NEW ISSUE – BOOK-ENTRY ONLY

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

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County, 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 with respect to the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. The amount treated as interest on the Notes and excluded from gross income may depend upon the taxpayer's election under Internal Revenue Notice 94-84. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes. See "TAX MATTERS" herein.

$700,000,000
COUNTY OF LOS ANGELES
2024-25 Tax and Revenue Anticipation Notes
5.00% Priced to Yield 3.25%
CUSIP[†] No. 544657JB6

Dated: July 1, 2024 **Due: June 30, 2025**

The County of Los Angeles 2024-25 Tax and Revenue Anticipation Notes (the "Notes") will be issued in fully registered form. The Notes, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Notes. Purchases of beneficial interests in the Notes will be made in book-entry only form, in denominations of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interests in the Notes purchased. The Notes will bear interest from their dated date at the interest rate per annum specified above. Principal of and interest on the Notes are payable on the maturity date thereof directly to DTC by the Paying Agent. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the Notes. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM."

The Notes are being issued to provide moneys to help meet Fiscal Year 2024-25 County General Fund expenditures, including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County of Los Angeles (the "County"). The Notes are being issued pursuant to a resolution adopted by the Board of Supervisors of the County on May 21, 2024 (the "Resolution") and a Financing Certificate entitled, "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2024-25 Tax and Revenue Anticipation Notes" (the "Financing Certificate") to be delivered on the date of issuance of the Notes pursuant to the Resolution. The Notes and the interest thereon are a first lien and charge against, and are payable from the first Unrestricted Revenues to be received by the County, in each period specified in the Financing Certificate, in an amount equal to the amount, or in the proportion of the total amount due, specified in the Financing Certificate (the "Pledged Revenues"). For purposes of the Notes, the term "Unrestricted Revenues" is defined in the Resolution to mean the taxes, income, revenue, cash receipts and other moneys provided for Fiscal Year 2024-25 which will be received by or will accrue to the County during such fiscal year for the General Fund of the County and which are lawfully available for the payment of current expenses and other obligations of the County. See "THE NOTES – Security for the Notes" herein. The County is not authorized, however, to levy or collect any tax for the repayment of the Notes.

The Notes are not subject to redemption prior to maturity.

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

The Notes will be offered when, as and if issued and received by the Underwriters (herein defined), subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel. Certain legal matters will be passed upon for the County by Hawkins Delafield & Wood LLP, Los Angeles, California, Disclosure Counsel, and County Counsel, and for the Underwriters by their counsel, Nixon Peabody LLP, Los Angeles, California. It is expected that the Notes will be available for delivery through the facilities of DTC on or about July 1, 2024.

Morgan Stanley **RBC Capital Markets**

Blaylock Van, LLC **Great Pacific Securities** **Ramirez & Co., Inc.**

Dated: June 11, 2024

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COUNTY OF LOS ANGELES

CALIFORNIA

COUNTY OF LOS ANGELES

2024-25 TAX AND REVENUE
ANTICIPATION NOTES

BOARD OF SUPERVISORS

Lindsey P. Horvath
Third District, Chair

Hilda L. Solis
First District

Holly J. Mitchell
Second District

Janice Hahn
Fourth District

Kathryn Barger
Fifth District

Edward Yen
Executive Officer-Clerk
Board of Supervisors

COUNTY OFFICIALS

Fesia A. Davenport
Chief Executive Officer

Dawyn R. Harrison
County Counsel

Elizabeth Buenrostro Ginsberg
Treasurer and Tax Collector

Oscar Valdez
Auditor-Controller

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

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

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

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

THE UNDERWRITERS MAY OFFER AND SELL THE NOTES TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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. Copyright(c) 2024 CUSIP Global Services. All rights reserved. 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 set forth herein are for convenience of reference only. Neither the County nor the Underwriters are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Notes or as included herein. The CUSIP number for the Notes is subject to being changed after the issuance of the Notes as a result of various subsequent actions.

Certain public information regarding the County is available on the County's investor relations website at https://www.lacountybonds.com/los-angeles-county-investor-relations-ca/i1008. The information contained on such website or any website referenced in this Official Statement is not part of this Official Statement and is not incorporated in this Official Statement, whether or not the web address for such website appears as an active hyperlink.

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COUNTY OF LOS ANGELES

CALIFORNIA

OFFICIAL STATEMENT

$700,000,000
COUNTY OF LOS ANGELES
2024-25 Tax and Revenue Anticipation Notes

INTRODUCTION

General

The purpose of this Official Statement, which includes the front cover and the attached appendices, is to provide certain information concerning the sale and delivery by the County of Los Angeles, California (the "County") of $700,000,000 in aggregate principal amount of County of Los Angeles 2024-25 Tax and Revenue Anticipation Notes (the "Notes"). The Notes will bear interest at the rate per annum and mature on the date set forth on the cover page of this Official Statement. Issuance of the Notes will provide moneys to help meet Fiscal Year 2024-25 County General Fund expenditures attributable to the General Fund of the County (the "General Fund"), including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County.

The Notes are authorized by and are being issued in accordance with Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the "Act"), and a resolution adopted by the Board of Supervisors of the County (the "Board of Supervisors") on May 21, 2024 and entitled "Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2024-25 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed $1,000,000,000" (the "Resolution"). The Notes will be issued subject to the terms and conditions of a Financing Certificate of the Treasurer and Tax Collector of the County (the "Treasurer") entitled "Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2024-25 Tax and Revenue Anticipation Notes" (the "Financing Certificate") to be delivered on the date of issuance of the Notes pursuant to the Resolution. The Notes and the interest thereon are a first lien and charge against and are payable from the first Unrestricted Revenues to be received by the County, in each period set forth under the caption "THE NOTES – Security for the Notes," in an amount equal to the amount, or in the proportion of the total amount due, specified in the Financing Certificate (the "Pledged Revenues"). For purposes of the Notes, the term "Unrestricted Revenues" is defined in the Resolution to mean the taxes, income, revenue, cash receipts and other moneys provided for Fiscal Year 2024-25 which will be received by or will accrue to the County during such fiscal year for the General Fund of the County and which are lawfully available for the payment of current expenses and other obligations of the County. See "THE NOTES – Security for the Notes."

The County

The County is located in the southern coastal portion of the State of California (the "State") and covers 4,083 square miles. The County was established under an act of the State Legislature on February 18, 1850. It is the most populous county in the nation and, in terms of population, is larger than 40 states. The economy of the County is diversified and includes manufacturing, technology, world trade, financial services, motion picture and television production, agriculture and tourism. For certain financial, economic and demographic information concerning the County, see APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT" and APPENDIX B – "COUNTY OF LOS ANGELES FINANCIAL STATEMENTS."

COUNTY OF LOS ANGELES CASH MANAGEMENT PROGRAM

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

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

THE NOTES

General

The Notes will be issued in the aggregate principal amount of $700,000,000. The Notes will be issued in book-entry only form and, when delivered, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Notes. Purchasers of the Notes will not receive certificates representing their ownership interests in the Notes purchased. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM." Beneficial ownership interests in the Notes may be transferred only in accordance with the rules and procedures of DTC.

The Notes will be dated, mature on the date and bear interest at the rate per annum as set forth on the cover page of this Official Statement. The Notes are not subject to redemption prior to their maturity. The Notes will be issued in denominations of $5,000 and any integral multiple thereof. Interest on the Notes will be payable at their stated maturity date and will be computed on the basis of a 360-day year comprised of twelve 30-day months. Principal and interest will be payable in immediately available funds upon presentation and surrender of the Notes at the office of the Treasurer, who is serving as the Paying Agent with respect to the Notes.

Authority for Issuance

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

Purpose of Issue

Issuance of the Notes will provide moneys to help meet Fiscal Year 2024-25 General Fund expenditures, including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County. The County expects to invest proceeds of the Notes in the Pooled Surplus Investments Fund of the County Treasury Pool (the "County Treasury Pool") until expended. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Financial Summary – County Pooled Surplus Investments" attached hereto.

Security for the Notes

The Notes will be issued under and pursuant to the Resolution and the Financing Certificate and will be secured by Pledged Revenues.

Pursuant to the Financing Certificate, as security for the payment of the Notes and the interest thereon, the County pledges and grants a lien on and a security interest in the first Unrestricted Revenues to be received by the County, in each period specified below, in an amount equal to the amount specified below:

(a) the first Unrestricted Revenues to be received by the County on and after December 20, 2024 in an amount equal to forty-five percent (45%) of the principal amount of the Notes;

(b) the first Unrestricted Revenues to be received by the County on and after January 1, 2025 in an amount equal to forty-five percent (45%) of the principal amount of the Notes; and

(c) the first Unrestricted Revenues to be received by the County on and after April 1, 2025 in an amount equal to ten percent (10%) of the principal amount of the Notes, plus an amount equal to the interest that will become due on the Notes through maturity.

As provided in Section 53856 of the Act, the Notes and the interest thereon, shall be a first lien and charge against, and shall be payable from the first moneys received by the County from, the Pledged Revenues. See "THE NOTES – Available Sources of Payment." The County covenants pursuant to the Resolution and the Financing Certificate to deposit or cause to be deposited in the repayment fund for the Notes (the "Notes Repayment Fund"), in trust for the registered owners of the Notes, the Pledged Revenues to be so deposited, and the Auditor-Controller is directed in the Resolution and the Financing Certificate to deposit the Pledged Revenues in the Notes Repayment Fund. To the extent that any amounts received pursuant to clauses (a) through (c) above are less than the total amount designated for such deposit, then the amount of any deficiency in the Notes Repayment Fund shall be satisfied and made up from any other moneys of the County lawfully available therefor, and the Auditor-Controller is directed in the Resolution and the Financing Certificate to deposit additional amounts from any such other moneys of the County into the Notes Repayment Fund. If for any reason amounts in the Notes Repayment Fund are insufficient to pay the Notes in full, such amounts shall be applied to the payment of principal of and interest payable upon the Notes in order of the due dates thereof and pro-rata for amounts due on a date for which there are insufficient funds to pay all amounts due on such date. Pursuant to the Resolution and the Financing Certificate, as security for the payment of the Notes and the interest thereon, the County pledges and grants a lien on and a security interest in the amounts on deposit in the Notes Repayment Fund and said amounts shall not be used for any other purpose until the Notes and the interest thereon have been paid in full or such payment has been duly provided for; provided, however, that earnings on amounts in the Notes Repayment Fund shall be deposited as and when received into the General Fund.

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

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

Available Sources of Payment for the Notes

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

The County estimates that, for purposes of Section 53858 of the Act, the uncollected taxes, income, revenue, cash receipts and other moneys to be received by or accrue to the County during the Fiscal Year 2024-25 that will be available for the payment of the principal of and interest on the Notes, including the Pledged Revenues, will be in excess of $13 billion, as indicated in the table below. Except for Pledged Revenues, the uncollected taxes, income, revenue, cash receipts and other moneys to be received by or accrue to the County during the Fiscal Year 2024-25 will be expended during the course of Fiscal Year 2024-25, and no assurance can be given that any moneys, other than the Pledged Revenues, will be available to pay the Notes and the interest thereon.

As provided in Section 53856 of the Act, the Notes and the interest thereon shall be a first lien and charge against, and shall be payable from the first moneys received by the County from, the Pledged Revenues. See "THE NOTES – Security for the Notes" herein. "Pledged Revenues," as indicated above, is defined as the first Unrestricted Revenues to be received by the County, in each period set forth under the caption "THE NOTES – Security for the Notes," in an amount equal to the amount, or in the proportion of the total amount due, specified in the Financing Certificate, as described under the caption "THE NOTES – Security for the Notes." "Unrestricted Revenues," for purposes of the Notes, means "the taxes, income, revenue, cash receipts other moneys provided for Fiscal Year 2024-25 which will be received by or will accrue to the County during such fiscal year for the General Fund of the County and which are lawfully available for the payment of current expenses and other obligations of the County."

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

COUNTY OF LOS ANGELES
ESTIMATED GENERAL FUND UNRESTRICTED REVENUES
FISCAL YEAR 2024-25[(1)]
(In Thousands)

SOURCES:	AMOUNT
Property Taxes	$7,816,371
Other Taxes	219,362
Homeowner's Exemptions	18,244
Motor Vehicle (VLF) Realignment	411,749
Fines, Forfeitures and Penalties	175,075
Licenses, Permits and Franchises	84,166
Charges for Current Services	2,726,143
Investment and Rental Income	572,183
Other Revenue and Tobacco Settlement	1,491,191
Total:	$13,514,484
Less amount pledged for payment of the Notes:[(2)]	(734,903)
Net total in excess of Pledged Revenues:	$12,779,581

(1) Reflects revenues set forth in the projected cash flow for Fiscal Year 2024-25. Information subject to change to reflect the impact of any revisions to the 2024-25 State Budget Act and other matters. See "THE NOTES – State of California Finances" and APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT" attached hereto.

(2) Based on $700,000,000 aggregate principal amount of Notes and interest thereon.

To the extent that the Unrestricted Revenues are insufficient to pay the Notes, the County may access certain borrowable resources in order to satisfy its payment obligations. See the table entitled "County of Los Angeles Borrowable Resources – Fiscal Year 2024-25" on pages 10-11 for a detailed summary of the borrowable resources which the County currently projects to be available for Fiscal Year 2024-25. Such amounts are not pledged for payment of the Notes and the interest thereon. The amount of borrowable resources actually available will depend on a variety of factors, including the final form of the County's 2024-25 Budget, when adopted, the County's actual revenues and expenditures, and actions by the State of California which could materially impact the County's expenses and revenues.

State of California Finances

General. The County receives a significant portion of its funding from the State. Changes in the financial situation of the State can affect the amount of funding received for numerous County programs, including various health, social services and public safety programs. A description of the Fiscal Year 2024-25 State Budget (the "2024-25 State Budget") is set forth below. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Budgetary Information – 2024-25 State Budget." There can be no assurances that the 2024-25 State Budget, when adopted, will not place additional burdens on local governments, including the County, or will not significantly reduce revenues to such local governments. The County cannot predict the ultimate impact of the 2024-25 State Budget on the County's financial outlook. If the 2024-25 State Budget includes decreases in revenues to the County or increases in required County expenditures from the levels assumed by the County, the County will be required to generate additional revenues or curtail programs and/or services to ensure a balanced budget. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT."

Governor's Proposed 2024-25 State Budget. The Governor released his proposed Fiscal Year 2024-25 State Budget (the "2024-25 Proposed State Budget") on January 10, 2024. The 2024-25 Proposed State Budget projects that for Fiscal Year 2024-25 total resources available will be approximately $222.7

billion (including a prior year balance of approximately $8.0 billion) and total expenditures will be approximately $208.7 billion, resulting in a year-end surplus of $14.0 billion, of which $10.6 billion would be reserved for the liquidation of encumbrances and $3.4 billion would be deposited in a reserve for economic uncertainties. In addition, the 2024-25 Proposed State Budget projects $11.1 billion on deposit in the State's Rainy Day Fund. The 2024-25 Proposed State Budget projects that $900 million will be withdrawn from the Safety Net Reserve to address budget shortfalls, leaving a zero balance in the Safety Net Reserve.

May Revision to the 2024-25 Proposed State Budget. On May 10, 2024, the Governor released his 2024-25 May Revision to the 2024-25 Proposed State Budget (the "May Revision"). The May Revision projects Fiscal Year 2024-25 State General Fund total available resources of approximately $214.9 billion (including a prior year balance of $9.7 billion) and total expenditures of approximately $200.9 billion, resulting in a year-end surplus of approximately $14.0 billion, of which $10.5 billion would be reserved for the liquidation of encumbrances and $3.4 billion would be deposited in a reserve for economic uncertainties. In addition, the May Revision projects $19.4 billion on deposit in the State's Rainy Day Fund. The May Revision projects that $900 million will be withdrawn from the Safety Net Reserve to address budget shortfalls, leaving a zero balance in the Safety Net Reserve. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – 2024-25 State Budget" for additional information on the 2024-25 Proposed State Budget and the May Revision.

