on a budgetary basis of accounting. The major areas of difference are as follows:

– For budgetary purposes, nonspendable, restricted, committed and assigned fund balances and the portion of unassigned fund balance reserved for the "Rainy Day" fund are recorded as other financing uses at the time they are established. The County recognizes them as uses of budgetary fund balance. The nonspendable, restricted, committed and assigned fund balances that are subsequently canceled or otherwise made available are recorded as changes in fund balance in other financing sources.

– Under the budgetary basis, revenues (primarily intergovernmental) are recognized at the time encumbrances are established for certain programs and capital improvements. The intent of the budgetary policy is to match the use of budgetary resources (for amounts encumbered, but not yet expended) with funding sources that will materialize as revenues when actual expenditures are incurred. Under the modified accrual basis, revenues are not recognized until the qualifying expenditures are incurred and amounts are collected within the County's availability period.

15. BUDGETARY ACCOUNTING DIFFERENCES/RECONCILIATIONS BETWEEN THE BUDGETARY BASIS AND GAAP-Continued

- For the General Fund, obligations for accrued compensated absences and estimated liabilities for litigation and self-insurance are recorded as budgetary expenditures to the extent that they are estimated to be payable within one year after year-end. Under the modified accrual basis of accounting, such expenditures are not recognized until they become due and payable in accordance with GASB Interpretation 6.

- In conjunction with the sale of Tobacco Settlement Asset-Backed bonds in FY 2005-2006, the County sold 25.9% of its future tobacco settlement revenues. Under the budgetary basis, the proceeds were recognized as revenues. Under the modified accrual basis, the proceeds were recorded as deferred inflows of resources and are being recognized over the duration of the sale agreement, in accordance with GASB 48 and 65. This matter is also discussed in Note 10, under the caption, “Tobacco Settlement Asset-Backed Bonds.”

- Under the budgetary basis, property tax revenues are recognized to the extent that they are collectible within one year after year-end. Under the modified accrual basis, property tax revenues are recognized only to the extent that they are collectible within 60 days.

- For budgetary purposes, investment income is recognized prior to the effect of changes in the fair value of investments. Under the modified accrual basis, the effects of such fair value changes have been recognized.

- The County determined that certain assets were held by LACERA (the OPEB administrator) in an OPEB Custodial Fund. For budgetary purposes, any excess payments (beyond the pay-as-you-go amount) are recognized as expenditures. Under the modified accrual basis, the expenditures are adjusted to recognize the OPEB Custodial assets at June 30, 2021.

15. BUDGETARY ACCOUNTING DIFFERENCES/RECONCILIATIONS BETWEEN THE BUDGETARY BASIS AND GAAP-Continued

The following schedule is a reconciliation of the budgetary and GAAP fund balances for the major governmental funds (in thousands):

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

16. OTHER COMMITMENTS

Construction and Other Significant Commitments

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

LACERA Capital Commitments

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

16. OTHER COMMITMENTS-Continued

Encumbrances

The County uses "encumbrances" to control expenditure commitments for the year. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve applicable appropriations. Depending on the source(s) of funding, encumbrances are reported as part of restricted, committed or assigned fund balance on the governmental funds balance sheet. As of June 30, 2021, the encumbrance balances for the governmental funds (in thousands) are reported as follows:

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

17. RISK MANAGEMENT

The County purchases insurance for certain risk exposures such as property, aviation, employee fidelity, boiler and machinery, cyber, catastrophic workers' compensation, art objects, volunteers, special events, public official bonds, crime, safety reserve employee death and disability, and fiduciary liability for the deferred compensation plans. There have been settlements related to these programs that exceeded self-insured retention in the last three years. Losses did not exceed coverage in FY 2018-2019, FY 2019-2020 or FY 2020-2021.

The County retains the risk for all other loss exposures. Major areas of risk include workers' compensation, medical malpractice, law enforcement, natural disasters, inverse condemnation, non-tort and tort liability. Expenditures are accounted for in the fund whose operations resulted in the loss. Claims expenditures and liabilities are reported when it is probable that a loss has been incurred and the amount of that loss, including those incurred but not reported, can be reasonably estimated. The County utilizes actuarial studies, historical data, and individual claims reviews to estimate these liabilities. The liabilities include estimable incremental claim adjustment expenses, net of salvage, and recovery/subrogation of approximately 10% of the total liability expenditures. They do not include other claim adjustment costs because the County does not believe it is practical or cost effective to estimate them.

As indicated in the following table, the County's workers' compensation balance as of June 30, 2021 was approximately $3.307 billion. This amount is undiscounted and is based on an actuarial study of the County's self-insured program as of June 30, 2021. Approximately $134.15 million of the total liabilities pertain to salary continuation payments and other related costs mandated by the State Labor Code.

17. RISK MANAGEMENT-Continued

As of June 30, 2021, the County's estimate of these liabilities is $3.557 billion. Changes in the reported liability since July 1, 2019 resulted from the following (in thousands):

	Beginning of Fiscal Year Liability	Current Year Claims and Changes In Estimates	Claim Payments	Balance At Fiscal Year-End
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
2020-2021				
Workers' Compensation	$ 3,134,193	689,822	(517,370)	$ 3,306,645
Other	597,085	41,214	(388,440)	249,859
Total	$ 3,731,278	731,036	(905,810)	$ 3,556,504

In addition to the above estimated liabilities, the County has determined that claims seeking damages of approximately $689.89 million are reasonably possible of creating adverse judgments against the County. Because of the uncertainty of their outcome, no loss has been accrued for these claims.

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

18. POLLUTION REMEDIATION

The County is involved in several remediation actions to clean up pollution sites within its boundaries. These matters generally coincide with the County's ownership of land, buildings and infrastructure assets. In some cases, regulatory agencies (e.g., Regional Water Quality Board, State Department of Toxic Control, California Coastal Commission) notified the County of the need for remedial action. In addition, the County conducts its own environmental monitoring and this activity identifies pollution sites and matters requiring further investigation and possible remediation. Once the County is aware of these conditions, it commences monitoring, assessment, testing and/or cleanup activities, and recognizes a pollution remediation obligation when estimates can reasonably be determined. The pollution remediation obligation is an estimate and is subject to revision because of price increases or reductions, changes in technology, or changes in applicable laws or regulations. The types of pollution that have been identified include leaking underground storage tanks, water, groundwater and soil contamination, asbestos and lead paint contamination, methane gas detection and excessive levels of other contaminants. Remediation efforts include developing remediation and feasibility studies, source identification studies, site testing, sampling and analysis, ground water cleanup, and removal of storage tanks, asbestos tiles and other hazardous materials.

18. POLLUTION REMEDIATION-Continued

As of June 30, 2021, the County's estimated pollution remediation obligation totaled $38.19 million. This obligation was associated with the County's governmental activities. Obligations of enterprise and internal service funds were immaterial. The estimated liability was determined by project managers, based on historical cost information for projects of the same type, size and complexity and measured at their current value. In subsequent periods, the County will adjust the estimated obligation when new information indicates that such changes are required. At this time, the County has determined there are no estimated recoveries reducing the obligation.

19. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows and inflows of resources balances in the government-wide and the proprietary funds statement of net position as of June 30, 2021 are described as follows:

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

– The deferred inflows of resources, included on the government-wide statement of net position, relate to the future installment payments of service concession arrangements as discussed in Note 6, from changes in the net pension liability as discussed in Note 7, and from changes in the net OPEB liability as discussed in Note 8.

Government-wide
Statement of Net Position (in thousands)

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

19. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES-Continued

Proprietary Funds
Statement of Net Position (in thousands):

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

Deferred outflows and inflows of resources balances in the governmental funds balance sheet as of June 30, 2021 are described as follows:

– The intra-entity sales of future tobacco settlement revenues are reported as deferred inflows of resources in the General Fund and deferred outflows of resources in the nonmajor governmental funds.

– Under the modified accrual basis of accounting, earning revenues during the current period is not sufficient for revenue recognition in the current period. Revenue must also be susceptible to accrual (i.e., measurable and available to finance expenditures of the current period). Governmental funds report revenues not susceptible to accrual as deferred inflows of resources. The County has included two such items, which are property tax revenues to be collected beyond the 60 day accrual period, plus other long-term receivables, related mostly to SB90 claims, expected to be collected beyond the 12 month accrual period.

Governmental Funds
Balance Sheet (in thousands):

	General Fund	Fire Protection District	Flood Control District	LA County Library	Regional Park and Open Space District	Nonmajor Funds	Total
Deferred outflows of resources -							
Tobacco settlement revenues	$					202,346	$ 202,346
Deferred inflows of resources:							
Tobacco settlement revenues	$ 202,346						$ 202,346
Property tax revenues	166,944	35,111	11,280	5,389	2,638	14,635	235,997
Other long-term receivables	320,601	22,012				9,733	352,346
Total governmental funds deferred inflows of resources	$ 689,891	57,123	11,280	5,389	2,638	24,368	$ 790,689

20. FUND BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned as described in Note 1. A detailed schedule of fund balances for all the major and nonmajor governmental funds at June 30, 2021 (in thousands) is as follows:

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

20. FUND BALANCES-Continued

	General Fund	Fire Protection District	Flood Control District	LA County Library	Regional Park and Open Space District	Mental Health Services Act	Nonmajor Governmental Funds
Office of Diversion and Re-Entry Permanent Supportive Housing	99,184						
Public works-permit tracking system	3,151						
Services to unincorporated areas	4,320						
Sheriff unincorporated patrol	90						
TTC remittance processing and mailroom equipment	500						
TTC unsecured property tax system	463						
Woolsey fire recovery efforts	24,476						
Total Committed	597,337						135,537
Assigned to:							
Purpose of fund			99	76,947			135,846
Future purchases	790,573						
Capital projects							44,388
Total Assigned	790,573		99	76,947			180,234
Unassigned	3,265,520						
Total Fund Balances	$4,933,724	$ 213,792	$499,369	$109,165	$517,439	$1,097,085	$ 2,765,023

Reserve for "Rainy Day" Fund

On June 22, 2009, the Board established a Reserve for "Rainy Day" fund. The Reserve for "Rainy Day" fund was established and maintained to protect essential County programs against unforeseen emergencies and economic downturns. The Reserve cap should be 10.00% of on-going locally generated revenue. Transfers, at a minimum of ten percent (10.00%) of excess fund balance, less Board approved carryovers, will be set aside in the Rainy Day Fund and/or OPEB trust fund each year until the 10.00% cap is met. Excess fund balance is defined as the difference between the actual year-end fund balance amount as determined by the Auditor-Controller, less the estimated fund balance amount included in the Adopted Budget. Board approved carryover is defined as unspent funding that was previously approved by the Board for critical programs and/or uncompleted projects.

When the Reserve cap of 10.00% is reached, the annual 10.00% of excess fund balance amount should be deposited into the OPEB trust fund to be made available for unfunded retiree health obligations. The objective is to avoid on-going commitments with funding that may not be sustainable in an economic downturn.

The County's "Rainy Day" fund does not meet the criteria for a stabilization arrangement for reporting the funds as either restricted or committed. As such, the Reserve for "Rainy Day" funds in the amount of $717.99 million is reported as unassigned fund balance in the General Fund.

21. CORONAVIRUS DISEASE 2019 (COVID-19)

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

<u>Federal CARES Act Funding</u>

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

On April 23, 2020, the County received $1.057 billion from the CARES Act. The County is a prime recipient and received the direct payment under section 601(b) of the Social Security Act. The CARES Act funds will be used only to cover those costs that were a) necessary expenditures incurred due to the public health emergency with respect to the COVID-19; b) not accounted for in the budget most recently approved as of March 27, 2020; and c) incurred during the period that begins on March 1, 2020, and ends on December 31, 2021.

On July 21, 2020, the Board approved a $1.221 billion spending plan for the CARES Acts funds from the federal and State allocations to the County in response to the public health emergency caused by COVID-19. The spending plan allocated funds to 1) support the public health of County residents; 2) provide financial and other support for County residents; 3) support small businesses impacted by COVID-19; and 4) support County staff performing COVID-19 related functions and services.

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

<u>State CARES Act Funding</u>

As part of the State of California's adopted FY 2020-2021 budget, the County was advanced approximately $163.40 million in CARES Act federal funding from the State of California to further support activities and expenses that promote public health and safety in response to the COVID-19 public health emergency. For FY 2020-2021, the County recorded $162.77 million in State CARES Act revenues and $1.22 million (including the interest) as advances payable in the fund and government-wide financial statements.

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

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

Federal Emergency Management Agency

The County also received $119.00 million from the Federal Emergency Management Agency (FEMA) and $3.70 million from the California Governor's Office of Emergency Services (Cal OES) for 5 expedited projects to respond to COVID-19. The 5 projects were for the 1) County's Emergency Operations Center and related emergency services/activities; 2) Non-congregate medical shelters; 3) COVID-19 testing; 4) Project Room Key – emergency non-congregate shelters for homeless individuals meeting certain criteria; and 5) Great Plates – emergency feeding for certain at-risk individuals. For FY 2020-2021, the County recorded $42.28 million as revenue on the fund and government-wide financial statements and $18.00 million (including the interest) is reported as advances payable.

Emergency Rental Assistance

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

American Rescue Plan Act of 2021

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

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

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

American Rescue Plan Act of 2021-Continued

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

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

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

22. SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes (TRANS)

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

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

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

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

22. SUBSEQUENT EVENTS-Continued

Lease Revenue Commercial Paper Obligation Notes (LRON)

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

COVID-19 Appreciation Pay and Hero Pay Bonuses

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

COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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

	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Pension Plan's fiduciary net position as percentage of total pension liability	76.400 %	82.910 %	83.960 %	82.370 %	81.749 %	86.296 %	86.804 %
County's proportionate share of the collective net pension liability	$ 17,394.887	$ 11,560,668	$ 10,345,209	$ 10,849,931	$ 10,272,671	$ 7,448,374	$ 6,957,082
County's proportion as percentage of the collective net pension liability	96.268 %	96.223 %	96.169 %	96.119 %	96.170 %	96.081 %	95.897 %
Covered payroll	$ 8,377,352	$ 8,031,454	$ 7,631,381	$ 7,320,575	$ 6,986,004	$ 6,948,738	$ 6,672,228
County's proportionate share of the collective net pension liability as a percentage of its covered payroll	207.642 %	143.942 %	135.561 %	148.211 %	147.046 %	107.190 %	104.269 %

Schedule of County's Pension Contributions
Last 10 Fiscal Years[1,3]
(Dollar amounts in thousands)

	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution (ADC)	$ 1,940,715	$ 1,732,960	$ 1,605,150	$ 1,466,411	$ 1,300,711	$ 1,389,628	$ 1,437,555
Less: Contributions in relation to the ADC	1,940,715	1,732,960	1,605,150	1,466,411	1,300,711	1,389,628	1,437,555
Contribution Deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered payroll	$ 8,714,969	$ 8,377,352	$ 8,031,454	$ 7,631,381	$ 7,320,575	$ 6,986,004	$ 6,948,738
Contributions as a percentage of total covered payroll	22.269 %	20.686 %	19.986 %	19.216 %	17.768 %	19.892 %	20.688 %

(1) Historical information is required only for measurement periods for which GASB 68 is applicable. Eventually, 10 years of data will be shown.
(2) Reflects data as of the measurement date.
(3) Reflects data as of the reporting date.

Los Angeles County Employees Retirement Association
Notes to Required Supplementary Information

Changes of benefit terms

There were no plan changes after June 30, 2013.

Changes of assumptions

The investment return assumption decreased from 7.25% to 7.00%

There were no changes of assumptions in determining the ADC since FY 2014-2015.

COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Los Angeles County Employees Retirement Association
Schedule of Changes in Net RHC OPEB Liability and Related Ratios
Last 10 Fiscal Years [1,2,3]
(Dollar amounts in thousands)

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

Notes to Schedule:
Changes of benefit terms: No changes to benefit terms

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

(1) Historical information is required only for measurement periods for which GASB 75 is applicable. Eventually, 10 years of data will be shown.
(2) Reflects data as of the measurement date.
(3) As of July 1, 2018, LACERA transitioned from a cost-sharing, multiple employer plan to an agent plan structure. Therefore, this schedule only reflects two years of data.

COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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

	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	$ 1,508,400	$ 1,482,200	$ 1,549,500	$ 1,901,000
Less: Contributions in relation to the ADC	1,025,851	880,949	787,366	679,872
Contribution Deficiency (excess)	$ 482,549	$ 601,251	$ 762,134	$ 1,221,128
Covered-employee payroll	$ 9,653,678	$ 9,404,208	$ 9,071,329	$ 8,571,345
Contributions as a percentage of total covered-employee payroll	10.627%	9.368%	8.680%	6.523%

(1) Historical information is required only for measurement periods for which GASB 75 is applicable. Eventually, 10 years of data will be shown.
(2) Reflects data as of the reporting date.

Actuarial Methods and Assumptions

Valuation Timing	July 1, 2019, rolled forward to June 30, 2020
Actuarial Cost Method	Individual Entry Age Normal, Level Percent of Pay
Asset Valuation Method	Fair Market Value
Inflation	2.75%
Salary Increases	3.25% general wage increase and merit according to Table A-5 of the June 30, 2019 actuarial valuation of retirement benefits. It can be found at www.LACERA.com.
Mortality	Various rates based on the RP-2014 Healthy and Disabled Annuitant mortality tables and including projection for expected future mortality improvement using the MO Healthcare Cost Trend Rates MP-2014 Ultimate Projection Scale.
Experience Study	Covers the three year period ended June 30, 2018.
Discount Rate	3.78%
Long-term expected rate of return, net of investment expenses	6.00%
20 Year Tax-Exempt Municipal Bond Yield	2.21%

COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Schedule of Changes in the Total LTD OPEB Liability and Related Ratios
Last 10 Fiscal Years[1]
(Dollar amounts in thousands)

	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Total OPEB Liability				
Service cost	$ 47,316	$ 41,832	$ 43,162	$ 49,068
Interest	38,779	41,028	38,818	33,546
Differences between expected and actual experience	8,067	(55,159)	1,111	589
Changes of assumptions or other inputs	170,346	78,190	(43,574)	(106,200)
Benefit payments	(66,671)	(60,451)	(64,313)	(63,430)
Net Change in Total OPEB Liability	197,837	45,440	(24,796)	(86,427)
Total LTD OPEB Liability - beginning	1,093,684	1,048,244	1,073,040	1,159,467
Total LTD OPEB Liability - ending	$ 1,291,521	$ 1,093,684	$ 1,048,244	$ 1,073,040
Covered-employee payroll	$ 9,404,208	$ 9,071,329	$ 8,571,345	$ 8,176,831
Total LTD OPEB Liability as a percentage of covered-employee payroll	13.733 %	12.056 %	12.230 %	13.123 %

Notes to schedule:

Changes of benefit terms: No changes to benefit terms

Changes of assumptions:

Changes of Assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

As of June 30, 2017	3.58 %
As of June 30, 2018	3.87 %
As of June 30, 2019	3.50 %
As of June 30, 2020	2.21 %

(1) Historical information is required only for measurement periods for which GASB 75 is applicable. Eventually, 10 years of data will be shown.

COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Total LTD OPEB Liability
Notes to Required Supplementary Information

Changes of benefit terms

None

Changes of assumptions

The discount rate decreased from 3.50% as of June 30, 2020 to 2.21% as of June 30, 2021.

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

COUNTY OF LOS ANGELES
CALIFORNIA

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

COUNTY OF LOS ANGELES

CALIFORNIA

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following summary discussion of selected provisions of the Site Lease, the Sublease and the Indenture are made subject to all of the provisions of such documents. This summary discussion does not purport to be a complete statement of said provisions and prospective purchasers of the Series 2022G Bonds are referred to the complete texts of said documents, copies of which are available upon request sent to the Trustee.

Definitions

"Act" means the Marks-Roos Local Bond Pooling Act of 1985, constituting Section 6584 et seq. of the California Government Code.

"Additional Bonds" means Bonds other than Series 2015 Bonds issued under the Indenture in accordance with the provisions thereof.

"Additional Project" means, to the extent identified by the County as such, the public facilities to be acquired and/or constructed and/or the capital assets or equipment to be acquired and/or installed, with the proceeds of Additional Bonds, including the Series 2021F Projects.

"Additional Rental Payments" means all amounts payable by the County as Additional Rental Payments pursuant to the Sublease.

"Annual Debt Service" means, for each Bond Year, the sum of (a) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of mandatory sinking fund redemptions), and (b) the scheduled principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking fund redemptions due in such Bond Year).

"Authority" means the Los Angeles County Public Works Financing Authority, a joint powers authority organized and existing under the laws of the State of California.

"Authority Event of Default" means an event described as such in the Sublease.

"Authorized Authority Representative" means any member of the Board of Directors of the Authority or the Treasurer of the Authority, and any other Person authorized by the Board of Directors of the Authority or the Treasurer of the Authority to act on behalf of the Authority under or with respect to the Indenture.

"Authorized County Representative" means the Treasurer and Tax Collector of the County or any authorized deputy or designee thereof, and any other Person authorized by the Board of Supervisors of the County or the Treasurer and Tax Collector of the County to act on behalf of the County under or with respect to the Indenture.

"Authorized Denominations" means, with respect to the Bonds, $5,000 and any integral multiple thereof.

"Average Annual Debt Service" means the average of the Annual Debt Service for all Bond Years, including the Bond Year in which the calculation is made.

"Base Rental Deposit Date" means the Business Day immediately preceding each Interest Payment Date.

"Base Rental Payments" means all amounts payable to the Authority by the County as Base Rental Payments pursuant to the Sublease.

"Beneficial Owners" means those individuals, partnerships, corporations or other entities for whom the Participants have caused the Depository to hold Book-Entry Bonds.

"Bond Year" means each twelve-month period beginning on July 1 in each year and extending to the next succeeding June 30, both dates inclusive, except that the first Bond Year shall begin, with respect to the Series 2022G Bonds, on the Closing Date and end on June 30, 2022.

"Bonds" means the Los Angeles County Public Works Financing Authority Lease Revenue Bonds issued under the Indenture, and includes the Series 2015 Bonds and any Additional Bonds.

"Book-Entry Bonds" means the Bonds of a Series registered in the name of the nominee of DTC, or any successor securities depository for such Series of Bonds, as the registered owner thereof pursuant to the terms and provisions of the Indenture.

"Business Day" means a day other than (a) Saturday or Sunday, (b) a day on which banking institutions in the city or cities in which the Office of the Trustee is located are authorized or required by law to be closed, and (c) a day on which the New York Stock Exchange is authorized or obligated by law or executive order to be closed.

"Cede & Co." means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to Book-Entry Bonds.

"Closing Date" means, as appropriate to the context, the date upon which the Series 2015 Bonds, the Series 2015B Bonds, the Series 2015C Bonds, the Series 2016D Bonds, the Series 2019E-1 Bonds, the Series 2019E-2 Bonds, the Series 2021F Bonds, the Series 2022G Bonds or any Additional Bonds are delivered to the respective original purchaser thereof.

"Code" means the Internal Revenue Code of 1986.

"Common Reserve Account" means the account of that name established in the Reserve Fund pursuant to the Indenture to secure the Common Reserve Bonds.

"Common Reserve Bonds" means the Series 2015 Bonds, the Series 2015B Bonds, the Series 2015C Bonds, the Series 2016D Bonds and any Series of Additional Bonds secured by the Common Reserve Account as provided in the Supplemental Indenture providing for the issuance of each such Series of Additional Bonds.

"Continuing Disclosure Certificate" means the Continuing Disclosure Certificate with respect to each related Series of Bonds, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

"Costs of Issuance" means all the costs of issuing and delivering the Bonds, including, but not limited to, all printing and document preparation expenses in connection with the Indenture, the Sublease, the Site Lease, the Bonds and any preliminary official statement and final official statement pertaining to the Bonds, rating agency fees, CUSIP Service Bureau charges, market study fees, financial advisory fees, legal fees and expenses of counsel with respect to the financing of the Project, initial fees and expenses of the administrator of the financing of the Project, the initial fees and expenses of the Trustee and its counsel, any premium for a municipal bond insurance policy insuring payments of debt service on Additional Bonds or any Reserve Facility, and other fees and expenses incurred in connection with the issuance and delivery of the Bonds or the implementation of the financing of the Project, to the extent such fees and expenses are approved by the County.

“Costs of Issuance Fund” means the fund by that name established pursuant to the Indenture.

“County” means the County of Los Angeles, a county and political subdivision of the State of California.

“Defeasance Securities” means (a) non-callable direct obligations of the United States of America (“United States Treasury Obligations”), (b) evidences of ownership of proportionate interests in future interest and principal payments on United States Treasury Obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying United States Treasury Obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated, (c) Permitted Investments described in clause (8) of the definition thereof, or (d) securities eligible for “AAA” defeasance under then existing criteria of S&P or Moody’s, or any combination thereof.

“Depository” means the securities depository acting as Depository pursuant to the Indenture.

“DTC” means The Depository Trust Company, New York, New York and its successors.

“Event of Default” means an event described as such in the Sublease or the Indenture, as applicable.

“Fitch” means Fitch, Inc., its successors and assigns, except that if such corporation shall no longer perform the function of a securities rating agency for any reason, the term “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“Indenture” means the Master Indenture, dated as of February 1, 2015, by and among the Authority, the County and the Trustee, as originally executed and as it may from time to time be amended or supplemented in accordance with the provisions thereof.

“Independent Insurance Consultant” means a nationally recognized independent actuary, insurance company or broker that has actuarial personnel experienced in the area of insurance for which the County is to be self-insured, as may from time to time be designated by the County.

“Interest Account” means the interest account established for the payment of interest of a Series of Bonds within the Payment Fund pursuant to the Indenture.

“Interest Payment Date” means (a) with respect to the Series 2015 Bonds, each June 1 and December 1, commencing December 1, 2015, (b) with respect to the Series 2015B Bonds and the Series 2015C Bonds, each June 1 and December 1, commencing December 1, 2015, (c) with respect to the Series 2016D Bonds, each June 1 and December 1, commencing December 1, 2016, (d) with respect to the Series 2019E Bonds, each June 1 and December 1, commencing December 1, 2019, (e) with respect to the Series 2021F Bonds, each June 1 and December 1, commencing June 1, 2022, and (f) with respect to the Series 2022G Bonds, each June 1 and December 1, commencing December 1, 2022.

“Laws and Regulations” means, with respect to the Property, any applicable law, regulation, code, order, rule, judgment or consent agreement, including, without limitation, those relating to zoning, building, use and occupancy, fire safety, health, sanitation, air pollution, ecological matters, environmental protection, hazardous or toxic materials, substances or wastes, conservation, parking, architectural barriers to the handicapped, or restrictive covenants or other agreements affecting title to the Property.

“Lease Revenues” means all Base Rental Payments payable by the County pursuant to the Sublease, including any prepayments thereof, any Net Proceeds and any amounts received by the Trustee from, as a result of or in connection with the Trustee’s pursuit of remedies under the Sublease upon a Sublease Default Event.

"Letter of Representations" means the letter of the Authority delivered to and accepted by the Depository on or prior to the delivery of the Bonds as Book-Entry Bonds setting forth the basis on which the Depository serves as depository for such Book-Entry Bonds, as originally executed or as it may be supplemented or revised or replaced by a letter to a substitute Depository.

"Maximum Annual Debt Service" means the largest Annual Debt Service for any Bond Year, including the Bond Year the calculation is made.

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, except that if such corporation shall no longer perform the function of a securities rating agency for any reason, the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

"Net Proceeds" means any insurance proceeds or condemnation award paid with respect to any of the Property, which proceeds or award, after payment therefrom of all reasonable expenses incurred in the collection thereof, are in an amount greater than $50,000.

"Nominee" means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to the Indenture.

"Office of the Trustee" means the principal corporate trust office of the Trustee in Los Angeles, California, or such other office as may be specified to the Authority and the County in writing; provided, however, that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted, which other office or agency shall be specified to the Authority and the County by the Trustee in writing.

"Opinion of Counsel" means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the Authority.

"Original Purchaser" means (a) with respect to the Series 2015 Bonds, Barclays Capital Inc., on behalf of itself and on behalf of J.P. Morgan Securities LLC, Siebert Brandford Shank & Co., L.L.C. and Edward Jones, the original purchasers of the Series 2015 Bonds from the Authority, (b) with respect to the Series 2015B Bonds and the Series 2015C Bonds, Goldman, Sachs & Co., on behalf of itself and on behalf of Morgan Stanley & Co. LLC, Raymond James & Associates, Inc., Backstrom McCarley Berry & Co., LLC and KeyBanc Capital Markets Inc., the original purchasers of the Series 2015B Bonds and the Series 2015C Bonds from the Authority, (c) with respect to the Series 2016D Bonds, J.P. Morgan Securities LLC, on behalf of itself and on behalf of Citigroup Global Markets Inc., RBC Capital Markets, LLC, Cabrera Capital Markets LLC, Jefferies LLC and Loop Capital Markets LLC, (d) with respect to the Series 2019E Bonds, Citigroup Global Markets Inc., on behalf of itself and on behalf of J.P. Morgan Securities LLC, Backstrom McCarley Berry & Co. LLC, Blaylock Van, LLC and Ramirez & Co., Inc., (e) with respect to the Series 2021F Bonds, Siebert Williams Shank & Co., LLC and BofA Securities, Inc., on behalf of themselves and on behalf of American Veterans Group, PBC, Cabrera Capital Markets, LLC and Piper Sandler & Co., and (f) with respect to the Series 2022G Bonds, Siebert Williams Shank & Co., LLC and BofA Securities, Inc., on behalf of themselves and on behalf of American Veterans Group, PBC, Cabrera Capital Markets, LLC and Piper Sandler & Co.

"Outstanding" means, when used as of any particular time with reference to Bonds, subject to the provisions of the Indenture, all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except (a) Bonds previously canceled by the Trustee or delivered to the Trustee for cancellation, (b) Bonds paid or deemed to have been paid within the meaning of the provisions of the Indenture described under the heading "INDENTURE – Defeasance – Bonds Deemed To Have Been Paid," and (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture.

"Owner" means, with respect to a Bond, the Person in whose name such Bond is registered on the Registration Books.

"Participating Underwriter" has the meaning ascribed thereto in the applicable Continuing Disclosure Certificate.

"Participants" means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Book-Entry Bonds as securities depository.

"Payment Fund" means the fund by that name established in accordance with the Indenture.

"Permitted Encumbrances" means, with respect to the Property (a) liens for general *ad valorem* taxes and assessments, if any, not then delinquent, or which the County may, pursuant to provisions of the Sublease described under the heading "SUBLEASE – Representations and Warranties; Covenants and Agreements – Taxes," permit to remain unpaid, (b) the Sublease, (c) the Site Lease, (d) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law, (e) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the Closing Date, and (f) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the Closing Date which the County certifies in writing do not affect the intended use of the Property or impair the security granted to the Trustee for the benefit of the Owners of the Bonds by the Indenture and to which the Authority consents in writing.

"Permitted Investments" means any of the following to the extent then permitted by the general laws of the State of California applicable to investments by counties:

(1) (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("United States Treasury Obligations"), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated (collectively "United States Obligations"). These include, but are not necessarily limited to:

- U.S. Treasury obligations
  - All direct or fully guaranteed obligations
- Farmers Home Administration
  - Certificates of beneficial ownership
- General Services Administration
  - Participation certificates
- U.S. Maritime Administration
  - Guaranteed Title XI financing
- Small Business Administration
  - Guaranteed participation certificates
- Guaranteed pool certificates
- Government National Mortgage Association (GNMA)
  - GNMA-guaranteed mortgage-backed securities
  - GNMA-guaranteed participation certificates
- U.S. Department of Housing & Urban Development

Local authority bonds

(2) Obligations of instrumentalities or agencies of the United States of America limited to the following: (a) the Federal Home Loan Bank Board ("FHLB"); (b) the Federal Home Loan Mortgage Corporation ("FHLMC"); (c) the Federal National Mortgage Association (FNMA); (d) Federal Farm Credit Bank ("FFCB"); (e) Government National Mortgage Association ("GNMA"); (f) Student Loan Marketing Association ("SLMA"); and (g) guaranteed portions of Small Business Administration ("SBA") 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, S&P, or 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.

(4) The Los Angeles 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. 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 either (a) is restricted to obligations issued or guaranteed as to payment of principal and interest by the full faith and credit of the United States or (b) is rated in the highest rating category by either S&P or Moody's.

(7) 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.

(8) Pre-refunded municipal obligations meeting the following requirements:

(a) the municipal obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(b) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(c) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification");

(d) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(e) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(f) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

(9) Municipal obligations rated “Aaa/AAA” or general obligations of States with a rating of “A2/A” or higher by both Moody’s and S&P

(10) 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.

(11) Investment agreements and guaranteed investment contracts with issuers having a long-term debt rating of at least “AA-” or “Aa3” by S&P or Moody’s, respectively.

“Person” means an individual, corporation, limited liability company, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“Principal Account” means the principal account established for the payment of principal of a Series of Bonds within the Payment Fund pursuant to the Indenture.

“Principal Payment Date” means a date on which the principal of the Bonds becomes due and payable, either as a result of the maturity thereof or by mandatory sinking fund redemption.

“Project” means the capital improvement projects described in the exhibit attached to the Indenture or any Supplemental Indenture entitled “Description of the Project” or any Additional Project described in any Supplemental Indenture and the acquisition, construction, improvement, rehabilitation or replacement of other facilities, or the acquisition and/or installment of capital assets or equipment, the County deems a priority.

“Project Costs” means all costs of acquiring, constructing and installing the Project, including but not limited to:

(a) all costs which the County shall be required to pay to a seller or any other Person under the terms of any contract or contracts for the purchase of any portion of the Project;

(b) all costs which the County shall be required to pay a contractor or any other Person for the acquisition, construction and installation of any portion of the Project;

(c) obligations of the County incurred for services (including obligations payable to the County for actual out-of-pocket expenses of the County) in connection with the acquisition, construction and installation of the Project, including reimbursement to the County for all advances and payments made in connection with the Project prior to or after issuance of the Bonds;

(d) the actual out-of-pocket costs of the County for test borings, surveys, estimates and preliminary investigations therefor, as well as for the performance of all other duties required by or consequent to the proper acquisition, construction and installation of the Project, including administrative expenses under the Sublease and under the Indenture relating to the acquisition, construction and installation of the Project;

(e) Costs of Issuance, to the extent amounts for the payment thereof are not available in the Costs of Issuance Fund; and

(f) any sums required to reimburse the Authority or the County for advances made by the Authority or the County for any of the above items or for any other costs incurred and for work done by the Authority or the County which are properly chargeable to the Project.

"Project Fund" means the fund by that name established pursuant to the Indenture.

"Property" means the real property described in the Sublease, and any improvements thereto.

"Rebate Fund" means the fund by that name established pursuant to the Indenture.

"Rebate Requirement" has the meaning ascribed thereto in the respective Tax Certificate.

"Record Date" means the 15th calendar day of the month preceding each Interest Payment Date, whether or not such day is a Business Day.

"Redemption Fund" means the fund by that name established pursuant to the Indenture.

"Registration Books" means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Bonds pursuant to the Indenture.

"Rental Payments" means, collectively, the Base Rental Payments and the Additional Rental Payments.

"Rental Period" means the twelve-month period commencing on July 1 of each year during the term of the Sublease.

"Reserve Account" means either the Common Reserve Account or any other reserve account established pursuant to the Indenture, which account may secure one or more Series of Additional Bonds as provided in the Supplemental Indenture providing for the establishment thereof.

"Reserve Facility" means any line of credit, letter of credit, insurance policy, surety bond or similar instrument, in form reasonably satisfactory to the Trustee, that (a) names the Trustee as beneficiary thereof, (b) provides for payment on demand, (c) cannot be terminated by the issuer thereof so long as any of the Bonds secured by such Reserve Facility remain Outstanding, (d) is issued by an obligor, the obligations of which under the Reserve Facility are, at the time such Reserve Facility is substituted for all or part of the moneys on deposit in the applicable Reserve Account, rated in one of the two highest rating categories (without regard to any modifier) by any one rating agency then rating the Bonds secured by such Reserve Facility), and (e) is deposited with the Trustee pursuant to Indenture.

"Reserve Fund" means the fund by that name established pursuant to the Indenture.

"Reserve Requirement" means, (a) with respect to the Common Reserve Bonds, as of the date of any calculation, the least of (i) 50% Maximum Annual Debt Service of such Common Reserve Bonds, (ii) 10% of the original aggregate principal amount of the Common Reserve Bonds (excluding Bonds refunded with the proceeds of subsequently issued Bonds), and (iii) 125% of Average Annual Debt Service of such Common Reserve Bonds, and (b) with respect to any Series of Additional Bonds that are not Common Reserve Bonds, such amount, if any, as shall be specified in the Supplemental Indenture authorizing the issuance of such Series of Additional Bonds; provided, however, that in no event shall any Reserve Requirement exceed an amount permitted by the Code.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, except that if such entity shall no longer perform the functions of a securities rating agency for any reason, the term "S&P" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

"Scheduled Termination Date" means December 1, 2051.

"Series" means the initial series of Bonds executed, authenticated and delivered on the date of initial issuance of the Bonds and identified pursuant to the Indenture as the Series 2015 Bonds, and any Additional Bonds issued pursuant to a Supplemental Indenture and identified as a separate Series of Bonds.

"Series 2015 Bonds" means the Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects), 2015 Series A, issued under the Indenture.