LAO Overview of the May Revision. Beginning on May 17, 2024, the Legislative Analyst's Office (the "LAO") released a series of analyses of the May Revision entitled "The May Revision: Analyses" (the "LAO Analyses"). Among other things, the LAO Analyses estimate that the May Revision solved a $55 billion budget problem, which the LAO notes is larger than the $27 billion budget shortfall cited in the May Revision, due to differences in what the LAO considers to be current law, particularly for school and community college spending. The LAO states that although it believes its approach more accurately reflects current law, the differences do not reflect substantive differences in the State's fiscal position. The LAO Analyses state that the May Revision primarily solves the identified budget deficit by adjusting spending. The LAO Analyses summarize the spending-related solutions (including both school and community college spending and other spending) in the May Revision as consisting of reductions, fund shifts, delays and reversions totaling $48 billion and representing nearly 90% of the total solutions. In addition, the LAO states that the May Revision includes $4 billion in reserve withdrawals, $1 billion in cost shifts, and approximately $2 billion in revenue-related solutions. The LAO further states that the overall structure of the May Revision improves the fiscal health of the State in a number of ways, including by: (i) reducing reliance on reserves to address the deficit, which gives the State legislature more tools to address future problems in the coming years; (ii) further reducing one-time and temporary spending, which allows the State to use reserve withdrawals and cost shifts in the future if needed, thereby improving budget resilience; (iii) introducing a proposal to save excess revenues, which would temporarily set aside anticipated surplus revenues for a year and provide a cushion for the State to weather possible revenue downturns, although the LAO notes that specific language is not yet available. However, the LAO identifies two areas of concern with the May Revision, including the suspension of net operating loss deductions, which the LAO believes would lead to a less equitable tax system, and the unallocated State operations reductions, which the LAO believes may not be effectively implemented as currently articulated and may result in a budgetary shortfall in future years. The LAO states that it believes it is more likely than not that revenues will ultimately come in below those projected in the May Revision, but that the estimates in the May Revision are nonetheless a reasonable basis for building the State budget, even if they may create a heightened risk of additional shortfalls next year.

Impact of Fiscal Year 2024-25 State Budget on the County. The May Revision projects an estimated $27.6 billion budget shortfall even after accounting for an early action budget package that reduced the shortfall by $17.3 billion. The May Revision generally reflects a declining revenue picture for the State, which may have an adverse impact on future County budgets. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Budgetary Information – 2024-25 State Budget" attached hereto.

Additional Information. The Governor may release additional details of the proposals or updates to the 2024-25 Proposed State Budget and May Revision. Information about the State Budget is regularly available at various State-maintained websites. The 2024-25 State Budget may be found at the Department of Finance website, www.dof.ca.gov, under the heading "The Budget." An impartial analysis of the budget is posted by the LAO at www.lao.ca.gov. The information referred to is prepared by the respective State agency maintaining each website and not by the County or the Underwriters, and the County and the Underwriters take no responsibility for the continued accuracy of the internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated herein by these references.

Interfund Borrowing, Intrafund Borrowing and Cash Flow

County General Fund expenditures tend to occur in level amounts throughout the fiscal year. However, revenues are received during the fiscal year by the County in uneven amounts, primarily as a result of the receipt of secured property tax installment payments in December and April and delays in payments from other governmental agencies, the two largest sources of County revenues. Prior to 1977, the County managed its General Fund cash flow deficits by (i) borrowing from specific funds of other governmental entities whose funds are held in the County Treasury Pool (so-called "interfund borrowing") pursuant to Section 6 of Article XVI of the California Constitution and (ii) borrowing from funds held in trust by the County (so-called "intrafund borrowing"). Because General Fund interfund borrowings caused disruptions in the County's management of the General Fund's pooled investments, since 1977 the County has regulated its cash flow by issuing tax anticipation notes and tax and revenue anticipation notes for the General Fund and by using intrafund borrowing. Except for tax and revenue anticipation notes that have not yet matured (being the $700,000,000 in aggregate principal amount of tax and revenue anticipation notes issued in Fiscal Year 2023-24 and due June 28, 2024), all tax and revenue anticipation notes issued in connection with the County's cash management program have been repaid on their respective maturity dates. Sufficient revenues have been reserved in a 2023-24 TRANs Repayment Fund therefor, separate from the General Fund, to repay the outstanding 2023-24 Tax and Revenue Anticipation Notes due on June 28, 2024. The County does not intend to engage in interfund borrowing for the General Fund nor has it done so since the implementation of the General Fund cash management program in Fiscal Year 1977-78.

The use of intrafund borrowing to cover negative balances in the General Fund is a regular practice. The legality of this practice was decided and affirmed in May 1999 by the California Court of Appeals in the case entitled *Stanley G. Auerbach et al v. Board of Supervisors of the County et al.* The funds available as borrowable resources and reviewed by the court in 1999 consisted primarily of property tax collections and moneys in transit. Such funds are held in trust by the County prior to being distributed to the various taxing agencies and governmental units within the County. The General Fund itself is a major recipient of these moneys in transit and ultimately receives more than 30 percent of all borrowable resources. The County has chosen not to classify such amounts as General Fund receipts until they are actually moved from trust and into the General Fund. If such moneys were classified as General Fund deposits when first received by the County, the cash balance in the General Fund would be materially greater throughout the fiscal year. See the tables entitled "Borrowable Resources Average Daily Balances - Fiscal Years 2019-20 through 2023-24" and "County of Los Angeles Borrowable Resources – Fiscal Year 2024-25" for the County's historical and projected borrowable resources for purposes of intrafund borrowing.

The following tables set forth for Fiscal Years 2019-20 through 2023-24 the month-end cash balances in the General Fund and the average daily balances in the various funds that account for the County's borrowable resources.

GENERAL FUND
MONTH-END CASH BALANCES
FISCAL YEARS 2019-20 THROUGH 2023-24
(In Thousands)[(1)]

	2019-20	2020-21	2021-22	2022-23	2023-24
July	$1,724,091	$2,084,187	$3,186,717	$3,532,192	$4,554,113
August	1,359,182	1,329,889	2,172,654	3,237,406	4,095,301
September	424,086	685,095	1,527,213	2,848,231	3,706,239
October	727,072	676,059	842,120	2,487,260	2,686,005
November	410,347	36,391	246,304	1,778,473	2,124,984
December	1,089,937	574,998	1,319,034	2,707,459	3,378,328
January	1,594,897	770,599	1,545,696	3,077,444	3,717,922
February	951,668	360,962	1,494,942	2,651,622	2,729,866
March	48,617	1,683	1,177,052	1,931,765	2,190,831
April	895,841	612,909	2,175,408	3,134,261	3,170,206
May	1,388,588	1,311,927	2,843,143	4,069,262	3,355,299[(2)]
June	1,914,196	2,752,640	3,256,071	4,708,560	2,322,485[(2)]

(1) Month-end balances include the effects of short-term note issuance net of deposits to the repayment fund for the County's 2023-24 Tax and Revenue Anticipation Notes. Monthly periods with negative cash balances are covered by borrowable resources available to the County. See "THE NOTES - Interfund Borrowing, Intrafund Borrowing and Cash Flow" and APPENDIX A - "COUNTY OF LOS ANGELES INFORMATION STATEMENT - FINANCIAL SUMMARY" attached hereto.

(2) Estimated.

BORROWABLE RESOURCES
AVERAGE DAILY BALANCES
FISCAL YEARS 2019-20 THROUGH 2023-24
(In Thousands)

	2019-20	2020-21	2021-22	2022-23	2023-24
July	$1,358,380	$1,430,818	$2,063,708	$2,874,085	$2,519,295
August	1,259,937	1,463,537	1,621,008	1,990,464	2,195,686
September	1,292,868	1,611,878	1,564,800	1,907,879	2,165,280
October	2,115,132	2,752,162	2,201,240	2,866,612	3,044,680
November	4,122,586	4,687,600	4,125,084	5,617,787	6,044,713
December	7,190,852	7,514,453	7,745,735	9,418,470	10,022,460
January	4,303,078	5,166,904	5,380,354	6,052,190	6,170,298
February	3,008,286	3,479,769	3,579,695	4,060,667	4,252,158
March	3,247,146	3,958,513	4,042,570	4,419,615	4,637,798
April	6,088,053	7,732,620	7,920,792	9,118,627	9,439,885
May	3,983,999	4,284,710	5,067,413	5,603,536	4,177,033[(1)]
June	2,048,526	2,474,454	3,162,739	2,912,297	1,541,848[(1)]

(1) Estimated.

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

In connection with the issuance of the Notes, the County has prepared the following detailed cash flow projection for Fiscal Year 2024-25 based on the 2024-25 Recommended Budget that was approved by the Board of Supervisors on April 16, 2024 (the "2024-25 Recommended Budget"), and a detailed projection of average daily balances for Fiscal Year 2024-25 for all funds expected to be available as borrowable resources. The projected information relating to cash flow and borrowable resources has been prepared by the County based on historical information, as well as the County's analysis of expected revenues and expenses for Fiscal Year 2024-25. Although the County believes its Fiscal Year 2024-25 projections are reasonable, the cash flow and borrowable resources will depend on a variety of factors, including the extent and timing of liability and settlement costs relating to Assembly Bill 218 ("AB 218"), the final County Budget, actual revenues and expenses, the impact on the County of State budgetary actions, and other factors, and such projections should not be construed as statements of fact. See "RISK FACTORS – Liability Related to AB 218" and APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Litigation." In preparing cash flow forecasts for prior issuances of tax and revenue anticipation notes, the County has historically been conservative in its projections. Since Fiscal Year 1990-91, the County has exceeded its year-end cash projections in 31 of 32 years, and has done so by an average of more than $500 million. For June 30, 2024, the County projects that its cash balance will be $1,588 million greater than the original May 2023 forecast of $734 million, ending the current fiscal year at a positive $2,322 million. There can be no assurances that actual results for Fiscal Year 2024-25 will not materially differ from the projections.

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR 2024-25 PROJECTION
(in thousands of $)

	July 2024	August 2024	September 2024	October 2024	November 2024	December 2024
BEGINNING BALANCE	$ 2,322,485	$ 2,183,042	$ 1,901,849	$ 1,350,748	$ 373,507	$ (479,070)
RECEIPTS						
Property Taxes	$ 77,084	$ 172,177	$ 0	$ 0	$ 69,927	$ 1,942,483
Other Taxes	16,100	22,127	17,003	15,862	18,456	22,947
Licenses, Permits & Franchises	9,705	9,409	6,801	5,896	4,338	8,868
Fines, Forfeitures & Penalties	39,809	31,258	8,314	8,437	18,215	7,099
Investment and Rental Income	67,400	49,573	39,256	52,545	50,503	38,336
Motor Vehicle (VLF) Realignment	0	37,429	49,445	45,503	46,756	45,883
Sales Taxes - Proposition 172	98,400	73,780	75,443	78,123	91,086	77,131
1991 Program Realignment	109,937	0	85,175	88,048	124,101	86,198
Other Intergovernmental Revenue	137,092	545,299	353,650	253,767	170,654	337,552
COVID-19 Revenues	0	0	0	0	0	0
Charges for Current Services	186,289	341,037	257,655	88,194	400,242	141,587
Other Revenue & Tobacco Settlement	428,368	204,924	39,391	73,028	121,533	117,817
Transfers & Reimbursements	27,524	1,052	0	2,666	16,158	18,772
Hospital Loan Repayment*	0	0	0	0	0	0
Welfare Advances	403,287	450,313	690,800	660,802	463,248	757,914
Other Financing Sources/MHSA	792	287,533	0	30,797	879	31,527
Intrafund Borrowings	0	0	0	0	0	0
TRANs Sold	700,000	0	0	0	0	0
Total Receipts	$ 2,301,786	$ 2,225,911	$ 1,622,933	$ 1,403,668	$ 1,596,095	$ 3,634,115
DISBURSEMENTS						
Welfare Warrants	$ 262,228	$ 296,295	$ 286,383	$ 290,491	$ 284,588	$ 286,492
Salaries	666,861	676,367	652,461	666,776	673,409	697,304
Employee Benefits	433,946	452,982	496,103	526,179	450,915	459,537
Vendor Payments	919,012	860,766	728,501	763,637	692,406	509,603
Loans to Hospitals*	0	0	0	0	0	0
Hospital Subsidy Payments	0	200,000	0	0	334,013	0
Transfer Payments	159,182	20,694	10,586	133,827	13,341	21,937
TRANs Pledge Transfer	0	0	0	0	0	315,000
Intrafund Repayment	0	0	0	0	0	0
Total Disbursements	$ 2,441,229	$ 2,507,104	$ 2,174,034	$ 2,380,909	$ 2,448,672	$ 2,289,872
ENDING BALANCE	**$ 2,183,042**	**$ 1,901,849**	**$ 1,350,748**	**$ 373,507**	**$ (479,070)**	**$ 865,173**
Borrowable Resources (Avg. Balance)	$ 1,700,369	$ 1,563,448	$ 1,703,250	$ 2,591,550	$ 5,709,527	$ 9,897,387
Total Cash Available	**$ 3,883,411**	**$ 3,465,297**	**$ 3,053,998**	**$ 2,965,057**	**$ 5,230,457**	**$ 10,762,560**

January 2025	February 2025	March 2025	April 2025	May 2025	June 2025	2024-25	
$ 865,173	$1,559,582	$ 954,950	$ 370,512	$ 968,238	$1,541,382		**BEGINNING BALANCE**
							RECEIPTS
$1,938,441	$ 262,358	$ 20,773	$1,433,398	$1,563,554	$ 336,176	$ 7,816,371	Property Taxes
11,976	19,316	13,844	19,420	24,559	17,752	219,362	Other Taxes
3,709	8,426	18,130	5,400	2,291	1,191	84,166	Licenses, Permits & Franchises
8,110	25,826	18,030	716	6,977	2,286	175,075	Fines, Forfeitures & Penalties
42,106	66,376	48,468	49,400	35,684	32,536	572,183	Investment and Rental Income
46,287	46,955	33,939	29,713	29,839	0	411,749	Motor Vehicle (VLF) Realignment
75,534	103,924	68,998	68,164	86,701	73,967	971,251	Sales Taxes - Proposition 172
85,332	116,131	77,110	55,612	74,639	57,545	959,828	1991 Program Realignment
312,870	453,469	410,114	291,711	266,268	275,976	3,808,423	Other Intergovernmental Revenue
0	0	0	0	0	0	0	COVID-19 Revenues
312,805	189,746	160,283	315,511	115,577	217,217	2,726,143	Charges for Current Services
54,124	117,099	101,188	72,761	82,433	78,526	1,491,191	Other Revenue & Tobacco Settlement
3,853	3,168	8,794	6,759	31,907	35,143	155,796	Transfers & Reimbursements
0	212,021	0	229,481	0	0	441,502	Hospital Loan Repayment*
674,111	519,802	683,948	389,992	477,466	322,028	6,493,712	Welfare Advances
13,837	30,365	153,895	134,954	134,606	173,294	992,479	Other Financing Sources/MHSA
0	0	0	0	0	0	0	Intrafund Borrowings
0	0	0	0	0	0	700,000	TRANs Sold
$3,583,097	$2,174,982	$1,817,516	$3,102,992	$2,932,499	$1,623,637	$28,019,231	Total Receipts
							DISBURSEMENTS
$ 284,045	$ 811,658	$ 346,083	$ 427,620	$ 428,001	$ 428,866	$ 4,432,748	Welfare Warrants
753,769	692,235	686,684	690,284	691,610	705,112	8,252,872	Salaries
509,236	491,614	494,280	492,208	490,789	488,477	5,786,266	Employee Benefits
717,834	638,585	623,911	702,977	608,064	638,530	8,403,826	Vendor Payments
212,021	0	229,481	0	0	0	441,502	Loans to Hospitals*
0	136,725	0	0	0	0	670,738	Hospital Subsidy Payments
96,783	8,796	21,515	122,177	140,890	86,495	836,225	Transfer Payments
315,000	0	0	70,000	0	0	700,000	TRANs Pledge Transfer
0	0	0	0	0	0	0	Intrafund Repayment
$2,888,688	$2,779,613	$2,401,954	$2,505,267	$2,359,354	$2,347,480	$29,524,177	Total Disbursements
$1,559,582	**$ 954,950**	**$ 370,512**	**$ 968,238**	**$1,541,382**	**$ 817,539**		**ENDING BALANCE**
$6,038,983	$4,014,321	$4,412,768	$8,801,887	$4,265,574	$1,577,685		Borrowable Resources (Avg. Balance)
$7,598,565	**$4,969,271**	**$4,783,280**	**$9,770,125**	**$5,806,956**	**$2,395,224**		**Total Cash Available**

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
AVERAGE DAILY BALANCES: Fiscal Year 2024-25 PROJECTION
FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of $)

	July 2024	August 2024	September 2024	October 2024	November 2024	December 2024
PROPERTY TAX GROUP						
Tax Collector Trust Fund	$ 108,616	$ 68,921	$ 44,826	$ 737,881	$1,989,735	$4,976,763
Auditor Unapportioned Property Tax	436,869	207,445	170,070	254,437	2,102,899	2,817,500
Unsecured Property Tax	200,820	167,302	211,644	255,033	191,439	118,317
Miscellaneous Fees & Taxes	335	365	410	364	368	400
State Redemption Fund	31,669	61,259	61,977	69,779	33,191	35,233
Education Revenue Augmentation	23,336	73,300	0	0	23,282	627,677
State Reimbursement Fund	0	0	0	0	400	10,132
Vehicle License Fee Replacement Fund	0	51,040	196,339	196,339	196,339	218,658
Property Tax Rebate Fund	17,804	29,382	24,162	20,760	40,941	36,314
Utility User Tax Trust Fund	1,878	565	4,804	10,107	15,830	19,529
Subtotal	$ 821,327	$ 659,579	$ 714,232	$1,544,700	$4,594,424	$8,860,523
VARIOUS TRUST GROUP						
Departmental Trust Fund	$ 522,071	$ 571,773	$ 655,723	$ 697,017	$ 793,950	$ 722,398
Non-County Entities Trust Fund	99,351	85,796	86,349	83,012	79,741	70,715
Payroll Revolving Fund	79,359	67,160	67,000	86,174	61,292	62,334
Asset Development Fund	22,782	22,561	22,582	22,603	22,623	22,632
Productivity Investment Fund	9,362	9,587	9,301	9,282	8,453	8,460
Motor Vehicle Capital Outlays	7,069	7,069	7,056	6,609	6,483	6,374
Civic Center Parking	100	559	551	569	547	450
Reporters Salary Fund	319	410	387	551	714	541
Cable TV Franchise Fund	15,815	15,532	15,890	15,814	15,552	16,056
Megaflex Long-Term Disability	10,499	10,497	10,673	10,905	10,821	11,037
Megaflex Long-Term Disability & Health	16,493	16,574	16,678	16,782	16,870	16,980
Megaflex Short-Term Disability	90,822	91,351	91,828	92,532	93,057	93,887
Subtotal	$ 874,042	$ 898,869	$ 984,018	$1,041,850	$1,110,103	$1,031,864
HOSPITAL GROUP						
Harbor-UCLA Medical Center	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000
Olive View-UCLA Medical Center	1,000	1,000	1,000	1,000	1,000	1,000
LAC+USC Medical Center	1,000	1,000	1,000	1,000	1,000	1,000
Rancho Los Amigos Rehab Center	1,000	1,000	1,000	1,000	1,000	1,000
HLTH SVC - Harbor UCLA MC	1,000	1,000	1,000	1,000	1,000	1,000
Subtotal	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000
GRAND TOTAL	**$1,700,369**	**$1,563,448**	**$1,703,250**	**$2,591,550**	**$5,709,527**	**$9,897,387**

Source: Los Angeles County Auditor-Controller

January 2025	February 2025	March 2025	April 2025	May 2025	June 2025	
						PROPERTY TAX GROUP
$ 843,283	$ 653,810	$1,139,266	$2,936,589	$1,358,286	$ 182,443	Tax Collector Trust Fund
2,427,628	1,425,516	1,196,581	3,296,497	938,162	204,448	Auditor Unapportioned Property Tax
113,216	106,868	84,716	81,234	67,969	140,129	Unsecured Property Tax
460	373	388	410	6,591	9,693	Miscellaneous Fees & Taxes
25,716	22,676	21,894	24,664	21,158	27,620	State Redemption Fund
466,361	301,140	6,128	478,960	257,394	184,268	Education Revenue Augmentation
16,632	652	652	1,584	20,928	12,309	State Reimbursement Fund
935,240	398,222	832,705	847,480	785,198	0	Vehicle License Fee Replacement Fund
23,158	33,749	37,954	29,164	8,910	0	Property Tax Rebate Fund
17,738	21,772	27,328	32,049	12,400	12,464	Utility User Tax Trust Fund
$4,869,432	$2,964,778	$3,347,612	$7,728,631	$3,476,996	$ 773,374	Subtotal
						VARIOUS TRUST GROUP
$ 822,964	$ 735,492	$ 742,238	$ 746,829	$ 496,667	$ 549,123	Departmental Trust Fund
69,966	78,178	77,708	76,524	39,807	44,011	Non-County Entities Trust Fund
94,432	53,239	61,548	65,274	71,370	56,357	Payroll Revolving Fund
22,657	22,673	23,027	23,721	53,207	48,094	Asset Development Fund
8,457	8,465	8,191	8,012	8,441	6,559	Productivity Investment Fund
6,001	5,956	5,956	5,878	635	6,559	Motor Vehicle Capital Outlays
403	369	343	333	88	156	Civic Center Parking
565	447	366	183	576	452	Reporters Salary Fund
16,021	15,789	15,981	15,688	15,359	14,210	Cable TV Franchise Fund
11,146	11,208	11,345	11,430	11,781	16,279	Megaflex Long-Term Disability
17,108	17,217	17,132	17,239	14,212	10,172	Megaflex Long-Term Disability & Health
94,831	95,510	96,321	97,145	71,435	47,339	Megaflex Short-Term Disability
$1,164,551	$1,044,543	$1,060,156	$1,068,256	$ 783,578	$ 799,311	Subtotal
						HOSPITAL GROUP
$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	Harbor-UCLA Medical Center
1,000	1,000	1,000	1,000	1,000	1,000	Olive View-UCLA Medical Center
1,000	1,000	1,000	1,000	1,000	1,000	LAC+USC Medical Center
1,000	1,000	1,000	1,000	1,000	1,000	Rancho Los Amigos Rehab Center
1,000	1,000	1,000	1,000	1,000	1,000	HLTH SVC - Harbor UCLA MC
$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	Subtotal
$6,038,983	**$4,014,321**	**$4,412,768**	**$8,801,887**	**$4,265,574**	**$1,577,685**	**GRAND TOTAL**

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE

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

Resolution and Financing Certificate to Constitute Contract

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

Covenants of the County

The County covenants under the Financing Certificate that it will not issue any notes, or otherwise incur any indebtedness, pursuant to the Act with respect to Fiscal Year 2024-25 in an amount which, when added to the interest payable thereon, shall exceed 85 percent of the estimated amount of the then-uncollected taxes, income, revenue, cash receipts, and other moneys of the County which will be available for the payment of said notes or other indebtedness and the interest thereon; provided, however, that to the extent that any principal of or interest on such notes or other indebtedness is secured by a pledge of the amount in any inactive or term deposit of the County, the term of which will terminate during said fiscal year, such principal and interest may be disregarded in computing said limit.

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

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

Negotiability, Transfer and Exchange of the Notes

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

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

Permitted Investments

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

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

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

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

(4) The County Treasury Pool.

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

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

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

(8) Repurchase agreements which have a maximum maturity of 30 days and are fully secured at or greater than 102% of the market value plus accrued interest by obligations of the United States Government, its agencies and instrumentalities, in accordance with number (2) above. The maximum par value per issuer may not exceed $500,000,000 and the maximum total par value for all such agreements with funds held by the Treasurer under the Financing Certificate may not exceed $1,000,000,000.

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

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

Notes Repayment Fund Held by the Treasurer

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

Supplemental Financing Certificates and Resolutions

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

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

Events of Default

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

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

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

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

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

Payment of Unclaimed Moneys to County

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

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

RISK FACTORS

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

The County's Fiscal Year 2024-25 Recommended Budget

The County's Fiscal Year 2024-25 Recommended Budget was based on a number of assumptions regarding both revenues and expenditures. The Fiscal Year 2024-25 Recommended Budget was approved by the Board of Supervisors on April 16, 2024. The Fiscal Year 2024-25 Recommended Budget equals approximately $45.4 billion and reflects an overall decrease of $1.4 billion from Fiscal Year 2023-24 and assumes a General Fund net County cost of $11.5 billion. The County may make adjustments throughout the year as necessary to maintain a balanced budget, as required by the County Charter. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Budgetary Information – Fiscal Year 2024-25 Recommended Budget" attached hereto.

Liability Related to AB 218

AB 218, which became effective January 1, 2020, extended the statute of limitations for commencing an action for recovery of damages suffered as a result of childhood sexual assault to 22 years after the plaintiff reaches the age of majority (*i.e.*, until age 40) or within five years of the date the plaintiff discovers or reasonably should have discovered that the psychological injury or illness occurring after the age of majority was caused by sexual assault, whichever is later. AB 218 also revived a three-year window to file certain claims that were previously barred and excluded certain claims from the procedures set forth in the Government Claims Act.

The County is defending a significant number of lawsuits arising from AB 218. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Litigation – AB 218 Cases." Most of the pending lawsuits are in the early stages of litigation, and the County cannot predict the extent of its liability in such cases, whether the claimants will prevail, and if so, how final court decisions or settlement agreements with respect to such lawsuits may affect the financial status, policies, or operations of the County. However, the County preliminarily estimates that liability and settlement costs relating to AB 218 could exceed $3 billion. The County cannot predict how many additional claims will be received, and when and the extent to which liability may be imposed against the County in any particular year. The County does not have insurance coverage that would cover losses stemming from AB 218 claims. The County expects it may pay for resulting liabilities from these claims through existing budget resources and is considering various options for payment of potential AB 218-related costs. Further, the County may determine to finance or refinance certain liabilities arising from AB 218 claims, which may include a phased funding process involving a combination of interim funding vehicles and long-term financing structured to complement existing debt and cash on hand. If available moneys from Fiscal Year 2024-25 are used to pay liabilities relating to AB 218, less Unrestricted Revenues, as defined in this Official Statement, would be available for payment of current expenses and other obligations of the County. Because the Notes are secured by the first Unrestricted Revenues to be received by the County in each period set forth under the caption "THE NOTES – Security for the Notes," the current expenses and other obligations of the County for each such period are paid after amounts are set aside for the Notes in such period. To the extent financing alternatives are utilized, repayment of such borrowings is likely to commence after the maturity date of the Notes. There can be no assurance that the County will determine to use any financing option described herein. The County does not expect that the amounts it may be required to pay with respect to these lawsuits will materially impair its ability to pay the Notes.

In addition, the Governor signed Assembly Bill 452 into law in October 2023, amending Section 340.1 of the California Code of Civil Procedure by removing all time limits to file lawsuits for childhood sexual assault prospectively for conduct occurring on or after January 1, 2024. The State Assembly is considering Assembly Bill 2693 ("AB 2693"), which as currently drafted, proposes to revive claims for damages suffered as a result of childhood sexual assault by an employee of a county owned and operated juvenile probation camp or detention facility that would otherwise be time barred as of January 1, 2025, and would allow such lawsuits to be filed by December 31, 2025 regardless of when the alleged abuse occurred. The County cannot predict if, when, and in what form AB 2693 or any other similar legislation will be enacted or the potential liability stemming from any claims arising therefrom.

Financial Conditions in Local, State and National Economies

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

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 (which involves creating controls for managing risks based on prioritizing the severity of damage posed by those risks and helps focus efforts based on the level of risk involved) to manage cybersecurity threats, which allows the County to continuously 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 ongoing cybersecurity awareness training for County employees 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, landslides and heat waves; and raise sea levels along the coast.

Among the actions taken by the County to address climate change are the establishment of a Chief Sustainability Office and the adoption of the "OurCounty Sustainability Plan." The Chief Sustainability Office provides comprehensive and coordinated policy support and guidance for the Board of Supervisors, County Departments, the unincorporated areas and the region to assist in making communities in the County more sustainable. The OurCounty Sustainability Plan, adopted in August 2019, 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 under the OurCounty Sustainability Plan 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 County's Chief Sustainability Office and County departments work with partners and stakeholders to monitor and report on the implementation of the OurCounty Sustainability Plan.

In 2015, the County adopted the Unincorporated Los Angeles County Community Climate Action Plan 2020 (the "2020 CCAP"), as a component of the Air Quality Element of the Los Angeles County General Plan 2035, and set a target to reduce emissions in unincorporated Los Angeles County by 11% by 2020. The 2045 Los Angeles County Climate Action Plan (the "2045 CAP"), adopted on April 16, 2024, builds upon the County's existing and ongoing efforts under the 2020 CCAP and focuses on actions to reduce greenhouse gas emissions associated with community activities in unincorporated Los Angeles County. The 2045 CAP sets new greenhouse gas emissions reductions targets beyond the 2020 timeframe in the 2020 CCAP, which are consistent with State goals. Through the 2045 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.

Seismic Events and Other Natural Disasters

The County, like most regions in the State, is located in an area of seismic activity from movements along active fault zones and, therefore, could be subject to potentially destructive earthquakes. Numerous minor faults transect the area within the County and seismic hazards encompass both potential surface rupture and ground shaking.

Additionally, many areas of California, including areas within the County, have suffered from severe wildfires in recent years, resulting in thousands of acres being burned and the destruction of homes and other structures. The occurrence of severe seismic activity, a significant wildfire or other natural disaster, such as flooding or landslides in the County could result in substantial damage to property and infrastructure within the County. Substantial financial and operational resources of the County could be required during such an event and thereafter to repair damage to County infrastructure. The County operates and coordinates a comprehensive disaster recovery network that is responsible for providing critical services in response to such natural disasters and other emergencies. See Appendix A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – County Services – Disaster Services."

Public Health Emergencies

There can be no assurance that the spread of an epidemic or a pandemic, including a surge in COVID-19 cases, will not materially impact both local and national economies and, accordingly, have a materially adverse impact on the source of repayment for the Notes. No assurance can be given that the County would receive federal aid akin to the aid it received in 2020 and 2021 if another pandemic or similar public health emergency were to occur.

Enforceability of Remedies

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

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

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County, ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. The amount treated as interest on the Notes and excluded from gross income may depend upon the taxpayer's election under Internal Revenue Notice 94-84. In the further opinion of Bond Counsel interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX C – "PROPOSED FORM OF APPROVING OPINION OF BOND COUNSEL."

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

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

Holders of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

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

One of the covenants of the County referred to above requires the County to reasonably and prudently calculate the amount, if any, of excess investment earnings on the proceeds of the Notes which must be rebated to the United States, to set aside from lawfully available sources sufficient moneys to pay such amounts and to otherwise do all things necessary and within its power and authority to ensure that interest on the Notes is excluded from gross income for federal income tax purposes. Under the Code, if the County spends 100% of the proceeds of the Notes within six months after issuance, there is no requirement that there be a rebate of investment profits in order for interest on the Notes to be excluded from gross income for federal income tax purposes. The Code also provides that such proceeds are not deemed spent until all other available moneys (less a reasonable working capital reserve) are spent. The County expects to satisfy this expenditure test or, if it fails to do so, to make any required rebate payments from moneys received or accrued during Fiscal Year 2024-25. To the extent that any rebate cannot be paid from such moneys, California law is unclear as to whether such covenant would require the County to pay any such rebate. This would be an issue only if it were determined that the County's calculation of expenditures of Notes proceeds or of rebatable arbitrage profits, if any, was incorrect.

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

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent holders from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel 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

Notes for federal income tax purposes. It is not binding on the IRS or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the County, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The County has covenanted, however, to comply with the requirements of the Code.

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

Payments on the Notes 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 holder of the Notes may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Notes and the gross proceeds of a sale, exchange, retirement or other disposition of the Notes. 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 holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain holders of the Notes (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.

CERTAIN LEGAL MATTERS

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

LEGALITY FOR INVESTMENT IN CALIFORNIA

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

FINANCIAL STATEMENTS

The financial statements of the County for the Fiscal Year ended June 30, 2023, pertinent sections of which are included in Appendix B to this Official Statement, have been audited by Macias Gini & O'Connell LLP (the "Independent Auditor"), certified public accountants, as stated in their report appearing in Appendix B attached hereto. See APPENDIX B – "COUNTY OF LOS ANGELES FINANCIAL STATEMENTS." The Independent Auditor has not consented to the inclusion of its report as Appendix B and has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made herein, and no opinion is expressed by the Independent Auditor with respect to any event subsequent to its report dated December 8, 2023.

RATINGS

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

LITIGATION

To the best knowledge of the County, no litigation is pending or threatened concerning the validity of the Notes. The County is routinely a party to various lawsuits and administrative proceedings. Summaries of certain pending legal proceedings or potential contingent liabilities, including those that may affect the County's longer-term financial condition, such as claims relating to AB 218, are set forth in Appendix A attached hereto. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Litigation." In the opinion of County Counsel, the outcome of the presently pending suits and claims will not materially impair the County's ability to repay the Notes.