"Series 2015B Bonds" means the Los Angeles County Public Works Public Financing Authority (Master Refunding Project) 2015 Series B (Tax-Exempt), issued under the Indenture.

"Series 2015C Bonds" means the Los Angeles County Public Works Public Financing Authority (Master Refunding Project) 2015 Series C (Federally Taxable), issued under the Indenture.

"Series 2016D Bonds" means the Los Angeles County Public Works Public Financing Authority Lease Revenue Bonds, 2016 Series D, issued under the Indenture.

"Series 2019E Bonds" means the Series 2019E-1 Bonds and the Series 2019E-2 Bonds.

"Series 2019E-1 Bonds" means the Los Angeles County Public Works Financing Authority Lease Revenue Bonds, 2019 Series E-1, issued under the Indenture.

"Series 2019E-2 Bonds" means the Los Angeles County Public Works Financing Authority Lease Revenue Bonds, 2019 Series E-2, issued under the Indenture.

"Series 2021F Bonds" means the Los Angeles County Public Works Financing Authority Lease Revenue Bonds, 2021 Series F (Green Bonds), issued under the Indenture.

"Series 2022G Bonds" means the Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds, 2022 Series G (Forward Delivery), issued under the Indenture.

"Site Lease" means the Master Site Lease, dated as of February 1, 2015, by and between the County and the Authority, as originally executed and as it may from time to time be amended in accordance with the provisions thereof and of the Sublease.

"Sublease" means the Master Sublease, dated as of February 1, 2015, by and between the County and the Authority, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

"Sublease Default Event" means an event of default pursuant to and as described in the Sublease.

"Supplemental Indenture" means any supplemental indenture amendatory of or supplemental to the Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

"Tax Certificate" means the respective Tax Certificate executed by the Authority at the time of issuance of the Series 2015 Bonds, the Series 2015B Bonds, the Series 2016D Bonds, the Series 2019E-1 Bonds, the Series 2019E-2 Bonds, the Series 2021F Bonds, and the Series 2022G Bonds, relating to the requirements of Section 148 of the Code, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

"Tax-Exempt" means, with respect to interest on any obligations of a state or local government, including interest on the Series 2015 Bonds, the Series 2015B Bonds, the Series 2016D Bonds, the Series 2019E-1 Bonds, and the Series 2019E-2 Bonds, that such interest is excluded from the gross income of the holders thereof for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code.

"Trustee" means Zions Bancorporation, National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, formerly known as Zions First National Bank, or any successor thereto as Trustee under the Indenture substituted in its place as provided therein.

"Verification Report" means, with respect to the deemed payment of Bonds pursuant to clause (ii)(B) of paragraph (a) of the provisions of the Indenture described under the heading "INDENTURE – Defeasance – Bonds Deemed To Have Been Paid," a report of a nationally recognized certified public accountant, or firm of such accountants, verifying that the Defeasance Securities and cash, if any, deposited in connection with such deemed payment satisfy the requirements of clause (ii)(B) of paragraph (a) of the provisions of the Indenture described under the heading "INDENTURE – Defeasance – Bonds Deemed To Have Been Paid."

"Written Certificate of the Authority" means a written certificate signed in the name of the Authority by an Authorized Representative of the Authority. Any such certificate may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

"Written Certificate of the County" means a written certificate signed in the name of the County by an Authorized Representative of the County. Any such certificate may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

"Written Request of the Authority" means a written request signed in the name of the Authority by an Authorized Representative of the Authority. Any such request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

"Written Request of the County" means a written request signed in the name of the County by an Authorized Representative of the County. Any such request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

SITE LEASE

Lease of the Property; Rental

Lease of Property. The County leases to the Authority, and the Authority leases from the County, for the benefit of the Owners of the Bonds, the Property, subject only to Permitted Encumbrances, to have and to hold for the term of the Site Lease.

Rental. The Authority shall pay to the County as and for rental of the Property under the Site Lease, an amount set forth in the Site Lease with respect to each Series of Bonds (the "Site Lease Payment").

The County shall deposit the Site Lease Payment in one or more separate funds or accounts to be held and administered for the purpose of financing the Project. The Authority and the County find and determine that the amount of the Site Lease Payment does not exceed the fair market value of the leasehold interest in the Property which is conveyed under the Site Lease by the County to the Authority. No other amounts of rental shall be due and payable by the Authority for the use and occupancy of the Property under the Site Lease.

Quiet Enjoyment

The parties intend that the Property will be leased back to the County pursuant to the Sublease for the term thereof. Subject to any rights the County may have under the Sublease to possession and enjoyment of the Property, the County covenants and agrees that it will not take any action to prevent the Authority from having quiet and peaceable possession and enjoyment of the Property during the term of the Site Lease and will, at the request of the Authority and at the County's cost, to the extent that it may lawfully do so, join in any legal action in which the Authority asserts its right to such possession and enjoyment.

Special Covenants and Provisions

Waste. The Authority agrees that at all times that it is in possession of the Property, it will not commit, suffer or permit any waste on the Property, and that it will not willfully or knowingly use or permit the use of the Property for any illegal purpose or act.

Further Assurances and Corrective Instruments. The County and the Authority agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements to the Site Lease and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property leased or intended so to be or for carrying out the expressed intention of the Site Lease, the Indenture and the Sublease.

Waiver of Personal Liability. All liabilities under the Site Lease on the part of the Authority shall be solely liabilities of the Authority as a joint powers authority, and the County releases each and every director, officer and employee of the Authority of and from any personal or individual liability under the Site Lease. No director, officer or employee of the Authority shall at any time or under any circumstances be individually or personally liable under the Site Lease to the County or to any other party whomsoever for anything done or omitted to be done by the Authority under the Site Lease.

All liabilities under the Site Lease on the part of the County shall be solely liabilities of the County as a governmental entity, and the Authority releases each and every member, officer and employee of the County of and from any personal or individual liability under the Site Lease. No member, officer or employee of the County shall at any time or under any circumstances be individually or personally liable under the Site Lease to the Authority or to any other party whomsoever for anything done or omitted to be done by the County under the Site Lease.

Taxes. The County covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Property.

Right of Entry. The County reserves the right for any of its duly authorized representatives to enter upon the Property at any reasonable time to inspect the same.

Representations of the County. The County represents and warrants to the Authority and the Trustee as follows:

(a) the County has the full power and authority to enter into, to execute and to deliver the Site Lease, and to perform all of its duties and obligations thereunder, and has duly authorized the execution of the Site Lease;

(b) except for Permitted Encumbrances, the Property is not subject to any dedication, easement, right of way, reservation in patent, covenant, condition, restriction, lien or encumbrance which would prohibit or materially interfere with the use of the Property for governmental purposes as contemplated by the County;

(c) all taxes, assessments or impositions of any kind with respect to the Property, except current taxes, have been paid in full; and

(d) the Property is necessary to the County in order for the County to perform its governmental functions.

Representations of the Authority. The Authority represents and warrants to the County and the Trustee that the Authority has the full power and authority to enter into, to execute and to deliver the Site Lease, and to perform all of its duties and obligations thereunder, and has duly authorized the execution and delivery of the Site Lease.

Assignment, Selling and Subleasing

Assignment, Selling and Subleasing. The Site Lease may be assigned or sold, and the Property may be subleased, as a whole or in part, by the Authority, without the necessity of obtaining the consent of the County, if an event of default occurs under the Sublease. The Authority shall, within 30 days after such an assignment, sale or sublease, furnish or cause to be furnished to the County a true and correct copy of such assignment, sublease or sale, as the case may be.

The Authority shall assign all of its rights under the Site Lease to the Trustee appointed pursuant to the Indenture.

Restrictions on County. The County agrees that, except with respect to Permitted Encumbrances, it will not mortgage, sell, encumber, assign, transfer or convey the Property or any portion thereof during the term of the Site Lease.

Improvements

Title to all improvements made on the Property during the term of the Site Lease shall vest in the County.

Term; Termination

Term. The term of the Site Lease shall commence as of the date of commencement of the term of the Sublease and shall remain in full force and effect from such date to and including the Scheduled Termination Date, unless such term is extended or sooner terminated as provided in the Site Lease.

Extension; Early Termination. If, on the Scheduled Termination Date, the Bonds shall not be fully paid, or provision therefor made in accordance with the Indenture, or the Indenture shall not be discharged by its terms, or if the Rental Payments payable under the Sublease shall have been abated at any time, then the term of the Site Lease shall be automatically extended until the date upon which all Bonds shall be fully paid, or provision therefor made in accordance with the Indenture, and the Indenture shall be discharged by its terms, except that the term of the Site Lease shall in no event be extended more than ten years. If, prior to the Scheduled Termination Date, all Bonds shall be fully paid, or provisions therefor made in accordance with the Indenture, and the Indenture shall be discharged by its terms, the term of the Site Lease shall end simultaneously therewith.

Action on Default. In each and every case upon the occurrence and during the continuance of a default by the Authority under the Site Lease, the County shall have all the rights and remedies permitted by law, except the County, to the extent permitted by law, waives any and all rights to terminate the Site Lease.

Miscellaneous

Binding Effect. The Site Lease shall inure to the benefit of and shall be binding upon the County, the Authority and their respective successors and assigns.

Severability. In the event any provision of the Site Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision of the Site Lease.

Amendments; Substitution and Release. The Site Lease may be amended, changed, modified, altered or terminated only in accordance with the provisions of the Sublease. The County shall have the right to substitute alternate real property for the Property or to release portions of the Property as provided in the Sublease.

Assignment. The Authority and County acknowledge that the Authority has assigned its right, title and interest in and to the Site Lease to the Trustee pursuant to the Indenture. The County consents to such assignment. The County consents to the Indenture and acknowledges and agrees to the rights of the Trustee as set forth therein.

SUBLEASE

Lease of Property; Term

Lease of Property. The Authority leases to the County and the County leases from the Authority the Property, on the terms and conditions set forth in the Lease Agreement, subject to all Permitted Encumbrances.

The leasing of the Property by the County to the Authority pursuant to the Site Lease shall not effect or result in a merger of the County's leasehold estate in the Property as lessee under the Sublease and its fee estate in the Property as lessor under the Site Lease, and the Authority shall continue to have a leasehold estate in the Property pursuant to the Site Lease throughout the term thereof and of the Sublease. The Sublease shall constitute a sublease with respect to the Property. The leasehold interest in the Property granted by the County to the Authority pursuant to the Site Lease is and shall be independent of the Sublease and the Sublease shall not be an assignment or surrender of the leasehold interest in the Property granted to the Authority under the Site Lease.

Term; Occupancy. (a) The term of the Sublease shall commence on the Closing Date and shall end on the Scheduled Termination Date, unless such term is extended or sooner terminated as provided in the Sublease. If, on the Scheduled Termination Date, all of the Bonds shall not be fully paid or deemed to have been paid in accordance with the provisions the Indenture, or any Rental Payments shall remain due and payable or shall have been abated at any time, then the term of the Sublease shall be extended until the date upon which all of the Bonds shall be fully paid or deemed to have been paid in accordance with the provisions of the Indenture, and all Rental Payments due and payable shall have been paid in full; provided, however, that the term of the Sublease shall in no event be extended more than ten years beyond the Scheduled Termination Date. If, prior to the Scheduled Termination Date, all of the Bonds shall be fully paid or deemed to have been paid in accordance with the provisions of the Indenture, and all Rental Payments due and payable shall have been paid in full, the term of the Sublease shall end simultaneously therewith.

(b) The County shall take possession of the Property on the Closing Date.

Rental Payments

Base Rental Payments. *General.* The Rental Payments, including Base Rental Payments, for each Rental Period shall be paid by the County to the Authority for and in consideration of the right to use and occupy the Property and in consideration of the continued right to the quiet use and enjoyment thereof during such Rental Period.

The obligation of the County to pay the Base Rental Payments does not constitute a debt of the County or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the County or the State of California is obligated to levy or pledge any form of taxation or for which the County or the State of California has levied or pledged any form of taxation.

Base Rental Payments. Subject to the provisions of the Sublease described under the heading "SUBLEASE – Rental Payments – Rental Abatement," the County shall, on each Base Rental Deposit Date, pay to the Authority a Base Rental Payment in an amount equal to the principal of, and interest on, the Bonds due and payable on the next succeeding Principal Payment Date or Interest Payment Date, as applicable, including any such principal due and payable by reason of mandatory sinking fund redemption of the Bonds; provided, however, that the amount of such Base Rental Payment shall be reduced by the amount, if any, available in the Payment Fund, the Principal Account or the Interest Account on such Base Rental Deposit Date to pay such principal of, or interest on, the Bonds.

Payments other than Regularly Scheduled Payments. If the term of the Sublease shall have been extended pursuant to the provisions of the Sublease described under the heading "SUBLEASE – Lease of Property; Term – Term; Occupancy," the obligation of the County to pay Rental Payments shall continue to and including the Base Rental Deposit Date preceding the date of termination of the Sublease (as so extended pursuant to the provisions of the Sublease described under the heading "SUBLEASE – Lease of Property; Term – Term; Occupancy"). Upon such extension, the Base Rental Payments payable during such extended term shall be established so that such Base Rental Payments will in the aggregate be sufficient to pay the unpaid principal of, and interest accrued and to accrue on, the Bonds; provided, however, that the Rental Payments payable in any Rental Period shall not exceed the annual fair rental value of the Property.

Additional Rental Payments. The County shall also pay, as Additional Rental Payments, such amounts as shall be required for the payment of the following:

(a) all taxes and assessments of any type or nature charged to the Authority or the County or affecting the Property or the respective interests or estates of the Authority or the County therein;

(b) all reasonable administrative costs of the Authority relating to the Property including, but without limiting the generality of the foregoing, salaries, wages, fees and expenses payable by the Authority under the Indenture, fees of auditors, accountants, attorneys or engineers, and all other necessary and reasonable administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Indenture or the Sublease or to defend the Authority and its members, officers, agents and employees;

(c) insurance premiums for all insurance required pursuant to the provisions of the Sublease described under the heading "SUBLEASE – Insurance;"

(d) any amounts with respect to the Bonds required to be rebated to the federal government in accordance with section 148(f) of the Code; and

(e) all other payments required to be paid by the County under the provisions of the Sublease or the Indenture.

Amounts constituting Additional Rental Payments payable under the Sublease shall be paid by the County directly to the person or persons to whom such amounts shall be payable. The County shall pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within 60 days after notice in writing from the Trustee to the County stating the amount of Additional Rental Payments then due and payable and the purpose thereof.

Fair Rental Value. The parties to the Sublease have agreed and determined that the Rental Payments are not in excess of the fair rental value of the Property. In making such determination of fair rental value, consideration has been given to the uses and purposes which may be served by the Property and the benefits therefrom which will accrue to the County and the general public. Payments of the Rental Payments for the Property during each Rental Period shall constitute the total rental for said Rental Period.

Payment Provisions. Each installment of Base Rental Payments payable under the Sublease shall be paid in lawful money of the United States of America to or upon the order of the Authority at the Principal Office of the Trustee, or such other place or entity as the Authority shall designate. Notwithstanding any dispute between the Authority and the County, the County shall make all Rental Payments when due without deduction or offset of any kind and shall not withhold any Rental Payments pending the final resolution of such dispute. In the event of a determination that the County was not liable for said Rental Payments or any portion thereof, said payments or excess of payments, as the case may be, shall be credited against subsequent Rental Payments due under the Sublease or refunded at the time of such determination.

Appropriations Covenant. The County covenants to take such action as may be necessary to include all Rental Payments due under the Sublease in its annual budgets and to make necessary annual appropriations for all such Rental Payments. The covenants on the part of the County contained in this paragraph shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the County to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the County to carry out and perform such covenants.

Rental Abatement. Except as otherwise specifically provided in this paragraph, during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the County's right to use and occupy any portion of the Property, Rental Payments shall be abated, and the County waives the benefits of California Civil Code Sections 1932(2) and 1933(4) and any and all other rights to terminate the Sublease by virtue of any such interference, and the Sublease shall continue in full force and effect. The amount of such abatement shall be such that the resulting Rental Payments do not exceed the lesser of (i) the amount necessary to pay the Rental Payments remaining unpaid, and (ii) the fair rental value for the use and possession of the Property of which there is no such substantial interference. The County and the Authority shall provide the Trustee with a certificate setting forth the amount of such abatement and the basis therefor. Such abatement shall continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Property, ending with the substantial completion of the work of repair or replacement of the Property, or the portion thereof so damaged or destroyed, and the term of the Sublease shall be extended as provided in the provisions of the Sublease described under the heading "SUBLEASE – Lease of Property; Term – Term; Occupancy;" provided, however, that such term shall in no event be extended more than ten years beyond the Scheduled Termination Date. Notwithstanding the foregoing, to the extent that moneys are available for the payment of Rental Payments in any of the funds and accounts established under the Indenture, Rental Payments shall not be abated as provided above but, rather, shall be payable by the County as a special obligation payable solely from said funds and accounts.

Representations and Warranties; Covenants and Agreements

Power and Authority of the County. The County represents and warrants to the Authority that (a) the County has the full power and authority to enter into, to execute and to deliver the Sublease, the Site Lease and the Indenture, and to perform all of its duties and obligations under the Sublease and thereunder, and has duly authorized the execution and delivery of the Sublease, the Site Lease and the Indenture, and (b) the Property is zoned for use for governmental related facilities.

Power and Authority of the Authority. The Authority represents and warrants to the County that the Authority has the full power and authority to enter into, to execute and to deliver the Sublease, the Site Lease and the Indenture, and to perform all of its duties and obligations thereunder, and has duly authorized the execution and delivery of the Sublease, the Site Lease and the Indenture.

Net-Net-Net Lease. The Sublease shall be, and shall be deemed and construed to be, a "net-net-net lease" and the Rental Payments shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever and notwithstanding any dispute between the County and the Authority.

Disclaimer of Warranties. THE AUTHORITY MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR USE OF THE PROPERTY, OR WARRANTY WITH RESPECT THERETO. THE COUNTY ACKNOWLEDGES THAT THE AUTHORITY IS NOT A MANUFACTURER OF ANY PORTION OF THE PROPERTY OR A DEALER THEREIN, THAT THE COUNTY LEASES THE PROPERTY AS IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE COUNTY.

Quiet Enjoyment. So long as no Event of Default shall have occurred and be continuing, the County shall at all times during the term of the Sublease peaceably and quietly have, hold and enjoy the Property without suit, trouble or hindrance from the Authority.

Right of Entry. The Authority shall have the right to enter upon and to examine and inspect the Property during reasonable business hours (and in emergencies at all times) for any purpose connected with the Authority's rights or obligations under the Sublease, and for all other lawful purposes.

Use of the Property. The County shall not use, operate or maintain the Property improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by the Sublease. In addition, the County agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of the Property) with all laws of the jurisdictions in which its operations may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Property; provided, however, that the County may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Authority, adversely affect the estate of the Authority in and to any of the Property or its interest or rights under the Sublease.