MUNICIPAL ADVISOR

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

CONTINUING DISCLOSURE

Pursuant to the Continuing Disclosure Certificate dated the date of issuance of the Notes (the "Continuing Disclosure Certificate"), the County will covenant to provide, no later than ten business days after their occurrence, notice of the occurrence of the events set forth in Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), to the Municipal Securities

Rulemaking Board through its Electronic Municipal Market Access system. Certain of the events set forth under Rule 15c2-12 do not apply to the Notes. See APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. These covenants have been made in order to assist the underwriters in complying with Rule 15c2-12.

The 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 each respective issue. The County filed notices of failure to file the annual reports and the respective annual reports with all applicable CUSIPs.

UNDERWRITING

The Notes are being purchased for reoffering by Morgan Stanley & Co. LLC, as representative of itself and the underwriters identified on the cover page of this Official Statement (collectively, the "Underwriters"). The Underwriters have agreed to purchase the Notes at a purchase price of $711,507,259.23 (representing the principal amount of the Notes, plus original issue premium of $11,830,000.00, less Underwriters' discount of $322,740.77). The Contract of Purchase (the "Contract of Purchase") provides that the Underwriters will purchase all of the Notes if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the Contract of Purchase.

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

The following paragraphs have been provided by the Underwriters:

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

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

ADDITIONAL INFORMATION

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

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

COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR
KENNETH HAHN HALL OF ADMINISTRATION, ROOM 432
500 WEST TEMPLE STREET
LOS ANGELES, CALIFORNIA 90012

COUNTY OF LOS ANGELES
CALIFORNIA

APPENDIX A

COUNTY OF LOS ANGELES INFORMATION STATEMENT

COUNTY OF LOS ANGELES
CALIFORNIA

THE COUNTY OF LOS ANGELES
Information 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 9.8 million in 2023, the County is the most populous of the 58 counties in California and the largest county in the nation, with a population greater than 40 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 Supervisors' 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 2022, 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. Voters elected a new Supervisor for the Third District in the November 2022 election to replace the previous Supervisor who retired in December 2022 after serving two terms.

In the November 2022 election, County voters approved Measure A, which authorizes the Board of Supervisors, by a four-fifths vote, to remove the Sheriff from office for cause, which is defined to include: violation of laws related to the Sheriff's duties; repeated neglect of the Sheriff's duties; misuse of public funds or properties; willful falsification of documents; or obstruction of an investigation into the department's conduct. In November 2022, voters also elected a new Sheriff to replace the previous Sheriff who served one term.

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 13,242 inmates in 2023. This number includes 128 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 5.6 million registered voters and maintains approximately 5,544 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 183 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, 9 nature centers, 36 public swimming pools, over 200 miles of horse, biking and hiking trails, and 20 golf courses. The County also maintains four botanical centers, including the Los Angeles County Arboretum and Botanic Garden, the South Coast Botanic Garden, Descanso Gardens, and the Virginia Robinson Gardens, which provide County residents with valuable environmental and educational resources.

EMPLOYEE RELATIONS/COLLECTIVE BARGAINING

The County has a total of approximately 116,159 budgeted positions with 87.1% of the workforce represented by sixty-three (63) separate collective bargaining units that are certified employee organizations. These organizations include the Services Employees International Union Local 721 ("SEIU"), which includes twenty-four (24) collective bargaining units that represent 57.1% of County employees; the Coalition of County Unions ("CCU"), which includes thirty-three (33) collective bargaining units representing 28.3% of County employees; and the Independent Unions (the "Independent Unions"), which encompass six (6) 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-three (63) individual collective bargaining agreements for wages and salaries and an additional two (2) fringe benefit agreements with SEIU 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% Cost of Living Adjustments ("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 MOU 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, equipment, 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.

In December 2022, the Board of Supervisors approved agreements with the collective bargaining units in SEIU covering wages, salaries and fringe benefits. The agreements included salary increases of 5.5%, 3.25%, and 3.25% effective October 1, 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, was used as the basis for negotiating the economic benefits for all remaining County unions. In addition, the County and bargaining units 311 (Registered Nurses) and 312 (Supervising Registered Nurses) of SEIU agreed to additional economic benefits that provide additional salary increases of 2.0% on October 1, 2023, 1.0% on October 1, 2024, and 0.25% on March 1, 2025. Based upon the above parameters, the County has closed negotiations with 23 of the 24 bargaining units represented by SEIU.

Negotiations with 31 of the 33 collective bargaining units represented by the CCU, and 5 of the 6 Independent Unions are complete, with settlement terms matching the 5.5%, 3.25% and 3.25% salary increases established with SEIU. The remaining collective bargaining units that have not yet reached agreement with the County will receive the same salary increases as all of the other bargaining units that have settled with the County. The two outstanding units under CCU have reached tentative agreement, with terms and conditions expected to be finalized before the end of 2024. The one remaining Independent Union is newly formed and in the process of negotiating its first collective bargaining agreement. The MOUs for Independent Unions and a majority of the CCU units will expire September 30, 2025. A small number of public safety related bargaining units under the CCU will expire January 31, 2025. The County and its collective bargaining units will commence negotiations for successor MOUs beginning in late summer of 2024.

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, 2023 was 190,327, consisting of 96,905 active members, 73,008 retired members and beneficiaries and 20,414 vested former members. Of the 96,905 active members, 84,295 are general members in General Plans A through G, and 12,610 are safety members in Safety Plans A through C.

Of the 73,008 retired members, 58,745 are general members in General Plans A through G, and 14,263 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, 2023, approximately 40% of the total active general members were enrolled in General Plan D, and 60% 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. As of June 30, 2023, approximately 44% of the total active general members were enrolled in General Plan G, and 40% of all active safety members were enrolled in Safety Plan C. Based on the June 30, 2023 Actuarial Valuation (the "2023 Actuarial Valuation"), the total employer contribution rate for Fiscal Year 2024-25 for new employees hired on and after January 1, 2013 is 24.15% for General Plan G and 29.84% for Public Safety Plan C. The new employer contribution rates are lower than comparative rates of 24.23% for General Plan D participants and 33.23% 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 2023, Milliman released the 2022 Investigation of Experience for Retirement Benefit Assumptions (the "2022 Investigation of Experience"). The 2022 Investigation of Experience provided the basis for Milliman's recommended actuarial assumptions for the June 30, 2022 Actuarial Valuation (the "2022 Actuarial Valuation") and the 2023 Actuarial Valuation. The key economic assumptions proposed by Milliman remain unchanged from the 2019 Investigation of Experience, which include maintaining the assumed investment rate of return at 7.00%, no changes in the assumed rates for wage growth, payroll growth and price inflation (currently at 3.25%, 3.25% and 2.75%, respectively), and no changes to the base mortality tables. However, Milliman recommended an update to the most recent mortality improvement scale (MP-2021) published by the Society of Actuaries, which will result in higher mortality rate assumptions (shorter life expectancy) for most retired members.

The key changes to other actuarial assumptions and methods recommended by Milliman include updating the rates of assumed merit salary increases; updating the assumed rates of service retirement to reflect a member's length of service in addition to their age; a modification to the actuarial asset smoothing method, which is expected to result in more stable employer contribution rates in future actuarial valuations; and designating the Supplemental Targeted Adjustment for Retirees Program Reserve (the "STAR Program Reserve") as a non-valuation asset.

For the 2022 Actuarial Valuation, LACERA reported a rate of return on Retirement Fund assets of 0.1%, 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 $3.802 billion or 5.9% from $64.909 billion to $68.712 billion as of June 30, 2022. The 2022 Actuarial Valuation reported that the AAL increased by $4.422 billion to $86.320 billion, and the UAAL increased by $620 million to $17.609 billion from June 30, 2021 to June 30, 2022. As a result, the Funded Ratio as of June 30, 2022 increased to 79.6% from the prior year Funded Ratio of 79.3%.

The 2022 Actuarial Valuation provides the basis for establishing the contribution rates effective July 1, 2023. The County's required contribution rate will increase from 24.46% to 25.84% of covered payroll in Fiscal Year 2023-24. The components of the 1.38% increase in the employer contribution rate include a 1.88% cost decrease from the actuarial recognition of prior year investment gains, a 1.08% cost increase from the recognition of current year investment losses, and a 2.18% cost increase from actuarial assumptions and methodology changes implemented based on the 2022 Investigation of Experience.

The 2022 Actuarial Valuation does not include $261 million of net deferred investment gains that will be partially recognized over the next four fiscal years. If the actual market value of Retirement Fund assets was used as the basis for the valuation, the Funded Ratio would have been 79.9% as of June 30, 2022, and the required County contribution rate would be 25.63% for Fiscal Year 2023-24.

For the 2023 Actuarial Valuation, LACERA reported a rate of return on Retirement Fund assets of 6.4%, 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 $3.703 billion or 5.4% from $68.712 billion to $72.415 billion as of June 30, 2023. The 2023 Actuarial Valuation reported that the AAL increased by $4.331 billion to $90.651 billion, and the UAAL increased by $628 million to $18.236 billion from June 30, 2022 to June 30, 2023. As a result, the Funded Ratio as of June 30, 2023 increased to 79.9% from the prior year Funded Ratio of 79.6%.

The 2023 Actuarial Valuation provides the basis for establishing the contribution rates effective July 1, 2024. The County's required contribution rate will increase from 25.84% to 25.88% of covered payroll in Fiscal Year 2024-25. The components of the .04% net increase in the employer contribution rate include a .55% cost decrease from the actuarial recognition of investment gains, a greater than assumed payroll increase and various other factors, which were offset by a .59% cost increase from greater than assumed salary increases.

The 2023 Actuarial Valuation does not include $86.887 million of net deferred investment gains that will be partially recognized over the next four fiscal years. If the actual market value of Retirement Fund assets was used as the basis for the valuation, the Funded Ratio would have been 80.0% as of June 30, 2023, and the required County contribution rate would be 25.82% for Fiscal Year 2024-25.

For the nine months ended March 31, 2024, LACERA reported a net gain on Retirement Fund assets of 7.4%, which is above the actuarial assumed investment rate of return of 7.0%. An eight-year history of the County's UAAL is provided in Table 1 ("Retirement Plan UAAL and Funded Ratio"), and a summary of investment returns for the prior eight years is presented in Table 2 ("Investment Return on Retirement Plan Assets") at the end of this Information Statement section.

Pension Funding

Since Fiscal Year 1997-98, the County has funded 100% of its annual actuarially required contribution to LACERA. In Fiscal Years 2020-21, 2021-22 and 2022-23, the County's total contributions to the Retirement Fund were billion, $1.971 billion, $2.150 billion and $2.243 billion, respectively. In Fiscal Year 2023-24, the County's retirement contribution payments to LACERA are estimated to be $2.440 billion, which would represent an 8.8% or $197.375 million increase from Fiscal Year 2022-23. For Fiscal Year 2024-25, the County is projecting retirement contribution payments to LACERA of $2.636 billion.

A summary of actual and projected County pension payments to LACERA for the eight-year period ending June 30, 2025 is presented in Table 3 ("County Pension and OPEB Payments") at the end of this Information Statement section.

STAR Program

The 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, 2022, $614 million is available in the STAR Program Reserve to fund future benefits. Under the 2009 Funding Policy, the entire STAR Program Reserve is included in the Retirement Fund's valuation assets. However, there was no corresponding liability for any STAR Program benefits in the annual Actuarial Valuations that may be granted in the future. Based on the 2022 Investigation of Experience, Milliman recommended excluding the STAR Program Reserve from valuation assets commencing with the 2022 Actuarial Valuation. As of June 30, 2023, the balance of the STAR Program Reserve was $611.5 million.

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, 2023 the County reported a Net Pension Liability of $13.161 billion, which represents a $6.131 billion increase from the $7.030 billion Net Pension Liability reported as of June 30, 2022. The June 30, 2023 Net Pension Liability was calculated based on the 2022 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 actuarial determined contribution ("ADC") 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 $309.4 million, $372.2 million and $441.5 million to the OPEB Trust in Fiscal Years 2020-21, 2021-22 and 2022-23, respectively. For Fiscal Years 2023-24 and 2024-25, the County is projecting contributions to the OPEB Trust in the amounts of $503.4 million and $570.3 million, respectively. Based on current actuarial assumptions for the OPEB Pre-funding Plan, the OPEB ADC will be fully funded by Fiscal Year 2027-28.

As of March 31, 2024, the balance of the OPEB Trust was $3.790 billion. For the nine months ended March 31, LACERA reported a net gain on OPEB Trust Fund assets of 9.5%.

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 used to calculate 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, 2023, the County reported a Net OPEB Liability of $23.451 billion, which represented a $2.073 billion or 8.1% decrease from the $25.524 billion OPEB liability reported as of June 30, 2022. The June 30, 2023 Net OPEB Liability was calculated based on the July 1, 2021 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 2020-21, 2021-22 and 2022-23, the total pay as you go payments from the County to LACERA for retiree health care benefits were $668.6 million, $692.6 million and $713.0 million, respectively. In Fiscal Year 2023-24, pay as you go contributions to LACERA for OPEB are estimated to be $760.0 million, which would represent a 6.6% or $46.9 million increase from Fiscal Year 2022-23. For Fiscal Year 2024-25, the County is projecting pay as you go payments to LACERA of $838.6 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 2020-21, 2021-22 and 2022-23, the County made total DBP payments of $38.7 million, $39.9 million and $40.6, respectively. In Fiscal Year 2023-24, the County is estimating total DBP payments in the amount of $41.7 million. For Fiscal Year 2024-25, the County is projecting total DBP payments of $46.9 million. As of June 30, 2023, the County's total net OPEB liability of $24.741 billion included $23.451 billion for retiree healthcare and $1.289 billion for long-term disability benefits. The OPEB liability for long-term disability benefits was determined based on an actuarial valuation as of July 1, 2021.

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.

AB 218 Cases

The Child Victims Act (AB 218), which became effective January 1, 2020, extended the statute of limitations for commencing an action for recovery of damages suffered as a result of childhood sexual assault to 22 years from the date the plaintiff attains the age of majority (*i.e.*, until age 40) or within five years of the date the plaintiff discovers or reasonably should have discovered that the psychological injury or illness occurring after the age of majority was caused by sexual assault, whichever is later. AB 218 also revived a three year-window to file certain claims that were previously barred and excluded certain claims from the Government Claims Act's procedural requirements. As of May 3, 2024, the County has been served with approximately 2,296 lawsuits related to childhood sexual assault involving approximately 5,247 plaintiffs (whose age ranges from 22 to 70 years old). The majority of the plaintiffs allege they were sexually assaulted while in Department of Children and Family Services (DCFS) and/or Probation Department (Probation) placements from 1959 to 2019. The alleged perpetrators include foster parents, family members of foster parents, County employees, staff, or residents from group home facilities, including MacLaren Children's Center, which was a temporary housing facility that closed in 2003, and various probation camps and halls. The County believes that all claims revived by AB 218's three-year revival window have been filed but all claims may not have been served on the County. Most of the pending lawsuits are in the early stages of litigation and the County cannot predict the extent of its liability in such cases, especially due to the volume of cases, the length of time since the alleged conduct may have occurred, the availability of records, whether the claimants will prevail, and if so, how final court decisions or settlement agreements with respect to such lawsuits may affect the financial status, policies or operations of the County. Nonetheless, based on existing cases that have been served, the County preliminarily estimates that liability and settlement costs relating to AB 218 could exceed $3 billion. The County does not have insurance coverage that would cover losses stemming from AB 218 claims. The County expects it may pay for resulting liabilities from these claims through existing budget resources and is considering various options for payment of potential AB 218-related costs. Further, the County may determine to finance or refinance certain liabilities arising from AB 218 claims, which may include a phased funding process involving a combination of interim funding vehicles and long-term financing structured to complement existing debt and cash on hand. As indicated above, under AB 218, individuals who were over 26 and under 40 as of December 31, 2022, or who are within five years of discovering the psychological injury or illness occurring after the age of majority, may still timely file a lawsuit until they turn 40. The County is unable to estimate the potential liability associated with this group of potential claimants.

Additionally, Assembly Bill 452 was enacted in October 2023, and removed all time limits to file lawsuits for childhood sexual assault for conduct occurring on or after January 1, 2024. The State Assembly is considering Assembly Bill 2693, which as currently drafted, proposes to revive time barred claims for damages suffered because of childhood sexual assault by an employee of a county owned and operated juvenile probation camp or detention facility and would allow such lawsuits to be filed by December 31, 2025, regardless of when the alleged abuse occurred. The County cannot predict how many additional claims could arise against the County as a result of AB 218, Assembly Bill 452 or other enacted legislation, or whether, when, or the extent to which any liability could be imposed against the County in any particular year with respect to any such claims.