Maintenance and Utilities. As part of the consideration for rental of the Property, all improvement, repair and maintenance of the Property shall be the responsibility of the County, and the County shall pay for or otherwise arrange for the payment of all utility services supplied to the Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, ventilation, air conditioning, water and all other utility services, and shall pay for or otherwise arrange for payment of the cost of the repair and replacement of the Property resulting from ordinary wear and tear or want of care on the part of the County. In exchange for the Rental Payments, the Authority agrees to provide only the Property.

Additions to Property. Subject to the provisions of the Sublease described under the heading "SUBLEASE – Representations and Warranties; Covenants and Agreements – Liens," the County and any sublessee shall, at its own expense, have the right to make additions, modifications and improvements to the Property. To the extent that the removal of such additions, modifications or improvements would not cause material damage to the Property, such additions, modifications and improvements shall remain the sole property of the County or such sublessee, and neither the Authority nor the Trustee shall have any interest therein. Such additions, modifications and improvements shall not in any way damage the Property or cause it to be used for purposes other than those authorized under the provisions of state and federal law, and the Property, upon completion of any addition, modification or improvement made pursuant to this paragraph, shall be of a value which is at least equal to the value of the Property immediately prior to the making of such addition, modification or improvement.

Installation of County's Equipment. The County and any sublessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed items of equipment or other personal property in or upon the Property. All such items shall remain the sole property of the County or such sublessee, and neither the Authority nor the Trustee shall have any interest therein. The County or such sublessee may remove or modify such equipment or other personal property at any time, provided that such party shall repair and restore any and all damage to the Property resulting from the installation, modification or removal of any such items, and the Property, upon completion of any installation, modification or removal made pursuant to this paragraph, shall be of a value which is at least equal to the value of the Property immediately prior to the making of such installation, modification or removal. Nothing in the Sublease shall prevent the County or any sublessee from purchasing items to be installed pursuant to this paragraph under a conditional sale or lease purchase contract, or subject to a vendor's lien or security agreement as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Property.

Taxes. The County shall pay or cause to be paid all taxes and assessments of any type or nature charged to the Authority or the County or affecting the Property or the respective interests or estates therein; provided, however, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the County shall be obligated to pay only such installments as and when the same become due.

Upon notice to the Authority and the Trustee, the County or any sublessee may, at the County's or such sublessee's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority or the Trustee shall notify the County or such sublessee that, in the opinion of independent counsel, by nonpayment of any such items, the interest of the Authority in the Property will be materially endangered or the Property, or any part thereof, will be subject to loss or forfeiture, in which event the County or such sublessee shall promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority and the Trustee.

Liens. In the event the County shall at any time during the term of the Sublease cause any changes, alterations, additions, improvements, or other work to be done or performed or materials to be supplied, in or upon the Property, the County shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the County in, upon or about the Property and which may be secured by a mechanics', materialmen's or other lien against the Property or the Authority's interest therein, and shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that, if the County desires to contest any such lien, it may do so as long as such contest is in good faith. If any such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the County shall forthwith pay and discharge said judgment.

Compliance with Law, Regulations, Etc. The County represents and warrants that, after due inquiry, it has no knowledge and has not given or received any written notice indicating that the Property or the use thereof or any practice, procedure or policy employed by it in the conduct of its business with respect to the Property materially violates any Laws and Regulations.

No Condemnation. The County shall not exercise the power of condemnation with respect to the Property. If for any reason the foregoing covenant shall be held by a court of competent jurisdiction to be unenforceable and the County condemns the Property or if the County breaches such covenant, the County agrees that the value of the County's leasehold estate under the Sublease in the Property shall be not less than the greater of (a) the amount sufficient to redeem the Bonds pursuant to the Indenture if the Bonds are then subject to redemption, or (b) the amount sufficient to defease the Bonds to the first available redemption date in accordance with the Indenture if the Bonds are not then subject to redemption.

Authority's Purpose. So long as any Bonds are Outstanding, the Authority shall not engage in any activities inconsistent with the purposes for which the Authority is organized, as set forth in the agreement pursuant to which the Authority was created.

Insurance

Public Liability and Property Damage Insurance; Workers' Compensation Insurance. (a) The County shall maintain reasonable and customary liability insurance. The County's obligation under the provisions of the Sublease described under the heading "Insurance – Public Liability and Property Damage Insurance; Workers' Compensation Insurance" may be satisfied by self-insurance, provided that such self-insurance complies with the provisions of the Sublease described under the heading "SUBLEASE – Insurance – Self Insurance."

(b) The County shall maintain or cause to be maintained casualty insurance insuring the Property against fire, lightning and all other risks covered by an extended coverage endorsement (excluding earthquake) to the full insurable value of the Property, subject to a $100,000 loss deductible provision. Full insurable value shall be evaluated at least every five years by an Independent Insurance Consultant or the County's Risk Manager and shall not be less than the aggregate principal amount of the Outstanding Bonds. The insurance required under this paragraph (b) may be maintained in whole or in part in the form of self-insurance, provided that such self-insurance complies with the provisions of the Sublease described under the heading "SUBLEASE – Insurance – Self Insurance."

(c) The County shall maintain rental interruption insurance to cover the Authority's loss, total or partial, of Base Rental Payments resulting from the loss, total or partial, of the use of any part of the Property as a result of any of the hazards required to be covered pursuant to paragraph (b) above in an amount not less than an amount equal to two times Maximum Annual Debt Service. The insurance required under this paragraph (c) may not be maintained in whole or in part in the form of self-insurance.

(d) The insurance required by the provisions under the Sublease described under the heading "SUBLEASE – Insurance – Public Liability and Property Damage Insurance; Workers' Compensation Insurance" shall be provided by insurers rated "A" or better by Fitch, A.M. Best Company or S&P.

Additional Insurance Provision; Form of Policies. The County shall pay or cause to be paid when due the premiums for all insurance policies required by the Sublease described under the heading "SUBLEASE – Insurance – Public Liability and Property Damage Insurance; Workers' Compensation Insurance." All such policies shall provide that the Trustee shall be given 30 days notice of the expiration thereof, any intended cancellation thereof or any reduction in the coverage provided thereby. The Trustee shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee.

The County shall, following receipt of a written request of the Trustee, cause to be delivered to the Trustee on or before August 15 of each year, a schedule of the insurance policies being maintained in accordance with the Sublease and a Written Certificate of the County stating that such policies are in full force and effect and that the County is in full compliance with the requirements of the provisions of the Sublease described under the heading "SUBLEASE – Insurance." The Trustee shall be entitled to rely upon said Written Certificate of the County as to the County's compliance with the provisions of the Sublease described under the heading "SUBLEASE – Insurance." The Trustee shall not be responsible for the sufficiency of the coverage or the amounts of such policies.

Self-Insurance. Insurance provided through a California joint powers authority of which the County is a member or with which the County contracts for insurance shall be deemed to be self-insurance for purposes of the Sublease. Any self-insurance maintained by the County pursuant to the provisions of the Sublease described under the heading "SUBLEASE – Insurance" must be approved in writing by an Independent Insurance Consultant or the County's Risk Manager.

Title Insurance. The County shall provide, at its own expense, one or more CLTA title insurance policies for the Property, in the aggregate amount of not less than the aggregate principal amount of the Bonds.

Said policy or policies shall insure (a) the fee interest of the County in the Property, (b) the Authority's ground leasehold estate in the Property under the Site Lease, and (c) the County's leasehold estate under the Sublease in the Property, subject only to Permitted Encumbrances; provided, however, that one or more of said estates may be insured through an endorsement to such policy or policies. All Net Proceeds received under said policy or policies shall be deposited with the Trustee and applied as provided in the provisions of the Indenture described under the heading "SUBLEASE – Insurance – Additional Insurance Provision; Form of Policies." So long as any of the Bonds remain Outstanding, each policy of title insurance obtained pursuant thereto or required thereby shall provide that all proceeds thereunder shall be payable to the Trustee for the benefit of the Owners.

Eminent Domain

If all of the Property (or portions thereof such that the remainder is not usable for public purposes by the County) shall be taken under the power of eminent domain, the term of the Sublease shall cease as of the day that possession shall be so taken. If less than all of the Property shall be taken under the power of eminent domain and the remainder is usable for public purposes by the County at the time of such taking, then the Sublease shall continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there shall be a partial abatement of the Rental Payments in accordance with the provisions of the Sublease described under the heading "SUBLEASE – Rental Payments – Rental Abatement." So long as any Bonds shall be Outstanding, any award made in eminent domain proceedings for the taking of the Property, or any portion thereof, shall be paid to the Trustee and applied to the redemption of Bonds as provided in the Indenture. Any such award made after all of the Bonds, and all other amounts due under the Indenture and under the Sublease, have been fully paid, shall be paid to the County.

Right to Redeem Bonds

(a) The County shall have the right to cause the Bonds to be redeemed pursuant to, and in accordance with the provisions of, the Indenture by providing the Trustee with funds sufficient for such purpose (which funds may be derived by the County from any source) and giving notice of the County's exercise of such right as provided in paragraph (b) below.

(b) In order to exercise its right to cause Bonds to be redeemed pursuant to paragraph (a) above, the County shall give written notice to the Trustee of its intention to exercise such right, specifying the date on which such redemption shall be made, which date shall be not less than 45 days from the date such notice is given (unless otherwise agreed by the Trustee), and specifying the Series, maturities and amounts of Bonds to be redeemed.

(c) The County shall have the right to cause Bonds to be deemed to have been paid pursuant to, and in accordance with the provisions of the Indenture described under the heading "INDENTURE – Defeasance – Bonds Deemed To Have Been Paid" by providing the Trustee with funds sufficient for such purpose (which funds may be derived by the County from any source) and providing and delivering, or causing to be provided and delivered the other items required pursuant to the provisions of the Indenture described under the heading "INDENTURE – Defeasance – Bonds Deemed To Have Been Paid" to be provided or delivered in connection with such deemed payment.

Assignment and Subletting; Substitution or Release; Title

Assignment and Subleasing. Neither the Sublease nor any interest of the County under the Sublease shall be sold, mortgaged, pledged, assigned, or transferred by the County by voluntary act or by operation of law or otherwise; provided, however, that the Property may be subleased in whole or in part by the County, but only subject to the following conditions, which are made conditions precedent to any such sublease:

(a) the Sublease and the obligation of the County to make all Rental Payments under the Sublease shall remain the primary obligation of the County;

(b) the County shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Authority and the Trustee a true and complete copy of such sublease;

(c) no such sublease by the County shall cause the Property to be used for a purpose other than a governmental or proprietary function authorized under the provisions of the Constitution and laws of the State of California;

(d) any sublease of the Property by the County shall explicitly provide that such sublease is subject to all rights of the Authority under the Sublease; and

(e) the County shall have filed or caused to be filed with the Authority and the Trustee an Opinion of Counsel to the effect that such sublease will not, in and of itself, cause the interest on Tax-Exempt Bonds to be included in gross income for federal income tax purposes.

Substitution or Release of the Property. Subject to the provisions of the Sublease described under this heading entitled "Substitution or Release of the Property," the County shall have the right to substitute alternate real property for any portion of the Property or to release a portion of the Property from the Sublease. All costs and expenses incurred in connection with any such substitution or release shall be borne by the County. Notwithstanding any substitution or release pursuant to the provisions of the Sublease described under this heading entitled "Substitution or Release of the Property," there shall be no reduction in or abatement of the Base Rental Payments due from the County under the Sublease as a result of such substitution or release. Any such substitution or release of any portion of the Property shall be subject to the following conditions, which are made conditions precedent to such substitution or release:

(a) a qualified employee of the County or an independent certified real estate appraiser selected by the County shall have found (and shall have delivered a certificate to the Trustee setting forth its findings) that (i) the sum of Base Rental Payments plus Additional Rental Payments due under the Sublease in any Rental Period is not in excess of the annual fair rental value of the Property, as constituted after such substitution or release, and (ii) the Property, as constituted after such substitution or release, has a useful life equal to or greater than the maximum remaining term of the Sublease (including extensions thereof under the provisions of the Sublease described under the heading "SUBLEASE – Lease of Property; Term – Term; Occupancy").

(b) the County shall have obtained or caused to be obtained a CLTA title insurance policy or policies with respect to any substituted property in the amount of the fair market value of such substituted property (which fair market value shall have been determined by a qualified employee of the County or an independent certified real estate appraiser), of the type and with the endorsements described in the provisions of the Sublease described under the heading "SUBLEASE – Insurance – Title Insurance;"

(c) the County shall have filed or caused to be filed with the Trustee an Opinion of Counsel to the effect that such substitution or release will not, in and of itself, cause the interest on Tax-Exempt Bonds to be included in gross income for federal income tax purposes;

(d) the County shall have given, or shall have made arrangements for the giving of, any notice of the occurrence of such substitution or release required to be given pursuant to paragraph (4) of subsection (b) of Section 5 of the Continuing Disclosure Certificate;

(e) the County, the Authority and the Trustee shall have executed, and the County shall have caused to be recorded with the county recorder of the county in which the Property is located, any document necessary to reconvey to the County the portion of the Property being substituted or released and to include any substituted real property in the description of the Property contained in the Sublease and in the Site Lease; and

(f) the County shall have certified to the Trustee that the substituted real property is essential for performing the County's governmental functions.

Title to Property. Upon the termination or expiration of the Sublease (other than as provided in the Sublease described under the heading "SUBLEASE – Events of Defaults and Remedies – Action on Default"), and the first date upon which no Bonds are any longer Outstanding, all right, title and interest in and to the Property shall vest in the County. Upon any such termination or expiration, the Authority shall execute such conveyances, deeds and other documents as may be necessary to effect such vesting of record.

Events of Default and Remedies

Events of Default. The occurrence, from time to time, of any one or more of the following events shall constitute an Event of Default under the Sublease:

(a) the failure of the County to pay any Rental Payment payable under the Sublease when the same becomes due and payable, time being expressly declared to be of the essence in the Sublease;

(b) the failure by the County to observe and perform any of the other covenants, agreements or conditions on its part in the Sublease contained, if such failure shall have continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the County by the Trustee, the Authority or the Owners of not less than 5% in aggregate principal amount of the Bonds at the time Outstanding; provided, however, that if, in the reasonable opinion of the County, the failure stated in the notice can be corrected, but not within such 30 day period, such failure shall not constitute an Event of Default if corrective action is instituted by the County within such 30 day period and the County shall thereafter diligently and in good faith cure such failure in a reasonable period of time, provided, further, however, that the period of time for such cure shall not exceed 90 days without the prior written consent of the Authority;

(c) except as otherwise expressly permitted by the Sublease, the assignment or transfer, either voluntarily or by operation of law or otherwise, of the County's interest in the Sublease or any part thereof without the written consent of the Authority;

(d) the abandonment of the Property by the County; or

(e) the commencement by the County of a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

Action on Default. (a) In each and every case during the continuance of an Event of Default under the Sublease, the Authority shall have the right, without terminating the Sublease or the County's right to possession of the Property, to collect each installment of Rental Payments as the same become due and enforce any other terms or provisions of the Sublease to be kept or performed by the County, regardless of whether or not the County has abandoned the Property. The County shall remain liable and agrees to keep or perform all covenants and conditions contained in the Sublease to be kept or performed by the County and to pay the full amount of the Rental Payments to the end of the term of the Sublease; and further agrees to pay said Rental Payments punctually at the same time and in the same manner as provided above for the payment of Rental Payments under the Sublease, notwithstanding the fact that the Authority may have received in previous years or may receive thereafter in subsequent years Rental Payments in excess of the Rental Payments specified in the Sublease.

(b) NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THE SUBLEASE, THE AUTHORITY EXPRESSLY WAIVES ANY RIGHT TO TERMINATE THE SUBLEASE OR THE COUNTY'S RIGHT TO POSSESSION OF THE PROPERTY UNDER THE SUBLEASE REGARDLESS OF WHETHER OR NOT THE COUNTY HAS ABANDONED THE PROPERTY, AND THE AUTHORITY EXPRESSLY WAIVES ANY RIGHT OF ENTRY OR RE-ENTRY TO TAKE POSSESSION OF AND/OR RE-LET THE PROPERTY. Without limiting the generality of the foregoing, the Authority expressly waives the right to receive any amount from the County pursuant to California Civil Code Section 1951.2(a)(3).

Other Remedies. In addition to the other remedies provided for in the provisions of the Sublease described under the heading "SUBLEASE – Events of Default and Remedies – Action on Default" of the Sublease and subject to the provisions of paragraph (b) of the provisions of the Sublease described under the heading "SUBLEASE – Events of Default and Remedies – Action on Default," during the continuance of an Event of Default under the Sublease, the Authority shall be entitled to proceed to protect and enforce the rights vested in the Authority by the Sublease or by law. The provisions of the Sublease and the duties of the County and of its board, officers or employees shall be enforceable by the Authority by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing and subject to the provisions of paragraph (b) of the provisions of the Sublease described under the heading "SUBLEASE – Events of Default and Remedies – Action on Default," the Authority shall have the right to bring the following actions:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the County or any board member, officer or employee thereof, and to compel the County or any such board member, officer or employee to perform or carry out its or his or her duties under law and the agreements and covenants required to be performed by it or him or her contained in the Sublease;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Authority; or

(c) by suit, action or proceeding in any court of competent jurisdiction, to require the County and its board, officers and employees to account as if it or they were the trustee or trustees of an express trust.

No Acceleration. Notwithstanding anything to the contrary contained in the Sublease, the Authority shall have no right to accelerate Rental Payments upon the occurrence or continuance of a default or an Event of Default under the Sublease.

Remedies Not Exclusive. Subject to the provisions of paragraph (b) of the provisions of the Sublease described under the heading "SUBLEASE – Events of Default and Remedies – Action on Default," no remedy therein conferred upon or reserved to the Authority is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given under the Sublease existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any law. If any statute or rule of law validly shall limit the remedies given to the Authority under the Sublease, the Authority nevertheless shall, subject to the provisions of paragraph (b) of the provisions of the Sublease described under the heading "SUBLEASE – Events of Default and Remedies – Action on Default," be entitled to whatever remedies are allowable under any statute or rule of law.

Waiver. No delay or omission of the Authority to exercise any right or power arising from the occurrence of any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or an acquiescence therein, and every power and remedy given by the Sublease to the Authority may be exercised from time to time and as often as may be deemed expedient. A waiver of a particular default or Event of Default shall not be deemed to be a waiver of any other default or Event of Default or of the same default or Event of Default subsequently occurring. The acceptance of Rental Payments under the Sublease shall not be, or be construed to be, a waiver of any term, covenant or condition of the Sublease.

Attorney's Fees. In the event the Authority shall prevail in any action brought to enforce any of the terms and provisions of the Sublease, the County agrees to pay a reasonable amount as and for attorney's fees incurred by the Authority in attempting to enforce any of the remedies available to the Authority under the Sublease.

Authority Event of Default; Action on Authority Event of Default. The failure by the Authority to observe and perform any covenants, agreements or conditions on its part in the Sublease contained, if such failure shall have continued for a period of 60 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Authority and the Trustee, by the County, shall constitute an Authority Event of Default under the Sublease; provided, however, that if, in the reasonable opinion of the Authority the failure stated in the notice can be corrected, but not within such 60 day period, such failure shall not constitute an Authority Event of Default if corrective action is instituted by the Authority within such 60 day period and the Authority shall thereafter diligently and in good faith cure such failure in a reasonable period of time. In each and every case upon the occurrence and during the continuance of an Authority Event of Default by the Authority under the Sublease, the County shall have all the rights and remedies permitted by law.

Amendments

The Sublease and the Site Lease, and the rights and obligations of the County and the Authority thereunder, may be amended at any time by an amendment thereto, which shall become binding upon execution by the County and the Authority, but only with the prior written consent of the Owners of a majority of the aggregate principal amount of Bonds then Outstanding, exclusive of Bonds disqualified as provided in the provisions of the Indenture described under the heading "INDENTURE – Miscellaneous – Disqualified Bonds." No such amendment shall (i) extend the payment date of any Base Rental Payment or reduce the amount of any Base Rental Payment without the prior written consent of the Owner of each Bond so affected, (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required for any amendment of the Sublease or the Site Lease to become binding without the prior written consent of the Owners of all the Bonds then Outstanding, or (iii) amend the provisions of the Sublease described under the heading "SUBLEASE – Amendments – Amendments" without the prior written consent of the Owners of all the Bonds then Outstanding.

The Sublease and the Site Lease, and the rights and obligations of the County and the Authority thereunder, may also be amended at any time by an amendment thereto, which shall become binding upon execution by the County and the Authority, without the written consents of any Owners, for any one or more of the following purposes:

(i) to add to the covenants and agreements of the County or the Authority therein contained other covenants and agreements thereafter to be observed, or to surrender any right or power therein reserved to or conferred upon the County or the Authority;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in therein or in regard to questions arising thereunder which the County or the Authority may deem desirable or necessary and not inconsistent with the Sublease;

(iii) to provide for the issuance of one or more Series of Additional Bonds, and to provide the terms and conditions under which such Series of Additional Bonds may be issued, subject to and in accordance with the provisions of the Indenture;

(iv) to provide for the substitution or release of a portion of the Property in accordance with the provisions of the Sublease described under the heading "SUBLEASE – Assignment and Subletting; Substitution or Release; Title – Substitution or Release of the Property;"

(v) to make such additions, deletions or modifications as may be necessary or appropriate to assure the exclusion from gross income for federal income tax purposes of interest on Tax-Exempt Bonds or maintain any federal interest subsidies expected to be received with respect to any Bonds; or

(vi) to make such other changes in the Sublease or therein as the County or the Authority may deem desirable or necessary, and which shall not materially adversely affect the interests of the Owners.

Miscellaneous

Authority Not Liable. The Authority and its directors, officers, agents and employees, shall not be liable to the County or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Property. To the extent permitted by law, the County shall, at its expense, indemnify and hold the Authority and its directors, officers, agents and employees harmless against and from any and all claims by or on behalf of any Person arising from the acquisition, construction, occupation, use, operation, maintenance, possession, conduct or management of any work done in or about the Property or from the subletting of any part thereof, including any liability for violation of conditions, agreements, restrictions, laws, ordinances, or regulations affecting the Property or the occupancy or use thereof, but excepting the negligence or willful misconduct of the persons or entity seeking indemnity. In no event shall the Authority be liable for any incidental, indirect, special or consequential damage in connection with or arising out of the Sublease or the County's use of the Property.

Assignment to Trustee; Effect. The parties to the Sublease understand and agree that, upon the execution and delivery of the Indenture (which is occurring simultaneously with the execution and delivery of the Sublease), all right, title and interest of the Authority in and to the Sublease will be sold, assigned and transferred to the Trustee for the benefit of the Owners of the Bonds. The County consents to such sale, assignment and transfer. Upon the execution and delivery of the Indenture, references in the operative provisions of the Sublease to the Authority shall be deemed to be references to the Trustee, as assignee of the Authority.

Validity and Severability. If for any reason any one or more of the agreements, covenants or terms of the Sublease shall be held by a court of competent jurisdiction to be void, voidable or unenforceable by the County or by the Authority, all of the remaining agreements, covenants and terms of the Sublease shall nonetheless continue in full force and effect. If for any reason it is held by such a court that any agreement, covenant or term of the Sublease required to be observed or performed by the County, including the covenant to pay Rental Payments, is unenforceable for the full term of the Sublease, then and in such event the Sublease is and shall be deemed to be a lease from year to year under which the Rental Payments are to be paid by the County annually in consideration of the right of the County to possess, occupy and use the Property, and all of the other agreements, covenants and terms of the Sublease, except to the extent that such agreements, covenants and terms are contrary to or inconsistent with such holding, shall remain in full force and effect.

INDENTURE

The Bonds

Authorization of Bonds. The Authority hereby authorizes the issuance of the Bonds under and subject to the terms of this Indenture, the Act and other applicable laws of the State of California. The Bonds may consist of one or more Series of varying denominations, dates, maturities, interest rates and other provisions, subject to the provisions and conditions contained herein. The Bonds shall be designated generally as the "Los Angeles County Public Works Financing Authority Lease Revenue Bonds," each Series thereof to bear such additional designation as may be necessary or appropriate to distinguish such Series from every other Series of Bonds.

The Bonds shall be special obligations of the Authority, payable solely from the Lease Revenues and the other assets pledged therefor hereunder. Neither the faith and credit nor the taxing power of the Authority, the County or the State of California, or any political subdivision thereof, is pledged to the payment of the Bonds.

Notwithstanding anything to the contrary contained herein, if, as a result of the limitations contained in provisions of the Sublease described under the heading "SUBLEASE – Base Rental Payments – Rental Abatement," Base Rental Payments cannot be paid by the County in an amount sufficient to pay the principal of, or interest on, the Bonds otherwise payable on any date, such principal or interest shall be deemed not to be payable on such date, the nonpayment thereof on such date shall not constitute a default or an Event of Default under this Indenture and such principal or interest shall become payable on the date on which such Base Rental Payments becomes payable under and pursuant to the Sublease.

Conditions for the Issuance of Additional Bonds. The Authority may at any time issue one or more Series of Additional Bonds (in addition to the Series 2015 Bonds, the Series 2015B Bonds, the Series 2015C Bonds, the Series 2016D Bonds, the Series 2019E-1 Bonds, the Series 2019E-2 Bonds, the Series 2021F Bonds, and the Series 2022G Bonds) payable from Lease Revenues as provided in the Indenture on a parity with all other Bonds theretofore issued under the Indenture, but only subject to the following conditions, which are made conditions precedent to the issuance of such Additional Bonds:

(a) neither the Authority nor the County shall be in default under the Indenture, the Sublease or the Site Lease;

(b) the issuance of such Additional Bonds shall have been authorized under and pursuant to the Act and under and pursuant to the Indenture and shall have been provided for by a Supplemental Indenture which shall specify the following:

(i) the purposes for which such Additional Bonds are to be issued; provided, that the proceeds of the sale of such Additional Bonds shall be applied only for one or more of the following purposes: (A) providing funds to pay costs of County facilities (including capitalized interest), (B) providing funds to refund any Bonds issued under the Indenture or other obligations of the County, (C) providing funds to pay Costs of Issuance incurred in connection with the issuance of such Additional Bonds, and (D) providing funds to make any deposit to any Reserve Account required pursuant to paragraph (c) below;

(ii) the principal amount and designation of such Series of Additional Bonds and the denomination or denominations of the Additional Bonds, which shall be Authorized Denominations;

(iii) that such Additional Bonds shall be payable as to interest on the Interest Payment Dates, except that the first installment of interest may be payable on either June 1 or December 1;

(iv) the date, the maturity date or dates and the dates on which mandatory sinking fund redemptions, if any, are to be made for such Additional Bonds; provided, that (A) the serial Bonds of such Series of Additional Bonds shall be payable as to principal annually on December 1 of each year in which principal falls due, and the term Bonds of such Series of Additional Bonds shall have annual mandatory sinking fund redemptions on December 1, (B) all Additional Bonds of a Series of like maturity shall be identical in all respects, except as to number or denomination, and (C) serial maturities of serial Bonds or mandatory sinking fund redemptions for term Bonds, or any combination thereof, shall be established to provide for the redemption or payment of such Additional Bonds on or before their respective maturity dates;

(v) the redemption premiums and terms, if any, for such Additional Bonds;

(vi) the form of such Additional Bonds;

(vii) the designation as to whether such Additional Bonds shall (A) constitute Common Reserve Bonds secured by the Common Reserve Account, (B) be secured by any other Reserve Account, or (C) not be secured by any Reserve Account; and

(viii) such other provisions that are appropriate or necessary and are not inconsistent with the provisions of the Indenture;

(c) upon the issuance of such Additional Bonds, the amount on deposit in the Reserve Account applicable to such Additional Bonds, if any, shall be at least equal to the applicable Reserve Requirement for such Additional Bonds; and

(d) upon the issuance of such Additional Bonds, the sum of Base Rental Payments, including any increase in the Base Rental Payments as a result of the issuance of such Additional Bonds, plus Additional Rental Payments, in any Rental Period shall not be in excess of the annual fair rental value of the Property after taking into account the use of the proceeds of such Additional Bonds (evidence of the satisfaction of such condition shall be made by a Written Certificate of the County).

Procedure for the Issuance of Additional Bonds. Whenever the Authority and the County shall determine to authorize the issuance of any Additional Bonds, the Authority, the County and the Trustee shall enter into a Supplemental Indenture satisfying the conditions of the provisions in the Indenture described under the heading "INDENTURE – The Bonds – Conditions for the Issuance of Additional Bonds." Before such Additional Bonds shall be issued, the Authority and the County shall file or cause to be filed with the Trustee the following:

(a) an Opinion of Counsel setting forth (i) that counsel rendering such opinion has examined the Supplemental Indenture, the amendment to the Sublease, if any, and the amendment to the Site Lease, if any, (ii) that the issuance of the Additional Bonds has been duly authorized by the Authority, (iii) that the execution and delivery of the Supplemental Indenture and, if any, the amendments to the Sublease and the Site Lease have been duly authorized, executed and delivered by the Authority and the County, (iv) that upon execution and delivery of such Supplemental Indenture and any such amendments to the Sublease and the Site Lease, the Indenture, as amended and supplemented by such Supplemental Indenture, and, if so amended, the Sublease and the Site Lease, as amended by such amendments, will be valid and binding obligations of the Authority and the County, and (v) that the execution and delivery of the Supplemental Indenture and, if any, the amendments to the Sublease and the Site Lease, in and of themselves, do not adversely affect the exclusion from gross income for federal income tax purposes of interest on Outstanding Tax-Exempt Bonds;

(b) a Written Certificate of the Authority that the requirements of the provisions of the Indenture described under the heading "INDENTURE – The Bonds – Conditions for the Issuance of Additional Bonds" have been met;

(c) a Written Certificate of the County that the requirements of the provisions of the Indenture described under the heading "INDENTURE – The Bonds – Conditions for the Issuance of Additional Bonds" have been met, which shall include a certification as to the fair rental value of the Property, after giving effect to any amendments to the Sublease and the Site Lease entered into in connection with the issuance of the Additional Bonds and taking into account the use of proceeds of such Additional Bonds;

(d) certified copies of the resolutions of the Board of Directors of the Authority and the Board of Supervisors of the County authorizing the execution and delivery of the Supplemental Indenture and, if any, the amendments to the Sublease and the Site Lease;

(e) executed counterparts or duly authenticated copies of the Supplemental Indenture and, if any, the amendments to the Sublease and the Site Lease, with satisfactory evidence that any such amendments to the Sublease and the Site Lease have been duly recorded in the appropriate records of the county in which the Property is located;

(f) certified copies of the policies of insurance required by the provisions of the Sublease described under the heading "SUBLEASE – Insurance – Public Liability and Property Damage Insurance; Workers' Compensation Insurance" or certificates thereof, which shall evidence that the amounts of the insurance required under paragraphs (c) and (d) of the provisions of the Sublease described under the heading "SUBLEASE –

Insurance – Public Liability and Property Damage Insurance; Workers' Compensation Insurance" have been increased, if applicable, to cover the amount of such Additional Bonds; and

(g) a CLTA title insurance policy or other appropriate form of policy in the amount of the Additional Bonds of the type and with the endorsements described in the provisions of the Sublease described under the heading "SUBLEASE – Insurance – Title Insurance."

Upon the delivery to the Trustee of the foregoing instruments and upon the Trustee's being satisfied from an examination of said instruments that all of the documents required by the provisions of the Indenture described under the heading "INDENTURE – The Bonds – Procedure for the Issuance of Additional Bonds" have been delivered, the Trustee shall authenticate such Additional Bonds, and shall deliver such Additional Bonds to, or upon the request of, the Authority.

Execution of Bonds. The Bonds shall be executed in the name and on behalf of the Authority with the manual or facsimile signature of the Chairman of the Board of Directors of the Authority attested by the manual or facsimile signature of the Secretary of the Authority. The Bonds shall then be delivered to the Trustee for authentication by it. In case any of such officers of the Authority who shall have signed or attested any of the Bonds shall cease to be such officers before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee, or issued by the Authority, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though those who signed and attested the same had continued to be such officers, and also any Bonds may be signed and attested on behalf of the Authority by such Persons as at the actual date of execution of such Bonds shall be the proper officers of the Authority although at the nominal date of such Bonds any such Person shall not have been such officer of the Authority.

Registration Books. The Trustee shall keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds, which shall be available for inspection and copying by the Authority and the County upon reasonable notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the Bonds as provided in the Indenture.

Transfer and Exchange of Bonds. Any Bond may, in accordance with its terms, be transferred upon the Registration Books by the Person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds of the same Series and maturity in a like aggregate principal amount, in any Authorized Denomination. The Trustee shall require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of the same Series and maturity of other Authorized Denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Trustee shall not be obligated to make any transfer or exchange of Bonds of a Series pursuant to the Indenture, as described under this heading entitled "Transfer and Exchange of Bonds," during the period commencing on the date five days before the date of selection of Bonds of such Series for redemption and ending on the date of mailing notice of such redemption, or with respect to any Bonds of such Series selected for redemption.

Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Authority, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of the same Series and maturity in a like aggregate principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the Authority. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence and indemnity satisfactory to the Trustee shall be given, the Authority, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of the same Series and maturity in a like aggregate principal amount in lieu of and in replacement for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been selected for redemption, instead of issuing a replacement Bond, the Trustee may pay the same without surrender thereof). The Authority may require payment by the Owner of a sum not exceeding the actual cost of preparing each replacement Bond issued under the provisions of the Indenture as summarized under this paragraph and of the expenses which may be incurred by the Authority and the Trustee. Any Bond of a Series issued under the provisions of the Indenture as summarized under this paragraph in lieu of any Bond of such Series alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Authority whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of the Indenture with all other Bonds of such Series secured by the Indenture.

Pledge and Assignment; Funds and Accounts

Pledge and Assignment. Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the Lease Revenues and all amounts on deposit from time to time in the funds and accounts established under the Indenture (other than the Rebate Fund) are thereby pledged to the payment of the principal of and interest on the Bonds as provided therein, and the Lease Revenues shall not be used for any other purpose while any of the Bonds remain Outstanding. Said pledge shall constitute a first lien on such assets.

In order to secure the pledge of the Lease Revenues, the Authority sells, assigns and transfers to the Trustee, irrevocably and absolutely, without recourse, for the benefit of the Owners, all of its right, title and interest in and to the Site Lease (as previously amended and as same shall be amended from time to time) and the Sublease (as previously amended and as same shall be amended from time to time), including, without limitation, the right to receive Base Rental Payments and the right to exercise any remedies provided in the Sublease in the event of a default by the County thereunder; provided, however, that the Authority shall retain the rights to indemnification and to payment or reimbursement of its reasonable costs and expenses under the Sublease. The Trustee accepts said assignment for the benefit of the Owners, subject to the provisions of the Indenture.

The Trustee shall be entitled to and shall receive all of the Base Rental Payments, and any Base Rental Payments collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as agent of the Trustee and shall forthwith be paid by the Authority to the Trustee.

Project Fund. (a) The Trustee shall establish and maintain a separate fund designated the "Project Fund." Within the Project Fund, the Trustee shall establish and maintain various accounts and subaccounts for the various components of the Project. On the Closing Date, the Trustee shall deposit in each subaccount or account of the Project Fund the amount required to be deposited therein pursuant to the Indenture.

(b) The moneys in each account and subaccount within the Project Fund shall be used and withdrawn by the Trustee from time to time to pay Project Costs upon submission to the Trustee of a Written Request of the County substantially in the form attached to the Indenture. Upon receipt of each such Written Request of the County, the Trustee shall pay the amount set forth in such Written Request of the County as directed by the terms thereof.

(c) Moneys on deposit in any account or subaccount within the Project Fund may be transferred (i) to any other account or subaccount within the Project Fund established for the same Series of Bonds or (ii) to another account or subaccount within the Project Fund established for a separate Series of Bonds so long as, if such separate Series of Bonds are Tax-Exempt Bonds, an Opinion of Counsel is delivered to the effect that such transfer will not, in and of itself, adversely affect the exclusion of interest on such Bonds from gross income for federal income tax purposes.

(d) Upon completion of the Project, the County shall file with the Trustee a Written Certificate of the County notifying the Trustee of such completion. Upon the filing of such Written Certificate of the County, all amounts remaining on deposit in the Project Fund shall be transferred to the Interest Account for the related Series of Bonds and used to pay interest on such Bonds in accordance with the provisions of the Indenture described under the heading "INDENTURE – Pledge and Assignment; Funds and Accounts – Payment Fund," and upon such transfer the Project Fund shall be closed.

(e) If the Project Fund has been closed in accordance with the provisions of the Indenture, the Project Fund shall be reopened and reestablished by the Trustee in connection with the issuance of any Additional Bonds, if so provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued. There shall be deposited in the Project Fund the portion, if any, of the proceeds of the sale of any Additional Bonds required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

Costs of Issuance Fund. (a) The Trustee shall establish and maintain a separate fund designated the "Costs of Issuance Fund." On the Closing Date, the Trustee shall deposit in the Costs of Issuance Fund the amount required to be deposited therein pursuant to the Indenture.

(b) The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay Costs of Issuance upon submission to the Trustee of a Written Request of the County substantially in the form attached to the Indenture. Upon receipt of each such Written Request of the County, the Trustee shall pay the amount set forth in such Written Request as directed by the terms thereof.