Child abuse reporting laws have evolved significantly over the past several decades. The Child Abuse and Neglect Reporting Act was enacted in California in 1980 to provide definitions and procedures for mandated reporting of child abuse. The County's policies have continued to evolve since then consistent with laws and best practices. DCFS currently maintains policies including mandatory training regarding child abuse and neglect reporting, and sexual harassment, as well as protocols and procedures for reporting and investigating allegations of employee misconduct. Probation has issued directives consistent with the Prison Rape Elimination Act, a federal law enacted in 2003 to address sexual abuse in detention facilities, as well as changes to California law. County departments including DCFS and Probation offer employees a variety of online and in-person training courses and other relevant resources, and regularly review their policies, procedures, and protocols. The County offers training and resources to all County employees to ensure consistent awareness of standards for reporting child abuse and neglect, such as mandated training on commercial sexual exploitation of children. Additionally, all County employees are subject to fingerprint-based background checks prior to employment. The County continues to explore and evolve its training and education practices to minimize child abuse.

Labor and Employment Cases

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, after a mutual agreement to continue the prior hearing date of December 5, 2023, the court will hear plaintiffs' motion to confirm the arbitration award on August 14, 2024. Based on preliminary estimates, the County may face a potential liability of $15 million.

In March 2024, a class action lawsuit was filed (*Raul Gutierrez v. Los Angeles County Probation Department*) on behalf of disabled deputy probation officers alleging that they have been intentionally denied reasonable accommodation for their injuries and work restrictions in violation of the California Fair Employment and Housing Act when they were ordered to work in the Probation Department's juvenile detention facilities to address staffing shortages. The case is in the early stages and the County is unable to determine the potential liability at this time.

On May 15, 2024, former County Sheriff Alex Villanueva filed a tort claim with the Board of Supervisors indicating his intent to sue the County for $25 million for putting a "do not rehire" notation in his personnel file after a County oversight panel found he had violated several policies against discrimination and harassment while he was in office from 2018 to 2022. Villanueva alleges that his career was "dealt a lethal blow" when County authorities allegedly held secret, closed session meetings without notice or due process. The County has not yet had a chance to fully evaluate this claim.

Public Safety Cases

In September 2019, a lawsuit was filed (*Art 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" subgroup. The claims include California Fair Employment and Housing Act ("FEHA") retaliation, harassment, and hostile work environment; Labor Code retaliation; assault and battery; intentional infliction of emotional distress; and negligent hiring, training, supervision, and retention. Individual 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 ("ACLU") in March 2021. The ACLU has one claim and seeks only injunctive relief. On May 3, 2023, the court granted in part and denied in part the County's motion for summary judgment. Although the potential liability is unknown at this time, the plaintiffs' settlement demand at the last mediation session in September 2022 was approximately $40 million. The matter is currently set for trial in July 2024. Other lawsuits have been filed based on similar allegations of misconduct related to deputy subgroup activity. Several of these cases have gone to trial and reached judgment or tentative settlement in amounts ranging from $250,000 to $400,000. The potential liability for the remaining cases is unknown at this time.

In August 2020, a proposed class action was filed (*Krizia Berg et al. v. County of Los Angeles, et al.*) by individuals involved in 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 initially sought injunctive relief prohibiting use of "less-lethal" force on protestors as well as damages. On July 30, 2021, the plaintiffs filed a second amended complaint seeking a permanent injunction against the Sheriff's Department as well as damages. On April 3, 2024, the court granted the plaintiffs' motion for class certification and issued an order certifying three classes: (1) injunctive relief, (2) arrest, and (3) direct force. The court also ordered the parties to meet and confer regarding a plan for the provision of class notice to class members. On April 17, 2024, the County filed a petition with the Ninth Circuit Court of Appeals for permission to appeal the order granting certification of plaintiffs' classes on the grounds that the certification order illustrates the unsettled and fundamental issue of law relating to mass protest-damages class actions, and similar issues are on appeal to the Ninth Circuit and under submission in another lawsuit (*Black Lives Matter Los Angeles, et al. v. City of Los Angeles*) that involves a similar certification order relating to 2020 mass protests in the City of Los Angeles. The resolution of those legal issues in the *Black Lives Matter Los Angeles* lawsuit will likewise impact this case. The County anticipates that the Ninth Circuit will grant the petition and set a briefing schedule. The trial date is currently set for July 30, 2024. However, in light of the appeal, the parties are working on a stipulation to stay the proceedings.

In February 2022, a potential Federal class action lawsuit was filed (*Agustin Herrera v. County of Los Angeles, et al.*) alleging unsafe and uninhabitable conditions for the youth housed at the

County's juvenile hall facilities. The proposed class included all current and former youth detainees born on or after February 15, 2002. The plaintiff amended his complaint to allege the same conditions for youth housed at the County's juvenile camp facilities. The plaintiff contended the class allegations extend back to approximately 2014. If the class was certified, the County estimated it would consist of approximately 7,000+ members. However, before any class was certified, this matter was settled through mediation in March 2024 for $30 million, subject to Board of Supervisors' approval. The County projects initial payments to be made in Fiscal Year 2024-25.

On April 3, 2024, the City of Lancaster filed a putative class action lawsuit (*City of Lancaster v. Los Angeles County Sheriff's Department, et al.)* against the County on behalf of all 42 contract cities ("Contract Cities") that contract with the Sheriff's Department for general law enforcement services. The lawsuit alleges that the County has made an illegal profit of more than $10 million by overcharging the Contract Cities in violation of California Government Code section 51350, which permits the County to charge a city only those costs that are actually incurred in providing contracted services. The lawsuit alleges that due to staffing issues, the Sheriff's Department has not been able to assign as many deputies to the City of Lancaster as the city has paid for, and instead has utilized existing deputies working overtime to make up for it. The plaintiff claims that the County profits by charging the Contract Cities the full cost of services even though the County incurs less costs by utilizing existing personnel working overtime rather than filling the vacant deputy sheriff positions. An initial status conference is scheduled for July 26, 2024.

On October 13, 2022, a lawsuit was filed (*Alexander Torres v. County of Los Angeles*) alleging that Sheriff's Department detectives failed to disclose exculpatory and impeachment evidence resulting in the plaintiff's wrongful conviction for homicide and being incarcerated for over 20 years. The plaintiff's conviction was set aside in October 2021 due to evidence of a third party's culpability for the crime, and the plaintiff was subsequently found to be factually innocent in April 2022. Plaintiff seeks damages for alleged violations of his civil rights, intentional infliction of emotional distress, and for malicious prosecution. The case is in the discovery phase and has been referred to private mediation. Plaintiff's last demand for settlement was $27 million. The matter is currently set for trial on September 24, 2024.

On March 1, 2024, Juan Marshall Rayford and Dupree Antoine Glass filed a lawsuit (*Juan Rayford, et al. v. County of Los Angeles, et al.*) alleging that Sheriff's Department detectives falsified evidence and failed to disclose exculpatory and impeachment evidence resulting in their wrongful conviction and 17-year incarceration. On June 16, 2020, the Court of Appeal granted plaintiffs' writ of habeas corpus and vacated their conviction of 11 counts of attempted murder. The plaintiffs were found factually innocent in April 2023. The plaintiffs seek damages for alleged violations of their civil rights, negligence, and for malicious prosecution. The case is in the very early stages and discovery has not yet commenced. Given these uncertainties, the potential liability for the County is unknown at this time.

Social Services Cases

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; however, the plaintiffs successfully appealed the ruling. The case is currently set for trial in February 2025. 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 December 2022, *A.F., a minor, et al. v. Gabriela Casarez et al*. was filed, arising out of the child-abuse related near fatality of a four-year-old boy in October 2021 while in foster care. The plaintiffs (the child, his siblings, and both parents) have sued the child's former foster parents, the County, and four DCFS social workers, alleging that the four-year-old suffered repeated physical and emotional abuse at the hands of his foster mother during the five months he and his younger brother were placed in the home. Plaintiffs allege that this abuse ultimately resulted in the child suffering a seizure due to severe head trauma that required life-saving surgery and caused permanent injury. Plaintiffs allege, *inter alia*, that DCFS failed to vet and train the foster parents adequately, and that DCFS social workers failed to follow up appropriately on prior reports of suspicious injuries to the child. This incident attracted significant media attention, and in January 2022 the Office of Child Protection issued the first of two reports noting deficiencies in DCFS's handling of the case. The County defendants have filed a demurrer, which is set for hearing in late October 2024. No trial date has been set. The case is in the early stages of discovery, settlement discussions have not yet occurred, and potential liability is unknown at this time.

In July 2023, a wrongful death lawsuit (*Sogui Godinez v. County of Los Angeles, et al.)* was filed arising out of the child-abuse related death of a five-year old child. The plaintiff is the child's mother, who alleges negligence and negligent hiring, supervision, and/or retention of employees against the County and one DCFS social worker, claiming that the child died at the hands of his father due to the County's failure to abide by its mandatory duty to appropriately investigate reports made by the Plaintiff to the DCFS Child Protection Hotline. The child's death attracted media attention from various news outlets. Trial is currently set for January 2025 and discovery is in the early phases. The potential liability is unknown at this time.

Other Cases

A lawsuit was filed in March 2020 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. In June 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. To assist in funding services for 6,000 new beds, the County agreed to pay the City $53 million for Fiscal Year 2020-21 and up to $60 million per year for the following four years, for a total cost of $293 million. To date, the County has paid the City $173 million, and the next payment of up to $60 million is due by July 1, 2023. 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. However, an audit conducted by the Auditor-Controller's Office concluded the City did not meet the bonus threshold by that date.

In April 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 and in September 2021, the Ninth Circuit vacated the district court's preliminary injunction and remanded the case. In November 2021, the plaintiffs filed an amended complaint and the County and City filed motions to dismiss. While the ruling on the motions was pending, the City and the plaintiffs reached a settlement. In July 2022, the plaintiffs filed a second amended complaint against the County only. In September 2022, the County reached an agreement with the plaintiffs to resolve the lawsuit and the parties notified the court of the settlement and requested a dismissal. At the settlement hearing in January 2023, the parties indicated their interest in reviewing and potentially increasing resources for people experiencing homelessness as part of the settlement. In April 2023, the parties filed an addendum to the settlement pursuant to which the County would commit up to an estimated $850.5 million in additional resources over five years through Fiscal Year 2026-27. On April 20, 2023, the court denied the parties' request to dismiss the lawsuit and placed the matter back on the litigation track with a trial date of November 6, 2023. On September 25, 2023, the parties filed a second addendum to the County settlement agreement with the court, which increased the number of mental health and substance use disorder beds in the settlement and added a provision that the parties agreed to the court's recommendation of a monitor and increased the prior attorneys' fees and costs from $2 million to $2.4 million. On September 28, 2023, the court approved the settlement with two additional terms – all future provider bills and invoices are to be public documents and the County's monitor must work under the court's Special Master for the first year with their compensation being equal. On September 29, 2023, the court issued an order dismissing the plaintiffs' claims against the County. The settlement agreement became effective September 29, 2023, and terminates on June 30, 2027. In addition, on September 19, 2023, the court granted the County's motion for an order to show cause regarding the dismissal of the claims filed by one plaintiff. The plaintiff did not respond to the court's order, and his time to do so has ended.

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. In April 2022, the court overruled the defendants' demurrers, and after denial of an interlocutory appeal, discovery in the matter is proceeding. A similar ruling was made by the same court in the related case of *Casa Greene, Inc. v. State of California, et al.*, in which the County is also a party. The plaintiffs' complaint alleges rent losses in excess of $11 million and asserts they are entitled to compensation exceeding $50 million. However, the County expects its apportionment of liability, if any, to be substantially less.

In October 2021, the first of what is now over 60 related mass tort actions, involving more than 21,000 plaintiffs, was filed against numerous public and private defendants, including the County of Los Angeles and the Los Angeles County Flood Control District ("Flood Control District"). These lawsuits are collectively known as *Monique Alvarez, et al. v. Prologic, Inc., et al.* These lawsuits 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 Flood Control District. The toxic chemicals resulted in the Dominguez Channel experiencing a condition known as "anaerobic digestion," which caused odor-producing hydrogen sulfide gas to be 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 and of associated short-term adverse 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, which involved 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 dangerous condition on public property theory), as well as for property damage (based on inverse condemnation). The Flood Control District, Fire District, and the County have, to date, sued the company that stored the hand sanitizer and its landlord (the "industrial defendants"), to recover over $52 million expended in mitigating the impacts of the incident, including providing air purifiers (over 47,000) and hotel rooms to affected residents. Regarding the tort claims, given the 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 asserting numerous statutory immunities and are asserting 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 case is in a very early discovery stage, and no detailed information is yet known about either the circumstances of the over 21,000 plaintiffs or of their claims. Given these uncertainties, the preliminary estimate is that the County may face a potential liability of $90 million.

In May 2022, two lawsuits were filed (*Southern California Edison v. State Board of Equalization, et al.*) by Southern California Edison ("SCE") alleging the State Board of Equalization ("BOE") overvalued SCE's statewide unitary property in tax years 2020 and 2021, due to factors including climate change and the risk of wildfires. A third lawsuit was filed in 2023 based on the same allegations, applicable to the 2022 tax year. SCE is seeking a reduction of approximately $6 billion in valuation per tax year. Unitary property is assessed by the BOE but counties levy and collect local property taxes on unitary property and distribute the tax revenue among local taxing entities within each county. If granted by the court, SCE's requested valuation reduction would result in estimated refunds from taxing entities within Los Angeles County of approximately $71 million, of which the County and County-controlled taxing entities would be responsible for refunding approximately $27 million.

The County currently operates two juvenile detention facilities, Los Padrinos Juvenile Hall ("Los Padrinos") and Barry J. Nidorf Secured Youth Treatment Facility ("SYTF"). Los Padrinos houses predisposition and post-disposition youth waiting to transfer to placement, camp, or SYTF, which houses post-disposition youth charged with certain types of statutory crimes. On February 15, 2024, the Board of State and Community Corrections ("BSCC") determined that Los Padrinos and SYTF were unsuitable for the confinement of youth. Subsequently, on April 11, 2024, the BSCC determined that Los Padrinos and SYTF had addressed the areas of noncompliance and found them suitable. The BSCC conditioned their approval on no less than monthly targeted inspections at both facilities to audit staffing, room confinement, and other areas to be determined by BSCC field staff. Further, Los Padrinos will be subject to a comprehensive inspection auditing every Title 15 regulation within six months. The current inspections have only been "targeted" by the BSCC. The suitability of the juvenile facilities has garnered significant media attention. Any suitability finding for Los Padrinos or SYTF will have significant legal implications on the current California Department of Justice settlement agreement with the Probation Department.

In March 2023, four lawsuits were filed challenging the County's adoption of an ordinance on January 24, 2023 (the "Oil Well Ordinance"), prohibiting new oil wells and production facilities, and phasing out existing oil wells and production facilities subject to an amortization schedule. Among other things, the lawsuits allege the Oil Well Ordinance is preempted by State and federal law and is inconsistent with the County's General Plan, that the County abused its discretion in adopting the Oil Well Ordinance and amortization schedule, and that the County adopted the Oil Well Ordinance in violation of the California Environmental Quality Act ("CEQA"). The County resolved one of the lawsuits, but the remainder of the CEQA and preemption claims, which will determine solely legal issues without monetary exposure, will proceed to writ trial on October 25, 2024. Depending on the outcome of the CEQA and preemption claims, the County will determine whether to litigate the remaining claims, which include inverse condemnation, interference with vested rights, and breach of contract. If the lawsuits advance to a determination of monetary damages on a regulatory taking, it will be difficult to estimate the potential liability. The plaintiffs claim their property is worth $1.3 billion. However, it is unlikely the County would be liable for the full value of the property, as the plaintiffs have already financially benefitted from the property and mineral rights for decades. Additionally, the court would likely order the County to rescind the Oil Well Ordinance, or the County may have the option to settle by rescinding the Oil Well Ordinance and stipulating to attorneys' fees.

On May 13, 2024, a lawsuit was filed by the Kizh Nation – Gabrieleño Band of Mission Indians against the County, the Archdiocese of Los Angeles, and the nonprofit museum LA Plaza de Cultura y Artes ("Museum"), alleging that the remains of the plaintiff's ancestors were mishandled when the Museum was built in downtown Los Angeles. The plaintiffs allege that more than 100 graves were desecrated when the remains of their ancestors were relocated in connection with the construction of an illegal mass grave on the site of the First Cemetery of Los Angeles rather than placed in individual graves in accordance with Catholic rituals. The plaintiffs allege this was in violation of express promises from the defendants. The Museum opened in 2011, and the County holds title to the land on which the First Cemetery is located. The case is in the very early stages and discovery has not yet commenced. Given these uncertainties, the potential liability for the County is unknown 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
06/30/2016	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%
06/30/2022	70,289,612	68,711,610	86,320,151	17,608,541	79.60%
06/30/2023	73,851,886	72,414,936	90,651,092	18,236,156	79.88%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2023.