(c) On the date that is six months after the Closing Date, the Trustee shall transfer any amounts then remaining in the Costs of Issuance Fund to one or more accounts or subaccounts within the Project Fund as directed in a Written Request of the County, and upon such transfer the Costs of Issuance Fund shall be closed.

(d) If the Costs of Issuance Fund has been closed in accordance with the provisions of the Indenture, the Costs of Issuance Fund shall be reopened and reestablished by the Trustee in connection with the issuance of any Additional Bonds, if so provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued. There shall be deposited in the Costs of Issuance Fund the portion, if any, of the proceeds of the sale of any Additional Bonds required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

Payment Fund. (a) The Trustee shall establish and maintain a separate fund designated the "Payment Fund." Within the Payment Fund, the Trustee shall establish and maintain a separate Interest Account and a separate Principal Account for each Series of Bonds.

(b) All Lease Revenues received by the Trustee shall be deposited by the Trustee in the Payment Fund; provided, however, that Net Proceeds, other than those constituting proceeds of rental interruption insurance received with respect to the Property, shall not be deposited in the Payment Fund but, rather, shall be applied as provided in the Indenture. There shall additionally be deposited in the applicable Interest Account of the Payment Fund amounts transferred from the related Reserve Account pursuant to paragraph (b) of the provisions of the Indenture described under the heading "INDENTURE – Pledge and Assignment; Funds and Accounts – Reserve Fund."

(c) The Trustee, on each Interest Payment Date, shall transfer from the Payment Fund to each Interest Account an amount equal to the interest on the related Series of Bonds coming due on such Interest

Payment Date; provided, however, that if and to the extent that such amount is available for such Series of Bonds in any capitalized interest subaccount established pursuant to a Supplemental Indenture on such Interest Payment Date, the Trustee shall, instead, transfer such amount from such capitalized interest subaccount to the related Interest Account on such Interest Payment Date. Moneys in each Interest Account shall be withdrawn and used by the Trustee for the purpose of paying interest on the related Series of Bonds as and when due and payable.

(d) The Trustee, on each Principal Payment Date, shall transfer from the Payment Fund to each Principal Account an amount equal to the principal of the related Series of Bonds, including principal due and payable by reason of mandatory sinking fund redemption, coming due on such date. Moneys in each Principal Account shall be withdrawn and used by the Trustee for the purpose of paying principal of the related Series of Bonds, including principal due and payable by reason of mandatory sinking fund redemption, as and when due and payable.

Redemption Fund. The Trustee shall establish and maintain a special fund designated the "Redemption Fund." The Trustee shall deposit in the Redemption Fund any amounts received from the County in connection with the County's exercise of its right pursuant to the provisions of the Sublease described under the heading "SUBLEASE – Eminent Domain; Right To Redeem – Right to Redeem Bonds" to cause Bonds to be optionally redeemed. Additionally, the Trustee shall deposit in the Redemption Fund any amounts required to be deposited therein pursuant to the Indenture. Amounts in the Redemption Fund shall be disbursed therefrom by the Trustee for the payment of the redemption price of, and accrued interest on, Bonds redeemed pursuant to the Indenture.

Reserve Fund. (a) The Trustee shall establish and maintain a special fund designated the "Reserve Fund." Within the Reserve Fund, the Trustee shall establish and maintain a separate account designated the "Common Reserve Account" and may establish and maintain one or more additional Reserve Accounts, each of which may secure one or more Series of Bonds pursuant to the Indenture and to the Supplemental Indenture authorizing the issuance thereof. On the Closing Date, the Trustee shall deposit in the Common Reserve Account the amount required to be deposited therein pursuant to the Indenture. In connection with the issuance of Additional Bonds, there shall additionally be deposited in the Common Reserve Account or any other Reserve Account established and/or maintained for such Additional Bonds, as applicable, the amount required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

(b) The County may substitute a Reserve Facility for all or part of the moneys on deposit in any Reserve Account by depositing such Reserve Facility with the Trustee, provided that, at the time of such substitution, the amount on deposit in such Reserve Account, together with the amount available under all Reserve Facilities on deposit in such Reserve Account, shall be at least equal to the Reserve Requirement for such Reserve Account. Moneys for which a Reserve Facility has been substituted as provided in the Indenture shall be transferred, at the election of the County, to the Redemption Fund for the purpose of redeeming the related Series of Bonds or, upon receipt of an Opinion of Counsel that such transfer will not, in and of itself, adversely affect the exclusion of interest on Outstanding Tax-Exempt Bonds from gross income for federal income tax purposes, to the County and applied to the payment of capital costs of the County. Amounts on deposit in any Reserve Account which were not derived from payments under any Reserve Facility credited to such Reserve Account to satisfy a portion of the Reserve Requirement for such Reserve Account shall be used and withdrawn by the Trustee prior to using and withdrawing any amounts derived from payments under such Reserve Facility. In order to accomplish such use and withdrawal of such amounts not derived from payments under any such Reserve Facility, the Trustee shall, as and to the extent necessary, liquidate any investments purchased with such amounts.

(c) In the event that, on the Business Day prior to a date on which the Trustee is to transfer money from the Payment Fund to the Interest Accounts pursuant to paragraph (c) of the provisions of the Indenture described under the heading "INDENTURE – Pledge and Assignment; Funds and Accounts – Payment Fund" or to the Principal Accounts pursuant to paragraph (d) of the provisions of the Indenture described under the heading "INDENTURE – Pledge and Assignment; Funds and Accounts – Payment Fund", amounts in the Payment Fund are insufficient for such purpose, the Trustee shall withdraw from each Reserve Account, to the extent of any funds therein, the amount of the insufficiency of the related Series of Bonds, and shall transfer any amounts so withdrawn first to the related Interest Account and then to the related Principal Account. If the amount on deposit in any Reserve Account is not sufficient to make such transfer, the Trustee shall make claim under any available Reserve Facility, in accordance with the provisions thereof, in order to obtain an amount sufficient to allow the Trustee to make such transfer as and when required.

(d) In the event of any transfer from a Reserve Account or the making of any claim under a Reserve Facility, the Trustee shall, within two Business Days thereafter, provide written notice to the Authority and the County of the amount and the date of such transfer or claim; provided, however, that such notice need not be provided if such transfer is made pursuant to paragraphs (f) or (g) below.

(e) If the sum of the amount on deposit in any Reserve Account, plus the amount available under all available Reserve Facilities held for such Reserve Account, is less than the Reserve Fund Requirement for such Reserve Account, the first of Base Rental Payments thereafter received from the County under the Sublease and not needed to pay the principal of and interest on the Bonds on the next Interest Payment Date or Principal Payment Date shall be used, first, to reinstate the amounts available under any Reserve Facilities that have been drawn upon and, second, to increase the amount on deposit in the Reserve Accounts, so that the amount available under all available Reserve Facilities, when added to the amount on deposit in the Reserve Fund, shall equal the Reserve Requirement for each Reserve Account; provided, however, that such Base Rental Payments shall be allocated among all Reserve Accounts ratably without preference or priority of any kind, according to each Reserve Account's percentage share of the total deficiencies in all Reserve Accounts.

(f) If, as a result of the payment of principal of or interest on any Series of Bonds, the Reserve Requirement applicable to such Series of Bonds is reduced, amounts on deposit in the applicable Reserve Account in excess of such reduced Reserve Requirement shall be transferred to the related Interest Account(s) and Principal Account(s) of the Payment Fund as directed in a Written Request of the County.

(g) On any date on which Bonds of a Series are defeased in accordance with the provisions of the Indenture described under the heading "INDENTURE – Defeasance – Bonds Deemed To Have Been Paid," the Trustee shall, if so directed in a Written Request of the County, transfer any moneys in the related Reserve Account in excess of the applicable Reserve Requirement resulting from such defeasance to the entity or fund so specified in such Written Request of the County, to be applied to such defeasance.

(h) Moneys, if any, on deposit in a Reserve Account shall be withdrawn and applied by the Trustee for the final payments of principal of and interest on the Bonds secured by such Reserve Account.

Rebate Fund. (a) There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate (Series 2022G Bonds). All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate (Series 2022G Bonds)), for payment to the United States of America. Notwithstanding defeasance of the Series 2022G Bonds pursuant to provisions of the Indenture described under the heading "INDENTURE – Defeasance," or anything to the contrary contained herein, all amounts required to be deposited into or on deposit in the Rebate Fund with respect to the Series 2022G Bonds shall be governed exclusively by provisions of the Supplemental Indenture described under this heading entitled "Rebate Fund," and by the Tax Certificate (Series 2022G Bonds) (which is incorporated herein by reference). The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Authority, and shall have no liability or responsibility to enforce compliance by the Authority with the terms of the Tax Certificate (Series 2022G Bonds). The Trustee may conclusively rely upon the Authority's determinations, calculations and certifications required by the Tax Certificate (Series 2022G Bonds). The Trustee shall have no responsibility to independently make any calculation or determination or to review the Authority's calculations.

(b) Any funds remaining in the Rebate Fund with respect to the Series 2022G Bonds after payment in full of all of the Series 2022G Bonds and after payment of any amounts described under this heading entitled "Rebate Fund", shall, upon receipt by the Trustee of a Written Request of the County, be withdrawn by the Trustee and remitted to the County.

Investments. (a) Except as otherwise provided in the Indenture, any moneys held by the Trustee in the funds and accounts established thereunder shall be invested by the Trustee upon the Written Request of the County, received at least two Business Days prior to the investment date, only in Permitted Investments, and in the absence of such direction shall be invested by the Trustee in Permitted Investments described in clause (6) of the definition thereof. The Trustee may act as principal or agent in the acquisition or disposition of any such investment. The Trustee shall not be liable or responsible for any loss suffered in connection with any such investment made by it under the terms of and in accordance with the provisions of the Indenture described under the heading "INDENTURE – Pledge and Assignment; Funds and Accounts – Investments." The Trustee shall sell or present for redemption any obligations so purchased whenever it shall be necessary in order to provide moneys to meet any payment of the funds so invested, and the Trustee shall not be liable or responsible for any losses resulting from any such investment sold or presented for redemption. Permitted Investments that are registerable securities shall be registered in the name of the Trustee.

(b) Investments purchased with funds on deposit in the Payment Fund shall mature not later than the payment date immediately succeeding the investment. Investments purchased with funds on deposit in the Redemption Fund shall be invested in Permitted Investments described in clause (1)(a) of the definition thereof that mature on or prior to the redemption date on which such funds are to be applied to the redemption of Bonds. Investments purchased with funds on deposit in the Project Fund shall mature not later than the dates upon which such funds shall be needed to be expended for the payment of Project Costs. Notwithstanding anything to the contrary contained in the Indenture, investments purchased with funds on deposit in any Reserve Account of the Reserve Fund shall have an average aggregate weighted term to maturity of not greater than five years.

(c) Investments (except investment agreements) in any fund or account established under the Indenture shall be valued, exclusive of accrued interest (i) not less often than annually nor more often than monthly, and (ii) upon any draw upon any Reserve Account. All investments of amounts deposited in any fund or account established under the Indenture shall be valued at the market value thereof.

(d) Any interest or profits received with respect to investments held in any of the funds or accounts established under the Indenture (other than any Reserve Account) shall be retained therein. Any interest or profits received with respect to investments held in a Reserve Account shall be, until the date the related Written Certificate of the County required by paragraph (d) of the provisions of the Indenture described under the heading "INDENTURE – Pledge and Assignment; Funds and Accounts – Project Fund" is filed with the Trustee, transferred to one or more accounts or subaccounts within the Project Fund as directed in a Written Request of the County and, thereafter, shall be transferred to the related Interest Account(s). Notwithstanding the foregoing, any such transfer or disbursement shall be made from a Reserve Account only if and to the extent that, after such transfer, the amount on deposit in such Reserve Account, together with amounts available to be drawn on all Reserve Facilities held for such Reserve Account, if any, is at least equal to the Reserve Requirement for such Reserve Account.

(e) The Authority and the County acknowledges that to the extent that regulations of the Comptroller of the Currency grant the Authority or the County the right to receive brokerage confirmations of security transactions as they occur, at no additional cost, to the extent permitted by law, the Authority and the County specifically waives receipt of such confirmations. The Trustee shall furnish the Authority and the County periodic transaction statements that include detail for all investment transactions made by the Trustee under the Indenture.

Net Proceeds and Title Insurance; Covenants

Application of Net Proceeds. If the Property or any portion thereof shall be damaged or destroyed, subject to the further requirements of the provisions of the Indenture described under the heading "INDENTURE – Net Proceeds and Title Insurance; Covenants – Application of Net Proceeds," the County shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the repair or replacement thereof, unless the County elects not to repair or replace the Property or the affected portion thereof in accordance with the provisions of the Indenture.

The Net Proceeds of any insurance (other than Net Proceeds of rental interruption insurance), including the proceeds of any self-insurance, received on account of any damage or destruction of the Property or a portion thereof shall as soon as possible be deposited with the Trustee and be held by the Trustee in a special account and made available for and, to the extent necessary, shall be applied to the cost of repair or replacement of the Property or the affected portion thereof upon receipt of a Written Request of the County, together with invoices therefor. Pending such application, such proceeds may, pursuant to a Written Request of the County, be invested by the Trustee in Permitted Investments that mature not later than such times as moneys are expected to be needed to pay such costs of repair or replacement.

Notwithstanding the foregoing, the County shall, within 60 days of the occurrence of the event of damage or destruction, notify the Trustee in writing as to whether the County intends to replace or repair the Property or the portions of the Property which were damaged or destroyed. If the County does intend to replace or repair the Property or portions thereof, the County shall deposit with the Trustee the full amount of any insurance deductible to be credited to the special account referred to above.

If such damage, destruction or loss was such that there resulted a substantial interference with the County's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments results from such damage or destruction pursuant to the provisions of the Sublease described under the heading "SUBLEASE – Rental Payments – Rental Abatement," then the County shall be required either to (a) apply sufficient funds from the insurance proceeds and other legally available funds to the replacement or repair of the Property or the portions thereof which have been damaged to the condition which existed prior to such damage or destruction, or (b) apply sufficient funds from the insurance proceeds and other legally available funds to the redemption (i) of all of the Outstanding Bonds, or (ii) of such portion of the Outstanding Bonds as shall result in the remaining, non-abated Base Rental Payments being sufficient to pay, as and when due, the principal of and interest on the Bonds that will remain Outstanding after such redemption. If the County is required to apply funds from the insurance proceeds and other legally available funds to the redemption of Bonds in accordance with clause (b) above, the County shall direct the Trustee, in a Written Request of the County, to transfer the funds to be applied to such redemption to the Redemption Fund and the Trustee shall transfer such funds to the Redemption Fund. Any proceeds of any insurance, including the proceeds of any self-insurance remaining after the portion of the Property which was damaged or destroyed is restored to and made available to the County in substantially the same condition and annual fair rental value as that which existed prior to the damage or destruction as required by clause (a) above, or the redemption of Bonds as required by clause (b) above, in each case as evidenced by a Written Certificate of the County to such effect, shall be deposited in the Reserve Accounts, ratably without preference or priority of any kind according to each Reserve Account's percentage share of the total deficiencies in all Reserve Accounts, to the extent that the amounts therein are less than the applicable Reserve Requirement. If the County is not required to replace or repair the Property, or the affected portion thereof, as set forth in clause (a) above, or to use such amounts to redeem Bonds as set forth in clause (b) above, then such proceeds shall be deposited in the Reserve Accounts, ratably without preference or priority of any kind according to each Reserve Account's percentage share of the total deficiencies in all Reserve Accounts, to the extent that the amounts therein are less than the applicable Reserve Requirement. Any amounts not required to be so deposited into the Reserve Accounts shall, if there is first delivered to the Trustee a Written Certificate of the County to the effect that the annual fair rental value of the Property after such damage or destruction, and after any repairs or replacements made as a result of such damage or destruction, is at least equal to 100% of the maximum amount of Base Rental Payments becoming due under the Sublease in the then current

Rental Period or any subsequent Rental Period and the fair replacement value of the Property after such damage or destruction is at least equal to the sum of the then unpaid principal components of Base Rental Payments, be paid to the County to be used for any lawful purpose.

The proceeds of any award in eminent domain shall be deposited by the Trustee in the Redemption Fund and applied to the redemption of Bonds pursuant to the provisions of the Indenture.

Title Insurance. Net Proceeds of any policy of title insurance received by the Trustee in respect of the Property shall be applied and disbursed by the Trustee as follows:

(a) if the County determines that the title defect giving rise to such proceeds has not substantially interfered with its use and occupancy of the Property and will not result in an abatement of Rental Payments payable by the County under the Sublease, such proceeds shall, upon Written Request of the County, be remitted to the County and used for any lawful purpose thereof; or

(b) if the County determines that the title defect giving rise to such proceeds has substantially interfered with its use and occupancy of the Property and will result in an abatement in whole or in part of Rental Payments payable by the County under the Sublease, then the County shall, in a Written Request of the County, direct the Trustee to, and the Trustee shall immediately deposit such proceeds in the Redemption Fund and such proceeds shall be applied to the redemption of Bonds in the manner provided in the provisions of the Indenture.

Punctual Payment. The Authority shall punctually pay or cause to be paid the principal of, and premium, if any, and interest on the Bonds, in strict conformity with the terms of the Bonds and of the Indenture, according to the true intent and meaning thereof, but only out of the Base Rental Payments and other assets pledged for such payment as provided in the Indenture and received by the Authority or the Trustee.

Compliance with Indenture. The Authority and the County shall faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms contained in the Indenture required to be complied with, kept, observed and performed by them.

Compliance with Site Lease and Sublease. The Authority and the County shall faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms contained in the Site Lease and the Sublease required to be complied with, kept, observed and performed by them and, together with the Trustee, shall enforce the Site Lease and the Sublease against the other party thereto in accordance with their respective terms.

Observance of Laws and Regulations. The Authority, the County and the Trustee shall faithfully comply with, keep, observe and perform all valid and lawful obligations or regulations imposed on them by contract, or prescribed by any law of the United States of America or of the State of California, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege owned or acquired by them, including their right to exist and carry on their respective businesses, to the end that such franchises, rights and privileges shall be maintained and preserved and shall not become abandoned, forfeited or in any manner impaired.

Other Liens. The County shall keep the Property and all parts thereof free from judgments and materialmen's and mechanics' liens and free from all claims, demands, encumbrances and other liens of whatever nature or character, and free from any claim or liability which materially impairs the County in conducting its business or utilizing the Property, and the Trustee at its option (after first giving the County thirty days' written notice to comply therewith and failure of the County to so comply within such thirty-day period) may defend against any and all actions or proceedings, or may pay or compromise any claim or demand asserted in any such actions or proceedings; provided, however, that, in defending against any such actions or proceedings or in paying or compromising any such claims or demands, the Trustee shall not in any event be deemed to have waived or released the County from liability for or on account of any of its agreements and covenants contained in the Indenture, or from its obligation under the Indenture to perform such agreements and covenants. The Trustee shall have no liability with respect to any determination made in good faith to proceed or decline to defend, pay or compromise any such claim or demand.

So long as any Bonds are Outstanding, none of the Trustee, the Authority or the County shall create or suffer to be created any pledge of or lien on the amounts on deposit in any of the funds or accounts created under the Indenture, other than the pledge and lien thereof.

The Authority and the Trustee shall not encumber the Property other than in accordance with the Site Lease, the Sublease and the Indenture.

Prosecution and Defense of Suits. The County shall promptly, upon request of the Trustee or any Owner, take such action from time to time as may be necessary or proper to remedy or cure any cloud upon or defect in the title to the Property or any part thereof, whether existing or developing, shall prosecute all actions, suits or other proceedings as may be appropriate for such purpose and shall indemnify and save the Trustee and every Owner harmless from all cost, damage, expense or loss, including attorneys' fees, which they or any of them may incur by reason of any such cloud, defect, action, suit or other proceeding.

Accounting Records and Statements. The Trustee shall keep proper accounting records in which complete and correct entries shall be made of all transactions of the Trustee relating to the receipt, deposit and disbursement of the Lease Revenues, and such accounting records shall be available for inspection by the Authority and the County at reasonable hours and under reasonable conditions. The Trustee shall, upon written request, make copies of the foregoing available, at the Owner's expense, to any Owner or its agent duly authorized in writing.

Recordation. The County shall record, or cause to be recorded, with the appropriate county recorder, the Sublease and the Site Lease, or memoranda thereof, and a memorandum of the assignment of the Authority's right, title and interest in and to the Site Lease and the Sublease pursuant to the provisions of the Indenture described under the heading "INDENTURE – Pledge and Assignment; Funds and Accounts – Pledge and Assignment."

Tax Covenants. (a) Neither the Authority nor the County will take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Series 2022G Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Authority and the County will comply with the requirements of the Tax Certificate (Series 2022G Bonds), which is incorporated herein as if fully set forth herein. This covenant shall survive payment in full or defeasance of the Series 2022G Bonds.

(b) In the event that at any time the Authority is of the opinion that for purposes of the Supplemental Indenture, as described under this heading entitled "Tax Covenants," it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee in any of the funds or accounts established thereunder, the Authority shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

(c) Notwithstanding any provisions of the Supplemental Indenture as described under this heading entitled "Tax Covenants," if the Authority shall provide to the Trustee an Opinion of Counsel to the effect that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Series 2022G Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of the Supplemental Indenture as described under this heading entitled "Tax Covenants" and of the Tax Certificate (Series 2022G Bonds), and the covenants thereunder shall be deemed to be modified to that extent.

Continuing Disclosure. The County shall comply with and carry out all of the provisions of each Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the County to comply with a Continuing Disclosure Certificate shall not constitute an Event of Default under the Indenture; provided, however, that the Trustee, at the written direction of any Participating Underwriter or the holders of at least 25% of the aggregate principal amount of the related Series of Bonds Outstanding, shall, upon receipt of indemnification reasonably satisfactory to the Trustee, or any holder or Beneficial Owner of the affected Series of Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Further Assurances. Whenever and so often as reasonably requested to do so by the Trustee or any Owner, the Authority and the County shall promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Owners all advantages, benefits, interests, powers, privileges and rights conferred or intended to be conferred upon them by the Indenture, the Site Lease or the Sublease.

Events of Default and Remedies

Events of Default. The occurrence, from time to time, of any one or more of the following events shall constitute an Event of Default under the Indenture:

(a) failure to pay any installment of principal of any Bond as and when the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption or otherwise;

(b) failure to pay any installment of interest on any Bond as and when the same shall become due and payable;

(c) a Sublease Default Event shall have occurred and be continuing;

(d) failure by the Authority to observe and perform any of the other covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, if such failure shall have continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Authority by the Trustee, the County or the Owners of not less than 5% in aggregate principal amount of the Bonds at the time Outstanding; provided, however, that if, in the reasonable opinion of the Authority, the failure stated in the notice can be corrected, but not within such 30 day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Authority within such 30 day period and the Authority shall thereafter diligently and in good faith cure such failure in a reasonable period of time;

(e) failure by the County to observe and perform any of the covenants, agreements or conditions on its part in the Indenture contained, if such failure shall have continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the County by the Trustee, the Authority or the Owners of not less than 5% in aggregate principal amount of the Bonds at the time Outstanding; provided, however, that if, in the reasonable opinion of the County, the failure stated in the notice can be corrected, but not within such 30 day period, such failure shall not constitute an Event of Default if corrective action is instituted by the County within such 30 day period and the County shall thereafter diligently and in good faith cure such failure in a reasonable period of time; or

(f) the Authority or the County shall commence a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

Action on Default. In each and every case during the continuance of an Event of Default, the Trustee may and, at the direction of the Owners of not less than a majority of the aggregate principal amount of Bonds then Outstanding (and upon indemnification of the Trustee to its reasonable satisfaction as provided in the

Indenture), shall, upon notice in writing to the Authority and the County, exercise any of the remedies granted to the Authority under the Sublease and, in addition, take whatever action at law or in equity may appear necessary or desirable to protect and enforce any of the rights vested in the Trustee or the Owners by the Indenture or by the Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement or for the enforcement of any other legal or equitable right, including any one or more of the remedies set forth in the provisions of the Indenture described under the heading "INDENTURE – Events of Default and Remedies – Other Remedies of the Trustee."

Other Remedies of the Trustee. During the continuance of an Event of Default, the Trustee shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Authority or the County or any member, director, officer or employee thereof, and to compel the Authority or the County or any such member, director, officer or employee to perform or carry out its or his or her duties under law and the agreements and covenants required to be performed by it or him or her contained in the Indenture or in the Bonds;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee or the Owners; or

(c) by suit, action or proceeding in any court of competent jurisdiction, to require the Authority or the County, or both, to account as if it or they were the trustee or trustees of an express trust.

Remedies Not Exclusive. No remedy in the Indenture conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given thereunder existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any law. The assertion or employment of any right or remedy under the Indenture, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Application of Amounts After Default. If an Event of Default shall occur and be continuing, all Lease Revenues and any other funds thereafter received by the Trustee under any of the provisions of the Indenture shall be applied by the Trustee as follows and in the following order:

(a) to the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners and payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Indenture;

(b) to the payment of all amounts then due for interest on the Bonds, ratably without preference or priority of any kind, according to the amounts of interest on such Bonds due and payable, with interest on the overdue interest at the rate borne by the respective Bonds; and

(c) to the payment of all amounts then due for principal of the Bonds, ratably without preference or priority of any kind, according to the amounts of principal of the Bonds due and payable, with interest on the overdue principal at the rate borne by the respective Bonds.

Power of Trustee to Enforce. All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of the Owners of such Bonds, subject to the provisions of the Indenture.

Bond Owners Direction of Proceedings. Anything in the Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee under the Indenture; provided, however, that such direction shall not be otherwise than in accordance with law and the provisions of the Indenture, and, provided, further, that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Owners not parties to such direction.

Limitation on Bond Owners' Right to Sue. No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Act or any other applicable law with respect to such Bonds, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default, (b) the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers before granted or to institute such suit, action or proceeding in its own name, (c) such Owner or said Owners shall have tendered to the Trustee indemnity against the costs, expenses and liabilities to be incurred in compliance with such request, and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy under the Indenture or under law; it being understood and intended that no one or more Owners shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture or the rights of any other Owners, or to enforce any right under the Bonds, the Indenture, the Act or other applicable law with respect to the Bonds, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner provided and for the benefit and protection of all Owners, subject to the provisions of the Indenture.

Termination of Proceedings. If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee or any Owner, then, subject to any such adverse determination, the Trustee, such Owner, the Authority and the County shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken. In case any proceedings taken by the Trustee or any one or more Owners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or any Owner, then in every such case the Trustee, such Owner, the Authority and the County, subject to any determination in such proceedings, shall be restored to their former positions and rights under the Indenture, severally and respectively, and all rights, remedies, powers and duties of the Trustee, the Owners, the Authority and the County shall continue as though no such proceedings had been taken.

No Waiver of Default. No delay or omission of the Trustee or of any Owner to exercise any right or power arising upon the occurrence of any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or an acquiescence therein, and every power and remedy given by the Indenture to the Trustee or to the Owners may be exercised from time to time and as often as may be deemed expedient.

The Trustee

Duties and Liabilities of Trustee. The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in the Indenture. The Trustee shall, during the existence of any Event of Default which has not been cured or waived, exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

Removal and Resignation of the Trustee. The Authority and the County may by an instrument in writing, remove the Trustee initially a party to the Indenture and any successor thereto unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee initially a party to the Indenture and any successor thereto if at any time (a) requested to do so by an instrument or concurrent instruments in writing signed by the Owners of a majority of the aggregate principal amount of the Bonds at the time Outstanding (or their attorneys duly authorized in writing), or (b) the Trustee shall cease to be eligible in accordance with the following sentence, and shall appoint a successor Trustee. The Trustee and any successor Trustee shall be a commercial bank with trust powers having a combined capital (exclusive of borrowed capital) and surplus of at least \$50,000,000 (or be part of a bank holding company with a combined capital and surplus of at least \$50,000,000) and subject to supervision or examination by federal or state authorities. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of the provisions of the Indenture described under the heading "INDENTURE – The Trustee – Removal and Resignation of the Trustee" the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee may at any time resign by giving written notice of such resignation to the Authority and the County and by giving notice, by first class mail, postage prepaid, of such resignation to the Owners at their addresses appearing on the Registration Books. Upon receiving such notice of resignation, the Authority and the County shall promptly appoint a successor Trustee by an instrument in writing; provided, however, that in the event the Authority and the County do not appoint a successor Trustee within 30 days following receipt of such notice of resignation, the resigning Trustee may, at the expense of the County, petition the appropriate court having jurisdiction to appoint a successor Trustee. Any resignation or removal of a Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. Any successor Trustee appointed under the Indenture shall signify its acceptance of such appointment by executing and delivering to the Authority and the County and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee in the Indenture; but, nevertheless, at the written request of the Authority, the County or of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in the Indenture.

Any corporation, association or agency into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, provided that such entity meets the combined capital and surplus requirements of the provisions of the Indenture described under the heading "INDENTURE – The Trustee – Removal and Resignation of the Trustee," ipso facto, shall be and become successor trustee under the Indenture and vested with all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties to the Indenture, anything therein to the contrary notwithstanding.

Compensation and Indemnification of the Trustee. The County shall from time to time, subject to any written agreement then in effect with the Trustee, pay the Trustee reasonable compensation for all its services rendered under the Indenture and reimburse the Trustee for all its reasonable advances and expenditures (which shall not include "overhead expenses" except as such expenses are included as a component of the Trustee's stated annual fees) under the Indenture, including but not limited to advances to and reasonable fees and reasonable expenses of accountants, agents, appraisers, consultants or other experts, and counsel not directly employed by the Trustee but an attorney or firm of attorneys retained by the Trustee, employed by it in the exercise and performance of its rights and obligations under the Indenture; provided, however, that the Trustee shall not have any lien for such compensation or reimbursement against any moneys held by it in any of the funds or accounts established under the Indenture.

The County shall, to the extent permitted by law, indemnify and save the Trustee harmless against any liabilities, costs, claims or expenses, including those of its attorneys, which it may incur in the exercise and performance of its powers and duties under the Indenture and under any related documents, including the enforcement of any remedies and the defense of any suit, and which are not due to its negligence or its willful misconduct. The duty of the County to indemnify the Trustee shall survive the termination and discharge of the Indenture.

Protection of the Trustee. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any affidavit, bond, certificate, consent, notice, request, requisition, resolution, statement, telegram, voucher, waiver or other paper or document which it shall in good faith believe to be genuine and to have been adopted, executed or delivered by the proper party or pursuant to any of the provisions of the Indenture, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the Owners pursuant to the Indenture, unless such Owners shall have offered to the Trustee security or indemnity, reasonably satisfactory to the Trustee, against the reasonable costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. Under no circumstances shall the Trustee request or be entitled to indemnification from the County for taking actions required by and in accordance with the Indenture, including, but not limited to, causing payments of principal of and interest on the Bonds to be made to the Owners thereof and carrying out redemptions of the Bonds in accordance with the terms of the Indenture. The Trustee may consult with counsel, who may be counsel to the Authority or the County, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect to any action taken or suffered by it under the Indenture in good faith in accordance therewith.

The Trustee shall not be responsible for the sufficiency of the Bonds or the Sublease or for statements made in the preliminary or final official statement relating to the Bonds, or of the title to the Property.

Except as otherwise expressly provided in the Indenture, no provision of the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture or in the exercise of any of its rights or powers thereunder.

Whenever in the administration of its rights and obligations under the Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action thereunder, such matter (unless other evidence in respect thereof be specifically prescribed in the Indenture) may be deemed to be conclusively proved and established by a Written Certificate of the Authority or a Written Certificate of the County, and such certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions of the Indenture upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it deems reasonable.

The Trustee may buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Owner may be entitled to take with like effect as if the Trustee were not a party to the Indenture. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Authority or the County, and may act as agent, depository or trustee for any committee or body of Owners or of owners of obligations of the Authority or the County as freely as if it were not the Trustee under the Indenture.

The Trustee may, to the extent reasonably necessary, execute any of the trusts or powers of the Indenture and perform any rights and obligations required of it thereunder by or through agents, attorneys or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its rights and obligations under the Indenture, and the Trustee shall not be answerable for the negligence or misconduct of any such agent, attorney or receiver selected by it with reasonable care; provided, however, that in the event of any negligence or misconduct of any such attorney, agent or receiver, the Trustee shall diligently pursue all remedies of the Trustee against such agent, attorney or receiver. The Trustee shall not be liable for any error of judgment made by it in good faith unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee shall not be answerable for the exercise of any trusts or powers under the Indenture or for anything whatsoever in connection with the funds established thereunder, except only for its own willful misconduct, negligence or breach of an obligation thereunder.

The Trustee may, on behalf of the Owners, intervene in any judicial proceeding to which the Authority or the County is a party and which, in the opinion of the Trustee and its counsel, affects the Bonds or the security therefor, and shall do so if requested in writing by the Owners of at least 5% of the aggregate principal amount of Bonds then Outstanding, provided the Trustee shall have no duty to take such action unless it has been indemnified to its reasonable satisfaction against all risk or liability arising from such action.

Supplemental Indentures

Supplemental Indentures. (a) The Indenture and the rights and obligations of the Authority, the County, the Trustee and the Owners under the Indenture may be modified or amended at any time by a Supplemental Indenture, which the Authority, the County and the Trustee may enter into when the prior written consents of the Owners of a majority of the aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the provisions of the Indenture described under the heading "INDENTURE – Miscellaneous – Disqualified Bonds" are filed with the Trustee. No such modification or amendment shall (i) extend the fixed maturity of any Bond, reduce the amount of principal thereof or the rate of interest thereon or alter the redemption provisions with respect thereto without the consent of the Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, without the consent of the Owners of all of the Bonds then Outstanding, or (iii) permit the creation of any lien on the Lease Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture or deprive the Owners of the Bonds of the lien created by the Indenture on such Lease Revenues and other assets (except as expressly provided in the Indenture), without the consent of the Owners of all Bonds then Outstanding, or (iv) amend the provisions of the Indenture described under the heading "INDENTURE – Supplemental Indentures – Supplemental Indentures" without the prior written consent of the Owners of all Bonds then Outstanding.

(b) The Indenture and the rights and obligations of the Authority, the County, the Trustee and the Owners thereunder may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority, the County and the Trustee may enter into without the consent of any Owners for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Authority or the County in the Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power in the Indenture reserved to or conferred upon the Authority or the County;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in the Indenture or in regard to questions arising thereunder which the Authority or the County may deem desirable or necessary and not inconsistent with the Indenture;

(iii) to provide for the issuance of one or more Series of Additional Bonds, and to provide the terms and conditions under which such Series of Additional Bonds may be issued, subject to and in accordance with the provisions of the indenture;

(iv) to make such additions, deletions or modifications as may be necessary or appropriate to assure the exclusion from gross income for federal income tax purposes of interest on Tax-Exempt Bonds or maintain any federal interest subsidies expected to be received with respect to any Bonds; and

(v) for any other reason, provided such amendment or supplement does not adversely affect the rights or interests of the Owners; provided, however, that the Authority, the County and the Trustee may rely in entering into any such amendment or supplement upon an Opinion of Counsel stating that the requirements of this paragraph have been met with respect to such amendment or supplement.

(c) Promptly after the execution by the Authority, the County and the Trustee of any Supplemental Indenture, the Trustee shall mail a notice (the form of which shall be furnished to the Trustee by the Authority or the County), by first class mail postage prepaid, setting forth in general terms the substance of such Supplemental Indenture, to the Owners of the Bonds at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

Effect of Supplemental Indenture. Upon the execution and delivery of any Supplemental Indenture entered into pursuant to paragraphs (a) or (b) above, the Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Authority, the County, the Trustee and the Owners shall thereafter be determined, exercised and enforced under the Indenture subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the effective date of any Supplemental Indenture pursuant to the provisions of the Indenture described under the heading "INDENTURE – Supplemental Indentures" may and, if the Authority or the County so determines, shall bear a notation by endorsement or otherwise in form approved by the Authority, the County and the Trustee as to any modification or amendment provided for in such Supplemental Indenture and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such effective date, and presentation of such Bond for such purpose at the Office of the Trustee, a suitable notation shall be made on such Bonds. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Authority, the County and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Authority and authenticated by the Trustee and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such effective date, and presentation of such Bond for such purpose at the Office of the Trustee, such a new Bond in equal principal amount of the same Series, interest rate and maturity shall be exchanged for such Owner's Bond so surrendered.

Amendment of Particular Bonds. The provisions of the provisions of the Indenture described under the heading "INDENTURE – Supplemental Indentures" shall not prevent any Owner from accepting any amendment or modification as to any particular Bond owned by it, provided that due notation thereof is made on such Bond.

Defeasance

Discharge of Indenture. (a) If (i) the Authority shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Bonds the principal thereof and the interest and premium, if any, thereon at the times and in the manner stipulated in the Indenture, and (ii) all other amounts due and payable under the

Indenture and under the Sublease shall have been paid, then the Owners shall cease to be entitled to the pledge of the Lease Revenues and the other assets as provided in the Indenture, and all agreements, covenants and other obligations of the Authority and the County under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority and the County all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the County all money or securities held by it pursuant to the Indenture which are not required for the payment of the principal of and interest and premium, if any, on the Bonds.