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
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	5.5%	77.3%
2019-20	58,510,408	1.8%	74.0%
2020-21	73,012,026	25.2%	88.3%
2021-22	70,289,612	0.1%	79.9%
2022-23	73,851,886	6.4%	80.0%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2023.

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
2017-18	1,499,212	559,233	120,796	41,141	2,220,382
2018-19	1,635,719	604,515	182,851	41,626	2,464,711
2019-20	1,766,735	634,753	246,197	42,567	2,690,252
2020-21	1,971,006	668,582	309,394	38,715	2,987,697
2021-22	2,150,155	692,616	372,243	39,902	3,254,916
2022-23	2,242,925	713,034	441,452	40,607	3,438,018
2023-24	2,440,300 *	759,937 *	503,393 *	41,683 *	3,745,313 *
2024-25	2,636,161 *	838,564 *	570,280 *	46,929 *	4,091,934 *

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 Fiduciary Fund.

The General County Budget accounts for 77.8% of the Fiscal Year 2024-25 Recommended Budget (the "2024-25 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 10.8% of the 2024-25 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 1.1% of the 2024-25 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 7.2% of the 2024-25 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 Fiduciary Funds account for 3.1% of the 2024-25 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 2023-24 is $33,790,302,437. The 2023-24 Adopted Budget includes proceeds from taxes of $18,008,481,000, 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, $5.450 billion of the $35.284 billion 2024-25 Recommended Budget is received from the Federal government and $9.703 billion is funded by the State. The remaining $20.131 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

On March 8, 2024, President Joseph R. Biden, Jr. signed into law the Consolidated Appropriations Act, 2024 ("H.R. 4366"), which contains $467.5 billion for six of the 12 Federal Fiscal Year (FFY) 2024 appropriations bills, a $1.5 billion increase over FFY 2023 enacted levels. This first tranche of bills funds several agencies, including the departments of Transportation, Veterans Affairs, Energy, Agriculture, Interior, and Housing and Urban Development, as well as the Environmental Protection Agency and the Food and Drug Administration. Funding for agencies included in this bill will last through FFY 2024, which ends on September 30, 2024.

H.R. 4366 included funding for eight Los Angeles County Community Project Funding and Congressional Directed Spending allocations, $23.4 million in Civil Works funding for the Los Angeles County Drainage Area's (LACDA) operations and maintenance, $300,000 for the LACDA Divestiture Study, and $8,000 for Marina del Rey's operations and maintenance.

H.R. 4366 also included health-related extenders including: the elimination of the Medicaid Disproportionate Share Hospital (DSH) Payments cuts through December 31, 2024; a permanent state option to provide Medicaid covered services to individuals who have substance use disorders and reside in Institutions for Mental Diseases; and a requirement that state Medicaid programs suspend rather than terminate Medicaid eligibility for persons in custody.

On March 23, 2024, President Bident signed into law the Further Consolidated Appropriations Act, 2024 ("H.R. 2882"), which contains $1.2 trillion for the remaining six of the 12 FFY 2024 appropriations bills and averted a partial government shutdown. This second tranche of bills funds all remaining federal agencies, including the departments of Defense, Homeland Security and Health and Human Services (HHS). The Joint Explanatory Statements accompanying H.R. 2882 include Community Project Funding and Congressional Directed Spending (also known as earmarks).

Funding for most programs of interest to the County was maintained or increased from the previous fiscal year. H.R. 2882 also included increased funding for border security, childcare, and the Head Start early education grants. H.R. 2882 did not include additional funding to extend the Affordable Connectivity Program, which had been funded through April 2024.

President Biden released his $7.3 trillion budget blueprint for FFY 2025 on March 11, 2024. The budget request proposes approximately $734 billion in non-defense discretionary funding in FFY 2025 and defense spending of approximately $895 billion. Mandatory (entitlement) spending and interest on the national debt continues to represent the fastest growing components of the budget. Among other provisions, the President's budget request includes restoring the expanded Child Tax Credit, extending mandatory Medicare drug pricing negotiations to additional drugs, instituting national paid family leave programs, increasing affordable housing assistance, and funding environmental initiatives, among other proposals. The proposal also seeks to reduce the federal deficit by nearly $3 trillion over the next ten years, primarily through increases in taxes.

STATE BUDGET PROCESS

Over the last 30+ years since the early 1990's, 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 financial challenges 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 a potential recession given the current economic conditions that have resulted in a reduction in State revenues in Fiscal Year 2022-23 and projected revenues for Fiscal Year 2023-24.

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 2017-18, 2018-19, 2019-20, 2020-21, 2021-22, and 2022-23, the County General Fund received $201.9 million, $243.2 million, $232.5 million, $352.4 million, $315.4 million, and $390.5 million of residual taxes, respectively. The budgeted and estimated residual tax revenue for 2023-24 is $394.7 million. The 2024-25 Recommended Budget includes a projected $404.4 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.

2023-24 State Budget

On June 27, 2023, Governor Newsom signed the primary budget bill (SB 101) for the final Fiscal Year 2023-24 State Budget. The Governor also signed two additional budget bills, including AB 102 and AB 103 on July 10, 2023 and June 30, 2023, respectively. AB 102 made technical and substantive changes to SB 101 to reflect the budget agreement reached between the Governor and the Legislature, while AB 103 made budget bill amendments to the 2021 and 2022 State Budget Acts. The three measures (SB 101, AB 103 and AB 102), along with 20 trailer bills signed by the Governor encompass the Fiscal Year 2023-23 State Budget Act (the "State Budget Act").

The State Budget Act projected a beginning fund balance from Fiscal Year 2022-23 of $26.352 billion, total revenues and transfers of $208.688 billion, total expenditures of $225.928 billion, and a year-end fund balance of $9.112 billion for Fiscal Year 2023-24. Of the projected year-end fund balance, $5.272 billion would be allocated to the Reserve for Liquidation of Encumbrances and $3.840 billion would be deposited to the Special Fund for Economic Uncertainties. The State Budget Act also allocated $10.831 billion to the Public School System Stabilization Account and $900.0 million to the Safety Net Reserve. The State Budget Act included a balance of $22.252 billion in the State's Budget Stabilization Account (Rainy Day Fund).

The State Budget Act reflects the State's values and priorities related to implementing transitional kindergarten; child care availability and affordability; universal school meals; reproductive health care; investments in housing and infrastructure; workforce development; combatting organized retail theft and other crimes; increasing access to health care and protecting the State's most vulnerable residents; and addressing homelessness, behavioral health challenges and the impacts of climate change.

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

<u>Carryover of Unspent SB 129 Pretrial Funding</u> – Provided authority for the County to carryover up to $28.2 million of unspent SB 129 pretrial funding allocated to the County for Fiscal Year 2021-22 and Fiscal Year 2022-23 to spend or encumber in Fiscal Year 2023-24.

<u>Community Assistance, Recovery & Empowerment (CARE) Act – Provided</u> $128.9 million in State funding in Fiscal Year 2023-24, $234 million in State funding in Fiscal Year 2024-25, $290.6 million in State funding in Fiscal Year 2025-26, and nearly $291 million in Fiscal Year 2026-27 and annually thereafter to support estimated county behavioral health department costs for the CARE Act. The Fiscal Year 2023-24 State funding consists of $67.3 million for behavioral health department activities, which includes $15 million in one-time State funding for the County's planning activities to implement on an accelerated schedule by December 1, 2023, $29.4 million to the trial courts for program administration and coordination of self-help centers, $22.9 million to support public defender and legal services organizations that will provide legal counsel to CARE participants, $6.1 million to the Department of Health Care Services to support implementation activities, and $3.2 million to the Judicial Council to support implementation activities.

<u>Opioid and Fentanyl Response</u> – Provided $14 million in one-time Opioid Settlements Fund over four years for fentanyl program grants to increase local efforts in education, testing, recovery, and support services to implement AB 2365, and to support innovative approaches to make fentanyl test strips and naloxone more widely available.

<u>Reproductive Health Services 1115 Waiver</u> – Provided $200 million ($15 million in State funding) in Fiscal Year 2024-25 for a one-time grant program through an 1115 Federal demonstration waiver focused on supporting access to family planning and related services, system transformation, capacity, and sustainability of California's safety net.

<u>General Fund Loan for Hospitals</u> – Provided a State loan of up to $150 million for the County supported Distressed Hospital Loan Program (DHLP) and requires repayment by June 30, 2024.

<u>Electronic Benefit Transfer (EBT) Fraud Mitigation</u> – Provided $50 million ($15.5 in State funding) to improve EBT technology.

<u>CalWORKs Grant Increase</u> – Provided $111.2 million in Fiscal Year 2023-24 for an ongoing MAP increase of 3.6 percent, effective October 2023, funded with revenues in the Child Poverty and Family Supplemental Support Subaccount. These increases were expected to bring the non-exempt MAP level from $1,130 to $1,171 per month for an assistance unit of three family members residing in a high-cost county.

<u>Medi-Cal County Administration Funding</u> – Provided a $93.2 million statewide increase for the Medi-Cal County Administration Allocation for Fiscal Year 2023-24 due to the California Department of Health Care Services increasing the total allocation by 4.11 percent for the projected California Consumer Price Index (CPI).

<u>In-Home Supportive Services (IHSS) County Administration Funding</u> – Provided $13.4 million of state funding for the IHSS County Administration Allocation for Fiscal Year 2023-24 to reflect growth in the projected monthly caseload.

<u>Stage One Child Care</u> – Provided a $71.2 million ($17.7 million in State funding) to fund statewide increase to the CalWORKS Stage One Child Care allocation.

<u>CalFresh State Administration Funding</u> – Provided an additional $406.5 million ($159.5 in State funding) in Fiscal Year 2023-24 to reflect a revised budgeting methodology for counties CalFresh administration activities, which is an 18.6 percent increase compared to the previous methodology.

<u>Local Child Support Agency (LCSA) Administrative Allocation</u> **–** Provided $35.8 million ongoing ($12.2 million in State funding) for LCSAs to help mitigate increased staffing costs, caseload, and call volumes, to maintain current service levels.

California Motion Picture and Television Production Credit Extension – Extends authority of the California Film Commission to allocate the California Motion Picture and Television Production Credit for an additional five years, starting in Fiscal Year 2025-26, at $330 million per year.

Exide Parkways Cleanup Funding – Provided $67.3 million in Fiscal Year 2023-24 to cleanup parkways surrounding the former Exide Technologies facility identified with high levels of lead and/or other metals.

Foreclosure Intervention Housing Prevention Program (FIHPP) – Maintained $82.5 million in one-time State funding for the FIHPP in Fiscal Year 2023-24 and deferred funding previously allocated to the program in the 2021 State Budget Act as follows: $70 million in Fiscal Year 2024-25, $100 million in Fiscal Year 2025-26, and $62.5 million in Fiscal Year 2026-27.

Dam Safety and Flood Management Grant Program – Approved the Dam Safety and Flood Management Grant Program which provides funding repairs, rehabilitation, enhancements, and other dam safety projects at State jurisdictional dams and associated facilities.

Behavioral Health Bridge Housing (BHBH) Program – Provided a one-time $265 million to the Mental Health Services Fund in Fiscal Year 2023-24 in lieu of State funding for the BHBH, and delays $235 million in State funding to Fiscal Year 2024-25.

Behavioral Health Continuum Infrastructure Program (BHCIP) – Delayed $480.7 million in State funding appropriated in the 2022 State Budget Act for Fiscal Year 2023-24 for the final round of behavioral health continuum capacity funding to $240.4 million in Fiscal Year 2024-25 and $240.3 million in Fiscal Year 2025-26.

Community Health Workers (CHW) Program – Reallocated $115 million in State funding from Fiscal Year 2023-24 to Fiscal Year 2024-25 and Fiscal Year 2025-26 by $57.5 million for each year.

Public Defender Pilot – Reinstated $40 million of the $50 million for the Board of State and Community Corrections' (BSCC) Public Defender Pilot Program to help fund counties indigent defense providers, including public defenders and alternate defenders.

CalWORKs Single Allocation (CWSA) Decrease – Included a $72.2 million statewide reduction to the eligibility component of the CWSA to reflect a lower projected final caseload relative to the appropriation.

Public Health Workforce Reductions – Maintained $97.5 million is State funding over four years beginning in Fiscal Year 2022-23, for various public health workforce training and development programs.

2024-25 State Budget

On January 10, 2024, Governor Newsom released his Fiscal Year 2024-25 Proposed State Budget (the "Proposed State Budget"). The Proposed State Budget projected a beginning fund balance from Fiscal Year 2023-24 of $8.029 billion, total revenues and transfers of $214.699 billion, total expenditures of $208.718 billion, and a year-end fund balance of $14.010 billion for Fiscal Year 2024-25. Of the projected year-end fund balance, $10.569 billion would be allocated to the Reserve for Liquidation of Encumbrances and $3.441 billion would be deposited to the Special Fund for Economic Uncertainties. The Proposed State Budget also allocates $3.852 billion to the Public School System Stabilization Account. The Proposed State Budget includes a balance of $11.106 billion in the State's Budget Stabilization Account (Rainy Day Fund).

On May 10, 2024, Governor Newsom released his Fiscal Year 2024-25 May Budget Revision (the "May Budget Revision"). The May Budget Revision projects a beginning fund balance from Fiscal Year 2023-24 of $9.726 billion, total revenues and transfers of $205.249 billion, total expenditures of $200.974 billion, and a year-end fund balance of $14.001 billion for Fiscal Year 2024-25. Of the projected year-end fund balance, $10.569 billion would be allocated to the Reserve for Liquidation of Encumbrances and $3.432 billion would be deposited to the Special Fund for Economic Uncertainties. The Proposed State Budget includes a balance of $19.429 billion in the State's Budget Stabilization Account (Rainy Day Fund).

The May Budget Revision projects $214.975 billion of total State resources available to fund General Fund expenditures in Fiscal Year 2024-25, which represents a $7.753 billion reduction from the Proposed State Budget; and $200.974 billion of total General Fund expenditures, which represents a $7.744 billion reduction from the Proposed State Budget. The May Budget Revision reflects a revised budget shortfall of $27.6 billion, which will be closed using a combination of reserve funds, expenditure reductions, new revenues, borrowing, and funding delays, shifts and deferrals.

The May Budget Revision will impact several programs of importance to the County, including Medi-Cal, homelessness, climate change, new housing supply and infrastructure. Although the CEO is currently working with County departments to determine the budgetary impact to programs and services, the County does not expect the May Budget Revision to result in any revenue losses to its core programs funded by the State.

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

Managed Care Organization (MCO) Tax – Reduces the Medi-Cal provider rate increases planned for January 1, 2025, as well as Graduate Medical Education and the Medi-Cal labor workforce by $6.7 billion over multiple years. This also includes a proposed amendment to the MCO Tax to include health plan Medicare revenue in the total revenue limit calculation, which would increase the allowable size of the tax resulting in an additional net state benefit of $689.9 million in Fiscal Year 2024-25, $950 million in 2025-26, and $1.3 billion in Fiscal Year 2026-27. Overall, the May Revision includes an additional $9.7 billion in MCO Tax funds over multiple years to support the Medi-Cal program.

Equity and Practice Transformation Payments to Providers – Eliminates $280 million in one-time funding over multiple years for grants to Medi-Cal providers for quality, health equity, and primary care infrastructure. The May Revision maintains $70 million in State funding included in the 2022 State Budget Act.

Healthcare Workforce – Eliminates $300.9 million in Fiscal Year 2023-24 funding, $302.7 million in Fiscal Year 2024-25, $216.0 million in Fiscal Year 2025-26, $19.0 million in Fiscal Year 2026-27, and $16.0 million in Fiscal Year 2027-28 for various healthcare workforce initiatives. The May Budget Revision also eliminates $189.4 million in State funding from the Mental Health Services Fund on a permanent basis.

Behavioral Health Continuum Infrastructure Program (BHCIP) – Maintains $30 million in one-time State funding in FY 2024-25 and eliminates $450.7 million one-time funding from the last round of the BHCIP.

Behavioral Health Bridge Housing (BHBH) Program – Reduces State funding by $132.5 million in Fiscal Year 2024-25 and $207.5 million in Fiscal Year 2025-26 for the BHBH Program.