(b) Subject to the provisions of paragraph (a) above, when any Bond shall have been paid and if, at the time of such payment, each of the Authority and the County shall have kept, performed and observed all of the covenants and promises in such Bonds and in the Indenture required or contemplated to be kept, performed and observed by it or on its part on or prior to that time, then the Indenture shall be considered to have been discharged in respect of such Bond and such Bond shall cease to be entitled to the pledge of the Lease Revenues and the other assets as provided in the Indenture, and all agreements, covenants and other obligations of the Authority and the County under the Indenture shall cease, terminate, become void and be completely discharged and satisfied as to such Bond.

(c) Notwithstanding the discharge and satisfaction of the Indenture or the discharge and satisfaction of the Indenture in respect of any Bond, those provisions of the Indenture relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, and the duties of the Trustee in connection with all of the foregoing, shall remain in effect and shall be binding upon the Trustee and the Owners and the Trustee shall continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of and interest and premium, if any, on the Bonds, to pay to the Owners of the Bonds the funds so held by the Trustee as and when such payment becomes due. Notwithstanding the discharge and satisfaction of the Indenture, the provisions of the provisions of the Indenture described under the heading "INDENTURE – The Trustee – Compensation and Indemnification of the Trustee" relating to the compensation of the Trustee shall remain in effect and shall be binding upon the Authority, the County and the Trustee.

Bonds Deemed To Have Been Paid. (a) If moneys shall have been set aside and held by the Trustee for the payment or redemption of any Bond and the payment of the interest thereon to the maturity or redemption date thereof, such Bond shall be deemed to have been paid within the meaning and with the effect provided in the provisions of the Indenture described under the heading "INDENTURE – Defeasance – Discharge of Indenture." Any Outstanding Bond shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in the provisions of the Indenture described under the heading "INDENTURE – Defeasance – Discharge of Indenture" if (i) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail, on a date in accordance with the provisions of the Indenture notice of redemption of such Bond on said redemption date, said notice to be given in accordance with the provisions of the Indenture, (ii) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient, or (B) Defeasance Securities, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which shall be sufficient to pay when due the interest to become due on such Bond on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and premium, if any, on such Bond, and (iii) in the event such Bond is not by its terms subject to redemption within the next succeeding 60 days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the owners of such Bond that the deposit required by clause (ii) above has been made with the Trustee and that such Bond is deemed to have been paid in accordance with the provisions of the Indenture described under the heading "INDENTURE – Defeasance – Bonds Deemed To Have Been Paid" and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and premium, if any, on such Bond. Neither the money nor the Defeasance Securities deposited with the Trustee pursuant to this paragraph in connection with the deemed payment of Bonds, nor principal or interest payments on any such Defeasance Securities, shall be withdrawn or used for any purpose other than, and shall be held in trust for and pledged to, the payment of the principal of and, premium, if any, and interest on such Bonds.

(b) No Bond shall be deemed to have been paid pursuant to clause (ii)(B) of paragraph (a) above unless the Authority or the County shall cause to be delivered (A) an executed copy of a Verification Report with respect to such deemed payment, addressed to the Authority, the County and the Trustee, (B) a copy of the escrow agreement entered into in connection with the deposit pursuant to clause (ii)(B) of paragraph (a) above resulting in such deemed payment, which escrow agreement shall provide that no substitution of Defeasance Securities shall be permitted except with other Defeasance Securities and upon delivery of a new Verification Report and no reinvestment of Defeasance Securities shall be permitted except as contemplated by the original Verification Report or upon delivery of a new Verification Report, and (C) a copy of an Opinion of Counsel, dated the date of such deemed payment and addressed to the Authority, the County and the Trustee, to the effect that such Bond has been paid within the meaning and with the effect expressed in the Indenture, and all agreements, covenants and other obligations of the Authority and the County under the Indenture as to such Bond have ceased, terminated, become void and been completely discharged and satisfied.

(c) The Trustee may seek and is entitled to rely upon (i) an Opinion of Counsel reasonably satisfactory to the Trustee to the effect that the conditions precedent to a deemed payment pursuant to clause (ii) of paragraph (a) above have been satisfied, and (ii) such other opinions, certifications and computations, as the Trustee may reasonably request, of accountants or other financial consultants concerning the matters described in paragraph (b) above.

Unclaimed Moneys. Any moneys held by the Trustee in trust for the payment and discharge of the principal of, or premium or interest on, any Bonds which remain unclaimed for two years after the date when such principal, premium or interest has become payable, if such moneys were held by the Trustee at such date, or for two years after the date of deposit of such moneys if deposited with the Trustee after the date when such principal, premium or interest become payable, shall, at the Written Request of the Authority, be repaid by the Trustee to the County as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners of such Bonds shall look only to the County for the payment of such principal, premium or interest.

Miscellaneous

Benefits of Indenture Limited to Parties. Nothing contained in the Indenture, expressed or implied, is intended to give to any Person other than the Authority, the County, the Trustee and the Owners any claim, remedy or right under or pursuant to the Indenture, and any agreement, condition, covenant or term required in the Indenture to be observed or performed by or on behalf of the Authority or the County shall be for the sole and exclusive benefit of the Trustee and the Owners.

Successor Deemed Included in all References to Predecessor. Whenever the Authority, the County or the Trustee, or any officer thereof, is named or referred to in the Indenture, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Authority, the County or the Trustee, or such officer, and all agreements, conditions, covenants and terms required by the Indenture to be observed or performed by or on behalf of the Authority, the County or the Trustee, or any officer thereof, shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required in the Indenture to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or its attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which such notary public or other officer purports to act that the Person signing such declaration, request or other instrument or writing acknowledged to such notary public or other officer the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer, or by such other proof as the Trustee may accept which it may deem sufficient.

The ownership of any Bond and the amount, payment date, number and date of owning the same may be proved by the Registration Books.

Any declaration, request or other instrument in writing of the Owner of any Bond shall bind all future Owners of such Bond with respect to anything done or suffered to be done by the Authority, the County or the Trustee in good faith and in accordance therewith.

Waiver of Personal Liability. Notwithstanding anything contained in the Indenture to the contrary, no member, officer or employee of the Authority or the County shall be individually or personally liable for the payment of any moneys, including without limitation, the principal of or interest on the Bonds, but nothing contained in the Indenture shall relieve any member, officer or employee of the Authority or the County from the performance of any official duty provided by any applicable provisions of law, by the Sublease or by the Indenture.

Acquisition of Bonds by Authority or County. All Bonds acquired by the Authority or the County, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under the Indenture, Bonds which are known by the Trustee to be owned or held by or for the account of the Authority or the County, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the County, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this paragraph if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the County. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Money Held for Particular Bonds. The money held by the Trustee for the payment of the principal of or premium or interest on particular Bonds due on any date (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of the Indenture described under the heading "INDENTURE – Defeasance – Unclaimed Moneys," but without any liability for interest thereon.

Funds and Accounts. Any fund or account required to be established and maintained pursuant to the Indenture by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund, but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with sound accounting practice and with due regard for the protection of the security of the Bonds and the rights of the Owners. The Trustee may establish such funds and accounts as it deems necessary to perform its obligations under the Indenture.

The Trustee may commingle any of the moneys held by it under the Indenture for investment purposes only; provided, however, that the Trustee shall account separately for the moneys in each fund or account established pursuant to the Indenture.

California Law. The Indenture and the Bonds shall be construed and governed in accordance with the laws of the State of California.

COUNTY OF LOS ANGELES
CALIFORNIA

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

COUNTY OF LOS ANGELES
CALIFORNIA

BOOK-ENTRY ONLY SYSTEM

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 Authority, the County and the Underwriters take no responsibility for the completeness or accuracy thereof. The Authority, 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 Series 2022G Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Series 2022G Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2022G Bonds, 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 Appendix D. 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.

DTC will act as securities depository for the Series 2022G Bonds. The Series 2022G Bonds 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 security certificate will be issued for each series and maturity of the Series 2022G Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository 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 its website.

Purchases of the Series 2022G Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2022G Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2022G Bond ("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 Series 2022G Bonds 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 the Series 2022G Bonds, except in the event that use of the book-entry system for the Series 2022G Bonds is discontinued.

To facilitate subsequent transfers, all Series 2022G Bonds 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 the Series 2022G Bonds 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 Series 2022G Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2022G Bonds 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.

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 the Series 2022G Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2022G Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2022G Bond documents. For example, Beneficial Owners of the Series 2022G Bonds may wish to ascertain that the nominee holding the Series 2022G Bonds 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.

While the Series 2022G Bonds are in the book-entry only system, redemption notices shall be sent to DTC. If less than all of the Series 2022G Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2022G Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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 the Series 2022G Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the Series 2022G Bonds 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 Authority or the Trustee, 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 Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal,, interest and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, 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.

DTC may discontinue providing its services as depository with respect to the Series 2022G Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, the Series 2022G Bonds certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2022G Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that County and the Authority believe to be reliable, but the County and the Authority takes no responsibility for the accuracy thereof.

NONE OF THE AUTHORITY, THE COUNTY, THE UNDERWRITERS OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF SERIES 2022G BONDS FOR PREPAYMENT.

None of the Authority, the County or the Trustee can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal of, premium, if any, and interest on the Series 2022G Bonds paid to DTC or its nominee, as the registered Owner, or any redemption or other notice, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in a manner described herein.

DTC may discontinue providing its services as depository with respect to the Series 2022G Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered. The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2022G Bonds certificates will be printed and delivered. In the event that the book-entry system is discontinued as described above, the requirements of the Indenture will apply.

Beneficial Owners of the Series 2022G Bonds may experience some delay in their receipt of distributions of principal of, redemption proceeds, if any, and interest on, the Series 2022G Bonds, as applicable, since such distributions will be forwarded by the Authority or the trustee, as applicable, to DTC and DTC will credit such distributions to the accounts of the Direct Participants which will thereafter credit them to the accounts of the Beneficial Owners either directly or through Indirect Participants.

Since transactions in the Series 2022G Bonds can be effected only through DTC, Direct Participants, Indirect Participants and certain banks, the ability of a Beneficial Owner to pledge Series 2022G Bonds to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such Series 2022G Bonds, as applicable, may be limited due to lack of a physical certificate. Beneficial Owners will not be recognized by the Trustee as registered owners of the Series 2022G Bonds and Beneficial Owners will only be permitted to exercise the rights of registered owners indirectly through DTC and its Participants.

COUNTY OF LOS ANGELES
CALIFORNIA

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

COUNTY OF LOS ANGELES
CALIFORNIA

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the County of Los Angeles (the "County") on October 28, 2021 in connection with the sale of the Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds, 2022 Series G (Forward Delivery) (the "Series 2022G Bonds"). The Series 2022G Bonds are being issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Section 6584 *et seq.* of the California Government Code and the Master Indenture, dated as of February 1, 2015, by and among the County of Los Angeles, California (the "County"), the Los Angeles County Public Works Financing Authority (the "Authority") and Zions Bancorporation, National Association, as trustee (the "Trustee"), as previously amended and supplemented and as further amended and supplemented by that certain Sixth Supplemental Indenture, dated as of June 1, 2022, by and among the County, the Authority and the Trustee (as so amended and supplemented, the "Indenture"). The County covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the County for the benefit of the Holders and Beneficial Owners of the Series 2022G Bonds and the purchasers of the Series 2022G Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission ("S.E.C.") Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, 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:

"Annual Report" shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Series 2022G Bonds (including persons holding Series 2022G Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall 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.

"Financial Obligation" means "financial obligation" as such term is defined in the Rule.

"Holder" shall mean the person in whose name any Series 2022G Bond shall be registered.

"Listed Events" shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"Participating Underwriter (Series 2022G Bonds)" shall mean any of the original underwriters of the Series 2022G Bonds required to comply with the Rule in connection with the offering of the Series 2022G Bonds.

"Purchaser" shall mean the person who purchases any Series 2022G Bond from a Participating Underwriter which has or shares the power, directly or indirectly, to make investment decisions concerning the purchase of any Series 2022G Bonds (including persons holding Series 2022G Bonds through nominees, depositories or other intermediaries).

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than April 1 after the end of the County's fiscal year, commencing with the report for the County's June 30, 2019 fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the County may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the County's fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Series 2022G Bonds by name and CUSIP number.

(b) Not later than 15 business days prior to said date, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). If the County is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the County shall, in a timely manner, send or cause to be sent notice of such failure to the MSRB.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the County) file a report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The County's Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the County for the preceding fiscal year, prepared in accordance with (1) generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board and (2) reporting standards as set forth by the State Controller in "State of California Accounting Standards and Procedures for Counties." If the County's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements of the County, the Annual Report shall also include the following:

(1) Assessed valuations, tax levies and delinquencies for real property located in the County for the fiscal year of the County most recently ended;

(2) Summary financial information on revenues, expenditures and fund balances for the fiscal year of the County most recently ended;

(3) Summary financial information on the proposed and adopted budgets of the County for the current fiscal year and any changes in the adopted budget;

(4) Summary of aggregate debt obligations of the County for the fiscal year of the County most recently ended;

(5) Summary of annual outstanding principal obligations of the County for the fiscal year of the County most recently ended; and

(6) The ratio of the County's outstanding debt to total assessed valuations as of the most recently ended fiscal year of the County.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the County or related public entities, which have been made available to the public on the MSRB's website. The County shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2022G Bonds 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 Series 2022G Bonds;

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 Series 2022G Bonds, or other material events affecting the tax status of the Series 2022G Bonds;

7. modifications to rights of Holders of the Series 2022G Bonds, if material;

8. redemption or call of the Series 2022G Bonds, if material, and tender offers;

9. defeasances;

10. release, substitution or sale of property securing repayment of the Series 2022G Bonds, 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.

(b) Upon the occurrence of a Listed Event described in Section 5(a), the County shall within ten business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection (a)(8) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Series 2022G Bonds pursuant to the Indenture.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The County's obligations under this Disclosure Certificate shall terminate in the event that the Series 2022G Bonds are not issued as provided in the Bond Purchase Agreement for the Series 2022G Bonds and upon the legal defeasance, prior redemption or payment in full of all of the Series 2022G Bonds. If such termination occurs prior to the final maturity of the Series 2022G Bonds, the County shall give notice of such termination in a filing with the MSRB.

SECTION 8. 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 shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the County.

SECTION 9. 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 Sections 3(a), 4, or 5(a) or (b), 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 Series 2022G Bonds, 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 Series 2022G Bonds, 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 Series 2022G Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the County shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. 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 Annual Report or notice required to be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any Annual Report or notice 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 Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

SECTION 11. Default. In the event of a failure of the County to comply with any provision of this Disclosure Certificate, any Purchaser or Holder or Beneficial Owner of the Series 2022G Bonds 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 Superior Court of the State of California in and for the County of Los Angeles or in U.S. District Court in or nearest to the County of Los Angeles. 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 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters (Series 2022G Bonds), the Purchasers and Holders and Beneficial Owners from time to time of the Series 2022G Bonds, and shall create no rights in any other person or entity.

Date: October 28, 2021

COUNTY OF LOS ANGELES

By: ____

Authorized Signatory

APPENDIX F

FORM OF APPROVING OPINION OF BOND COUNSEL

COUNTY OF LOS ANGELES

CALIFORNIA

FORM OF APPROVING OPINION OF BOND COUNSEL

Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Los Angeles County Public Works Financing Authority, expects to be able to render on the Settlement Date its final approving opinion with respect to the Series 2022G Bonds in substantially the following form:

[Date of Delivery]

Los Angeles County Public Works Financing Authority
Los Angeles, California

Los Angeles County Public Works Financing Authority
Lease Revenue Refunding Bonds, 2022 Series G (Forward Delivery)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Los Angeles County Public Works Financing Authority (the "Authority") in connection with the issuance of $250,120,000 aggregate principal amount of Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds, 2022 Series G (Forward Delivery) (the "Series 2022G Bonds"), issued pursuant to the Master Indenture, dated as of February 1, 2015, as amended and supplemented by the First Supplemental Indenture, dated as of September 1, 2015, the Second Supplemental Indenture, dated as of March 1, 2016, the Third Supplemental Indenture, dated as of November 1, 2017, the Fourth Supplemental Indenture, dated as of August 1, 2019, the Fifth Supplemental Indenture, dated as of October 1, 2021, and the Sixth Supplemental Indenture, dated as of June 1, 2022 (as so amended and supplemented, the "Indenture"), each by and among the Authority, the County of Los Angeles (the "County") and Zions Bancorporation, National Association (formerly known as Zions First National Bank), as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Master Site Lease, dated as of February 1, 2015, as amended and supplemented by the First Amendment to Master Site Lease, dated as of September 1, 2015, the Second Amendment to Master Site Lease, dated as of March 1, 2016, the Third Amendment to Master Site Lease, dated as of August 1, 2019, the Fourth Amendment to Master Site Lease, dated as of October 1, 2021, and the Fifth Amendment to Master Site Lease, dated as of June 1, 2022 (as so amended and supplemented, the "Site Lease"), each by and between the County and the Authority, the Master Sublease, dated as of February 1, 2015, as amended and supplemented by the First Amendment to Master Sublease, dated as of September 1, 2015, the Second Amendment to Master Sublease, dated as of March 1, 2016, the Third Amendment to Master Sublease, dated as of August 1, 2019, the Fourth Amendment to Master Sublease, dated as of October 1, 2021, and the Fifth Amendment to Master Sublease, dated as of June 1, 2022 (as so amended and supplemented, the "Sublease"), each by and between the County and the Authority, the Tax Certificate of the Authority, dated the date hereof (the "Tax Certificate"), opinions of counsel to the Authority, the County, the Trustee and others, certificates of the Authority, the County, the Trustee 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 Series 2022G Bonds 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 Series 2022G Bonds 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 Series 2022G Bonds 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 Authority and 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 Site Lease, the Sublease, the Indenture 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 Series 2022G Bonds to be included in gross income for federal income tax purposes.

We call attention to the fact that the rights and obligations under the Series 2022G Bonds, the Site Lease, the Sublease, the Indenture 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 and joint powers authorities 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 foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the real or personal property described in the Site Lease or the Sublease or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. 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 Series 2022G Bonds 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 Series 2022G Bonds constitute the valid and binding special obligations of the Authority, payable solely from the Lease Revenues and the other assets pledged therefor under the Indenture.

2. The Site Lease, the Sublease and the Indenture have been duly executed and delivered by, and constitute valid and binding obligations of, the Authority.

3. The Site Lease, the Sublease and the Indenture have been duly executed and delivered by, and constitute valid and binding obligations of, the County.

4. Interest on the Series 2022G Bonds 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. Interest on the Series 2022G Bonds 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 Series 2022G Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

COUNTY OF LOS ANGELES
CALIFORNIA

LOS ANGELES COUNTY PUBLIC WORKS FINANCING AUTHORITY • LEASE REVENUE REFUNDING BONDS, 2022 SERIES G (FORWARD DELIVERY)

COUNTY OF LOS ANGELES
CALIFORNIA

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