Public Health Funding – Removes $52.5 million in State funding in Fiscal Year 2023-24 and $300 million of ongoing funding for State and local public health initiatives.

Homeless Housing, Assistance and Prevention (HHAP) Program – Reduces State funding by $260 million in Fiscal Year 2025-26 for HHAP Round 5 supplemental grant funding.

Multifamily Housing Program – Removes $325 million in State funding for the Multifamily Housing Program in Fiscal Year 2023-24.

Foreclosure Intervention Housing Preservation Program - Removes $474.0 million in State funding from the Foreclosure Intervention Housing Preservation Program in Fiscal Year 2023-24.

Low-Income Housing Tax Credit Program – Provides $500 million in one-time additional funding for State Low-Income Housing Tax Credits for Fiscal Year 2024-25.

Water Storage – Reduces $500 million one-time State funding in Fiscal Year 2025-26 for water storage facilities. The May Budget Revision anticipates that a significant proportion of the $2.7 billion in funds generated from Proposition 1 (2014) will remain available for water infrastructure projects.

Active Transportation Program – Reduces one-time State funding by $300 million in Fiscal Year 2025-26 and $99 million in Fiscal Year 2026-27 for active transportation grants.

Middle Mile Broadband Initiative – Includes a one-time change of $1.5 billion to State funding for the Middle Mile Broadband Initiative (MMBI). The Proposed Budget included $250 million in Fiscal Year 2024-25 and $1.25 billion in Fiscal Year 2025-26 of State funding for the MMBI and the modification would allow the Director of Finance to augment MMBI's budget by up to $1.5 billion upon notification to the Joint Legislative Budget Committee.

Broadband Last Mile – Delays $200 million in State funding from Fiscal Year 2025-26 to Fiscal Year 2027-28.

Trial Court Operations – Reduces ongoing State funding by $97 million consistent with the ongoing statewide reduction to trial court operations.

Adult Reentry Grant – Reduces one-time State funding by $54.1 million in Fiscal Year 2023-24 and $57.0 million in ongoing reductions in future years for community-based organizations across the County that have previously received grants to deliver reentry services to assist formerly incarcerated individuals with rental assistance, case management, and housing navigation.

CalWORKs Mental Health and Substance Abuse Services – Reduces State funding by $126.6 million in Fiscal Year 2024-25 and future years for the CalWORKs Mental Health and Substance Abuse Services.

In-Home Supportive Services (IHSS) for Undocumented Individuals – Reduces State funding by $94.7 million in Fiscal Year 2024-25 and future years and eliminates the IHSS undocumented expansion coverage for all ages.

CalWORKs Home Visiting Program – Reduces State funding by $47.1 million in Fiscal Year 2024-25 and in future years for the CalWORKs Home Visiting Program.

California Food Assistance Program Expansion – Delays the automation of the California Food Assistance Program Expansion to Fiscal Year 2026-27 with benefits beginning in Fiscal Year 2027-28.

Foster Care Permanent Rate Structure – Includes statutory language that would make the proposed foster care rate structure subject to a trigger, based on the availability of State funding in the spring of 2026. Current law requires the State to adopt a permanent foster care rate structure by January 1, 2025.

California Jobs First – Reduces State funding by $150.0 million ($50 million annually from Fiscal Year 2024-25 through Fiscal Year 2026-27) for the California Jobs First Program.

Outdoor Equity Grants – Reduces one-time State funding by $50 million in Fiscal Year 2023-24 for outdoor environmental education and access programs administered through the Outdoor Equity Grants Program.

Cap and Trade Fund Shifts – Shifts $1.7 billion in one-time State funding in Fiscal Year 2024-25 to the Greenhouse Gas Reduction Fund for various climate programs. Over the next five years, the May Budget Revision proposes shifts of $3.6 billion in State funding to the Greenhouse Gas Reduction Fund, including transit programs, clean energy programs, zero-emission vehicle programs, and nature-based solutions programs.

Vulnerable Community Toxic Clean-Up – Reduces one-time State funding by $136 million in Fiscal Year 2023-24 and $268.5 million in State funding over four years for the California Department of Toxic Substances Control's Cleanup in Vulnerable Communities Initiative Program.

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 thirteen 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%, 3.70%, 6.95%, and 5.91% in Fiscal Years 2011-12 through 2023-24, respectively.

For Fiscal Year 2023-24, the Assessor reported a Net Local Roll of $1.997 trillion, which represents an increase of 5.91% or $111.5 billion from Fiscal Year 2022-23. The Fiscal Year 2023-24 Net Local Roll represents the largest revenue-producing valuation in the history of the County, and the thirteenth consecutive year of assessed valuation growth. The largest factors contributing to the increase in assessed valuation are transfers in ownership ($67.4 billion) and an increase in the consumer price index ($36.7 billion).

Although real estate sales declined in 2022 primarily due to increases in mortgage interest rates, the increase in the Net Local Roll is the result of strong median home prices for the first half of the year. A California Consumer Price Index that exceeded the allowable limit of 2% was also a contributing factor to the increased growth of the Net Local Roll for Fiscal Year 2023-24.

For the Fiscal Year 2023-24 tax roll, the Assessor estimates that approximately 8.0% of all single-family residential parcels, 8.6% of all residential income parcels, and 11.4% 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 2024-25, the County anticipates a 4.75% growth in assessed valuation primarily due to a full 2% consumer price index adjustment and expected sales activity.

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 533,000 parcels to their Proposition 13 base year value, with 19,000 parcels still eligible for potential restorations in value.

On May 15, 2024, the Assessor released the Assessment Roll Forecast for Fiscal Year 2024-25. The Assessment Roll Forecast reflects a 4.75% or $94.937 billion increase from Fiscal Year 2023-24, which would result in a Net Local Roll of approximately $2.075 trillion for Fiscal Year 2024-25. The primary factors driving the increase in the Net Local Roll are property transfers ($51.800 billion) and an increase in the consumer price index ($39.012 billion), which reflects the maximum 2% inflation increase authorized under Proposition 13. The projected increase in the Net Local Roll reflects a mixed set of conditions in the real estate market that occurred during 2023. Although the volume of home sales was significantly lower compared to 2022, primarily as a result of higher mortgage rates, the lower supply of homes available for sale put upward pressure on home prices, resulting in higher assessed valuations for the properties transferred to new owners. The Assessor is scheduled to release the final Assessment Roll for Fiscal Year 2024-25 in July 2024.

FISCAL YEAR 2023-24 FINAL ADOPTED BUDGET

The Fiscal Year 2023-24 Final Adopted Budget (the "2023-24 Final Adopted Budget") was approved by the Board of Supervisors on October 3, 2023. The 2023-24 Final Adopted Budget appropriated $46.743 billion, which reflects a $2.101 billion or 4.7% increase in total funding requirements from the 2022-23 Final Adopted Budget. The General County Budget (General Fund and Hospital Enterprise Fund) appropriated $35.934 billion, which represents a $2.601 billion or 7.8% increase from the 2022-23 Final Adopted Budget. The 2023-24 Final Adopted Budget appropriated $10.809 billion for Special Funds/Districts, reflecting a $0.500 billion or 4.4% decrease from the Fiscal Year 2022-23 Final Adopted Budget.

The primary year-over-year changes to the ongoing NCC component of the 2023-24 Final Adopted Budget are outlined in the following table.

Public Assistance Changes	$120,420,000
Unavoidable Cost Increases	
Employee Salaries	201,120,000
Health Insurance Subsidies	961,000
Retiree Healthcare Benefits	43,556,000
Various MOE Requirements	6,954,000
Program Changes	
Debt Service	(18,530,000)
Care First & Community Investment	88,304,000
Legal Settlements/Consent Decree	73,195,000
All Other Program Changes	77,680,000
Fiscal Policies	
Appropriations for Contingencies	(9,953,000)
Deferred Maintenance	5,000,000
Total Net County Cost Increases	**588,707,000**
Revenue Changes	
Property Taxes	380,475,000
Property Taxes - CRA Dissolution Residual	59,690,000
Public Safety Sales Tax	6,888,000
1991 Realignment - Sales Tax	8,741,000
1991 Realignment - Vehicle License Fee	1,739,000
Interest Earnings	101,542,000
Various Other Revenue Changes	29,632,000
Total Locally Generated Revenue	**588,707,000**
Total NCC Budget Gap	**$0**

Public Assistance Change

The increase in funding for Public Assistance in the 2023-24 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 and Adoptions 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.

Prefund Retiree Healthcare Benefits – The 2023-24 Final Adopted Budget appropriated $502.5 million in pre-funding contributions to the OPEB Trust Fund, which is comprised of $200.0 million in NCC and $302.5 million in projected subvention revenue received from Federal, State, and other local government entities.

Program Changes

The 2023-24 Final Adopted Budget included $220.6 million of adjustments to various County programs, including increases for public safety, social services, and health and mental services.

Fiscal Policies

The balance of the County's Rainy Day Fund for Fiscal Year 2023-24 is $971.1 million, which represents 11.5% of ongoing discretionary revenues. As part of the 2023-24 Final Adopted Budget, $77.4 million was set aside in Appropriations for Contingencies, which reflected 17% of new ongoing discretionary revenues. The 2023-24 Final Adopted Budget also included a $5.0 million allocation for deferred maintenance needs.

Revenue Changes

The 2023-24 Final Adopted Budget included a $380.5 million increase in property tax revenues based on the Assessor's 2023 Assessment Roll, which reflected an increase of 5.91% in the Net Local Roll for Fiscal Year 2023-24. The 2023-24 Final Adopted Budget also included a $59.7 million increase in property tax residual from the dissolution of redevelopment agencies. The 2023-24 Final Adopted Budget included projected increases in Proposition 172 Public Safety sales tax revenue, 1991 Realignment sales tax revenue, and 1991 Realignment - Vehicle License Fee revenue. The 2023-24 Final Adopted Budget also included a projected increase in interest earnings as a result of action by the Federal Reserve to raise interest rates.

FISCAL YEAR 2024-25 RECOMMENDED BUDGET

The Fiscal Year 2024-25 Recommended Budget (the "2024-25 Recommended Budget") was approved by the Board of Supervisors on April 16, 2024. The 2024-25 Recommended Budget appropriates $45.377 billion, which reflects a $1.366 billion or 2.9% decrease in total funding requirements from the 2023-24 Final Adopted Budget. The General County Budget (General Fund and Hospital Enterprise Fund) appropriates $35.284 billion, which represents a $0.650 billion or 1.8% decrease from the 2023-24 Final Adopted Budget. The 2024-25 Recommended Budget appropriates $10.093 billion for Special Funds/Districts, reflecting a $0.716 billion or 6.6% decrease from the Fiscal Year 2023-24 Final Adopted Budget.

The primary changes to the ongoing NCC component of the 2024-25 Recommended Budget are outlined in the following table.

Public Assistance Changes	$56,621,000
Unavoidable Cost Increases	
Health Insurance Subsidies	14,761,000
Pension Costs	(7,668,000)
Employee Salaries	206,113,000
Retiree Healthcare Benefits	48,654,000
Various MOE Requirements	8,384,000
Program Changes	
Care First & Community Investment	12,340,000
Debt Service	(11,019,000)
Legal Settlements/Consent Decree	14,328,000
All Other Program Changes	53,147,000
Fiscal Policies	
Appropriations for Contingencies	(10,496,000)
Deferred Maintenance	5,000,000
Total Net County Cost Increases	**390,165,000**
Revenue Changes	
Property Taxes	318,707,000
Property Taxes - CRA Dissolution Residual	9,772,000
Public Safety Sales Tax	(15,276,000)
1991 Realignment - Sales Tax	19,165,000
Interest Earnings	53,91,000
Various Other Revenue Changes	4,706,000
Total Locally Generated Revenue	**390,165,000**
Total NCC Budget Gap	**$0**

Public Assistance Change

The increase in funding for Public Assistance in the 2024-25 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, Adoptions, and Emergency 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 - Reflects adjustments for the Fiscal Year 2024-25 employer contribution retirement rates based upon the 2023 Actuarial Valuation

Prefund Retiree Healthcare Benefits – The 2024-25 Recommended Budget appropriates $570.3 million in pre-funding contributions to the OPEB Trust Fund, which is comprised of $225.0 million in NCC and $345.3 million in projected subvention revenue received from Federal, State and other local government entities.

Program Changes

The 2024-25 Recommended Budget includes $68.8 million of adjustments to various County programs, including increases for public safety, social services, and health and mental services.

Fiscal Policies

As of the 2024-25 Recommended Budget, the balance of the County's Rainy Day Fund is $978.6 million, which represents approximately 11.2% of ongoing discretionary revenues. The 2024-25 Recommended Budget includes $56.7 million in Appropriations for Contingencies, which reflects 17% of new ongoing discretionary revenues in Fiscal Year 2024-25. The 2024-25 Recommended Budget also includes a $5.0 million allocation for deferred maintenance needs.

Revenue Changes

The 2024-25 Recommended Budget includes a $318.7 million increase in property tax revenues based on a preliminary projected growth rate of 4.75% in assessed valuation. The 2024-25 Recommended Budget also includes a $9.8 million increase in the property tax residual from the dissolution of redevelopment agencies. The 2024-25 Recommended Budget includes projected increases in Realignment sales tax revenue, interest earnings, and various other revenue sources, offset by Proposition 172 Public Safety sales tax revenue.

Assembly Bill 218

Liability and settlement costs associated with the Child Victims Act (AB 218) are expected to have a significant long-term effect on the financial condition of the County. The County preliminarily estimates that liability and settlement costs relating to AB 218 could exceed $3.0 billion. The County is assessing the potential impact of AB 218 on its future programmatic funding needs, and expects that addressing the related claims may require funding through a multi-year, long-term financing approach.

HEALTH SERVICES BUDGET

The Department of Health Services ("DHS") provides vital inpatient acute care through four hospitals: Los Angeles General Medical Center, Harbor-UCLA Medical Center, Olive View-UCLA Medical Center and Rancho Los Amigos National Rehabilitation Center. Two of the hospitals, Los Angeles General 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 at multiple other facilities, including one outpatient center, one regional health center, six comprehensive health centers, fifteen 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 1,800 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 to DHS. 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 Medicare and Medicaid 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 includes 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 the Community Supports program. 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 eligible as of 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 or Medi-Cal coverage 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. An additional $410.0 million in statewide funding was approved by CMS in January 2023 to support expanded coordination for justice involved populations, including coverage of certain services in jails to support reentry into the community.

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.

In addition, reductions to Disproportionate Share Hospital ("DSH") payments are scheduled to be implemented on January 1, 2025. Without action from Congress to delay the DSH cuts, DHS estimates a potential annual revenue loss of $150 million in its GPP. Congress has delayed these cuts on multiple occasions in the past, as they could have a significant impact on the nation's hospital system. DHS is tracking this issue closely and will update their forecasts to reflect the additional use of fund balance if the DSH reductions are implemented.

Medi-Cal Capitation Revenue

In response to the COVID-19 pandemic, the U.S. Department of Health & Human Services ("HHS") issued a PHE order on January 31, 2020. In March 2020, Governor Gavin Newsom issued an executive order suspending the normal annual redetermination requirement for Medi-Cal eligibility while the PHE order remained in effect. Over the next several years, the redetermination moratorium has allowed many more Medi-Cal beneficiaries in California to retain their Medi-Cal eligibility. The moratorium resulted in a significant increase in the number of Medi-Cal beneficiaries assigned to DHS and considerable increases in Medi-Cal capitation revenues.

On March 31, 2023, Congress passed the Federal Consolidated Appropriations Act of 2023 which terminated the continuous coverage requirement. Accordingly, the redetermination process resumed in July 2023 and is expected to be fully phased in by June 2024. Since the majority of the increase in Medi-Cal beneficiaries during the pandemic period belonged to the Medi-Cal Coverage Expansion ("MCE") category of aid, MCE beneficiaries are more likely to be infrequent or "one-time only" users of DHS services. Based on this usage trend, DHS anticipates that the MCE population will be less likely to complete the redetermination process and will lose their Medi-Cal eligibility. This is expected to result in significant reductions in managed care assignments and associated capitation revenues to DHS. Once the redetermination process fully returns to normal, DHS is estimating the number of its currently assigned members will be reduced to pre-pandemic levels, with an estimated loss of 135,000 members and a decrease of approximately $200 million annually in net capitation revenue.

COVID-19 Funding

Beginning in April 2020, HHS distributed multiple phases of Provider Relief Funds ("PRF") to cover increased expenditures and lost revenues related to COVID-19. To date, DHS has received $325.3 million in PRF funding. Due to uncertainties and pending HHS directions regarding PRF reporting and claiming guidelines, DHS reserved $325.3 million of its fund balance, which will be released upon completion of required financial audits.

In September 2022, the Office of Inspector General ("OIG") initiated an audit of DHS' compliance with the PRF requirements. The audit's scope of review was on the PRF expenditure reports submitted as of April 2022. Over a 12-month period, the auditors requested and reviewed detailed supporting documentation on the reported eligible health care related expenses, calculation of lost revenues attributable to COVID-19, and a number of internal protocols, policies, and procedures. In June 2023, OIG also conducted an on-site meeting with DHS management to discuss DHS' use and reporting of PRF payments. Although OIG has completed the PRF audit, DHS has not received any formal notification or report regarding their audit findings.

Assembly Bill 85

Assembly Bill 85 ("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 amount for Fiscal Year 2021-22 and forward is $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 1% 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 2024-25 is $360.0 million. The MOE provides a stable and ongoing source of funding for DHS from the County General Fund.

General Fund Contributions

The Fiscal Year 2024-25 NCC contribution to DHS is $1.247 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 2024-25 Recommended Budget
($ in millions)

		Amount
County General Fund - AB 85 MOE	$	364.0
County General Fund - Correctional Health [(A)]		482.3
County General Fund - Specific Programs [(B)]		84.6
Vehicle License Fees Realignment		292.5
Tobacco Settlement Revenue		55.0
Transfers to Other Budget Units [(C)]		(31.6)
Total	$	1,246.8

(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 April 30, 2024, the balance of General Fund cash advances to the Hospital Funds was $0 and is projected to be $0 on June 30, 2024.

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 continuing its discussions with DHCS about accelerating these payments, but the outcome is uncertain. As of June 2023, long term receivables for the affected DHS Medi-Cal managed care programs are estimated to be $812.8 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, 2023, the total estimated receivable balance is $36.2 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 2023-24 will be determined during the fiscal year-end closing process.

Managed Care

The EPP establishes a pool to supplement the base rates received by public hospitals through their Medi-Cal managed care contracts. DHS currently estimates the net revenue for EPP to be approximately $638.5 million for Fiscal Year 2021-22, $630.5 million for Fiscal Year 2022-23, $713.6 million for Fiscal Year 2023-24, and $741.3 million for Fiscal Year 2024-25.

The 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 $339.0 million for Fiscal Year 2021-22, $357.9 million for Fiscal Year 2022-23, $338.4 million for Fiscal Year 2023-24, and $337.2 million for Fiscal Year 2024-25.

Effective May 1, 2022, DHCS implemented the Older Adult Expansion ("OAE") Medi-Cal program. The OAE program is a state-only funded (no federal funds) program that expands 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 scope benefits. Under the OAE program, those individuals with limited benefits are automatically transitioned into full scope Medi-Cal managed care. DHS estimates approximately 40,000 of its assignments are in the OAE program.

Beginning in January 2024, the State is expanding full Medi-Cal eligibility to the remaining group of income-eligible Californians, aged 26-49, regardless of their citizenship or immigration status. These coverage expansions may result in increased DHS member assignments, although there will likely be some offset depending on the number of potentially eligible individuals who fail to comply with the redetermination process.

On April 22, 2024, CMS finalized rules governing managed care delivery systems related to access to care requirements, States use of in lieu of services or settings, directed payments, quality rating systems, and other policy and reporting changes to ensure the efficient operation of state managed care programs. DHS will be reviewing the final rules to determine the financial impact to the department, if any.

DHS Reserve Funds

In Fiscal Year 2022-23, DHS closed with a Fund Balance of $2.641 billion. Of this amount, approximately $849.0 million with respect to the CBRC, EPP, QIP, and managed care rate supplement payments for Fiscal Years 2020-21 through 2022-23 was established as a long-term receivable and reserved in a separate account until the payments are collected. The remaining estimated Fund Balance of $1.792 billion is available to fund DHS operations and balance its budget in the future, as needed.

As mentioned previously, the Fund Balance includes restricted fund for the PRF in the amount of $325.3 million DHS recognized the PRF amount based on preliminary estimates of allowable expenditure claims, pending final claiming instructions and guidance from HHS.

Harbor-UCLA Medical Center Replacement Project

On November 10, 2020, the Board of Supervisors approved the Harbor-UCLA Medical Center Replacement Project (the "Harbor-UCLA Replacement Project"). The Harbor-UCLA Replacement Project, with an estimated cost of $1.7 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 February 2022, the Board of Supervisors approved the design-build contract with Hensel-Phelps for the construction of the Harbor-UCLA Replacement Project.

In order to fund the equipment needed for the new hospital facility, DHS previously reserved $175.0 million from its Fund Balance during the Fiscal Year 2020-21 closing process and used those funds to set up the Accumulated Capital Outlay (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 2022-23 and Fiscal Year 2023-24, DHS covered approximately $220.0 million and $203.0 million of DHS project costs, respectively, using Fund Balance.

The County is planning to issue long-term lease revenue bonds in the third quarter of 2024 in the approximate amount of $500 million to finance the remaining costs for Phase I of the Harbor-UCLA Replacement Project, the components of which include the Support Services Building, Parking Structure 2, Outpatient Clinic Building, Laboratory Building and Central Plant Building. The total project costs for Phase I of the Harbor-UCLA Replacement Project are estimated to be $753.4 million.

Construction of the Support Services Building, which houses the Facilities Management, Information Technology, and Safety programs was completed in May 2024, with construction of the 1,500 space Parking Structure 2 expected to be completed in June 2024. Construction of the Outpatient Clinic Building is expected to be completed by June 2026. Construction of the Laboratory Building is expected to begin in August 2024 and be completed by September 2025. Construction of the Central Plant Building is expected to begin in October 2024 and be completed by May 2027.

Martin Luther King Jr. Community Hospital

Separate from the County-operated hospitals described above, the County also provides financial assistance from time to time to MLK Community Hospital ("MLKCH"), a safety-net community hospital that provides services to Medi-Cal and uninsured patients from the surrounding community. MLKCH is operated by Martin Luther King, Jr. Los Angeles Healthcare Corporation ("MLK-LA"), a 501(c)(3) entity, which is governed by a board of directors with members appointed by the County and the University of California. The financial assistance provided by the County currently includes a loan with an outstanding balance of $37.5 million and $20 million advance on a line of credit that MLK-LA established with the County in 2014. Since 2014, DHS has committed to make ongoing annual payments of $18.0 million for indigent care support, and up to $50.0 million of intergovernmental transfers for the benefit of MLKCH.

MLKCH has recently experienced some revenue and cash flow challenges primarily due to increased uncompensated emergency department use, and a payer mix dominated by lower-reimbursement programs. To address this challenge, MLKCH is exploring a multitude of options including, pursuing new revenue sources and operating cost reductions. In January 2024, the County authorized a three-year pause on interest accrual for both the loan and line of credit mentioned above, along with a deferral of payment obligations and extension of the maturity dates for the same period, to allow MLKCH additional time to explore all increased revenue and cost reduction options. Furthermore, the County also authorized $20.0 million in existing one-time Measure B funding for MLKCH, to be distributed incrementally through Fiscal Year 2026-27.

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 Los Angeles General 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 2023-24, the County received $64.6 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 2024-25 Recommended Budget is supported by $7.936 billion in property tax revenue, $5.450 billion in Federal funding, $9.703 billion in State funding, $379 million in cancelled obligated fund balance, $2.725 billion in Fund Balance and $9.190 billion from other funding sources.

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

Fund	Final 2019-20	Final 2020-21	Final 2021-22	Final 2022-23	Final 2023-24	Recommended 2024-25
General Fund	$ 23,925,116	$ 25,468,803	$ 25,413,850	$ 28,583,600	$ 30,966,118	$ 29,856,295
Hospital Enterprise Fund	3,999,868	3,803,498	4,468,193	4,749,724	4,967,704	5,427,438
Total General County Budget	**$ 27,924,984**	**$ 29,272,301**	**$ 29,882,043**	**$ 33,333,324**	**$ 35,933,822**	**$ 35,283,733**

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

	Final 2019-20	Final 2020-21	Final 2021-22	Final 2022-23	Final 2023-24	Recommended 2024-25
Requirements						
Social Services	$ 7,752,983	$ 8,298,441	$ 8,186,912	$ 9,295,250	$ 9,884,885	$ 9,866,299
Health	9,877,992	10,438,420	10,893,123	11,731,196	12,928,360	12,945,694
Justice	6,234,098	6,308,501	6,450,531	7,138,202	7,523,508	7,410,572
Other	4,059,911	4,226,939	4,351,477	5,168,676	5,597,069	5,061,168
Total	**$ 27,924,984**	**$ 29,272,301**	**$ 29,882,043**	**$ 33,333,324**	**$ 35,933,822**	**$ 35,283,733**
Revenue Sources						
Property Taxes	$ 6,043,773	$ 6,371,071	$ 6,586,439	$ 7,163,808	$ 7,607,483	$ 7,935,874
State Assistance	6,937,808	7,146,855	7,669,963	8,811,781	9,565,638	9,702,993
Federal Assistance	4,996,732	5,633,127	5,148,436	5,489,983	6,001,402	5,449,837
Other	9,946,671	10,121,248	10,477,205	11,867,752	12,759,299	12,195,029
Total	**$ 27,924,984**	**$ 29,272,301**	**$ 29,882,043**	**$ 33,333,324**	**$ 35,933,822**	**$ 35,283,733**

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

	Final 2019-20	Final 2020-21	Final 2021-22	Final 2022-23	Final 2023-24	Recommended 2024-25
Financing Requirements						
Salaries & Employee Benefits	$ 13,871,307	$ 14,252,672	$ 15,027,355	$ 16,044,329	$ 16,984,661	$ 17,647,906
Services & Supplies	9,929,569	10,457,231	10,840,813	12,410,538	13,659,081	12,796,015
Other Charges	5,800,116	6,178,632	5,794,476	6,543,900	7,146,058	7,275,802
Capital Assets	1,198,684	1,432,583	1,346,599	1,486,108	1,847,405	1,710,797
Other Financing Uses	1,003,163	1,186,455	877,986	942,102	1,084,815	1,115,388
Appropriations for Contingencies	37,775	22,113	25,119	77,191	77,376	56,742
Interbudget Transfers[1]	(2,433,320)	(2,581,864)	(2,363,930)	(2,413,443)	(3,059,977)	(3,299,370)
Gross Appropriation	$ 29,407,294	$ 30,947,822	$ 31,548,418	$ 35,090,725	$ 37,739,419	$ 37,303,280
Less: Intrafund Transfers	1,697,201	1,883,836	1,894,352	1,985,472	1,972,104	2,043,003
Net Appropriation	$ 27,710,093	$ 29,063,986	$ 29,654,066	$ 33,105,253	$ 35,767,315	$ 35,260,277
Provision for Obligated Fund Balance						
General Reserve	$ -	$ -	$ -	$ -	$ -	$ -
Other	-	3,400	-	-	-	-
Assigned for Rainy Day Funds	39,000	53,450	13,929	96,490	116,135	-
Committed Fund Balance	175,891	151,465	214,048	131,581	50,372	23,456
Total Financing Requirements	**$ 27,924,984**	**$ 29,272,301**	**$ 29,882,043**	**$ 33,333,324**	**$ 35,933,822**	**$ 35,283,733**
Available Financing						
Fund Balance	$ 2,089,840	$ 2,196,874	$ 2,437,598	$ 3,177,971	$ 3,764,489	$ 2,725,095
Cancel Provision for Obligated Fund Balance	614,950	482,861	359,685	222,647	395,690	378,645
Property Taxes: Regular Roll	5,989,000	6,316,080	6,531,284	7,104,477	7,547,149	7,875,078
Supplemental Roll	54,773	54,991	55,155	59,331	60,334	60,796
Revenue	19,176,421	20,221,495	20,498,321	22,768,898	24,166,160	24,244,119
Total Available Financing	**$ 27,924,984**	**$ 29,272,301**	**$ 29,882,043**	**$ 33,333,324**	**$ 35,933,822**	**$ 35,283,733**

[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 $3.3 billion in 2024-25, from the above table would give the impression that there are more resources than are actually available and artificially inflate General County appropriations

Source: Chief Executive Office

COUNTY OF LOS ANGELES
GENERAL COUNTY BUDGET
COMPARISON OF 2023-24 FINAL ADOPTED BUDGET TO 2024-25 RECOMMENDED BUDGET
Net Appropriation: By Function
(In thousands)

Function	2023-24 Final (1)	2024-25 Recommended (2)	Difference	Percentage Difference
REQUIREMENTS				
General				
General Government	$ 1,826,384.0	$ 1,669,383.0	$ (157,001.0)	-8.60%
General Services	1,468,073.0	1,405,291.0	(62,782.0)	-4.28%
Public Buildings	1,747,549.0	1,628,159.0	(119,390.0)	-6.83%
Total General	$ 5,042,006.0	$ 4,702,833.0	$ (339,173.0)	-6.73%
Public Protection				
Justice	$ 6,487,241.0	$ 6,578,890.0	$ 91,649.0	1.41%
Other Public Protection	540,511.0	341,117.0	(199,394.0)	-36.89%
Total Public Protection	$ 7,027,752.0	$ 6,920,007.0	$ (107,745.0)	-1.53%
Health and Sanitation	12,643,239.0	12,646,287.0	3,048.0	0.02%
Public Assistance	9,860,696.0	9,808,115.0	(52,581.0)	-0.53%
Recreation and Cultural Services	497,398.0	472,373.0	(25,025.0)	-5.03%
Education	50,726.0	44,507.0	(6,219.0)	-12.26%
Other	474,612.0	527,053.0	52,441.0	11.05%
Insurance and Loss Reserve	93,510.0	82,360.0	(11,150.0)	-11.92%
Provision for Obligated Fund Balance	166,507.0	23,456.0	(143,051.0)	-85.91%
Appropriations for Contingencies	77,376.0	56,742.0	(20,634.0)	-26.67%
Total Requirements	**$ 35,933,822.0**	**$ 35,283,733.0**	**$ (650,089.0)**	**-1.81%**
AVAILABLE FUNDS				
Property Taxes	$ 7,607,483.0	$ 7,935,874.0	$ 328,391.0	4.32%
Fund Balance	3,764,489.0	2,725,095.0	(1,039,394.0)	-27.61%
Cancelled Prior-Year Reserves	395,690.0	378,645.0	(17,045.0)	-4.31%
Intergovernmental Revenues				
State Revenues				
In-Lieu Taxes	$ 447,088.0	$ 447,088.0	$ -	0.00%
Homeowners' Exemption	19,000.0	19,000.0	-	0.00%
Public Assistance Subventions	1,895,433.0	1,984,318.0	88,885.0	4.69%
Other Public Assistance	2,875,930.0	2,930,960.0	55,030.0	1.91%
Public Protection	1,804,679.0	1,744,960.0	(59,719.0)	-3.31%
Health and Mental Health	2,311,715.0	2,340,908.0	29,193.0	1.26%
Capital Projects	163,896.0	171,573.0	7,677.0	4.68%
Other State Revenues	47,897.0	64,186.0	16,289.0	34.01%
Total State Revenues	$ 9,565,638.0	$ 9,702,993.0	$ 137,355.0	1.44%
Federal Revenues				
Public Assistance Subventions	$ 3,084,976.0	$ 3,211,717.0	$ 126,741.0	4.11%
Other Public Assistance	228,490.0	209,154.0	(19,336.0)	-8.46%
Public Protection	178,658.0	81,979.0	(96,679.0)	-54.11%
Health and Mental Health	1,978,080.0	1,731,449.0	(246,631.0)	-12.47%
Capital Projects	277,080.0	63,695.0	(213,385.0)	-77.01%
Other Federal Revenues	254,118.0	151,843.0	(102,275.0)	-40.25%
Total Federal Revenues	$ 6,001,402.0	$ 5,449,837.0	$ (551,565.0)	-9.19%
Other Governmental Agencies	52,778.0	51,116.0	(1,662.0)	-3.15%
Total Intergovenmental Revenues	$ 15,619,818.0	$ 15,203,946.0	$ (415,872.0)	-2.66%
Fines, Forfeitures and Penalties	138,706.0	140,626.0	1,920.0	1.38%
Licenses, Permits and Franchises	70,958.0	72,200.0	1,242.0	1.75%
Charges for Services	6,358,694.0	6,750,035.0	391,341.0	6.15%
Other Taxes	246,195.0	228,001.0	(18,194.0)	-7.39%
Use of Money and Property	377,084.0	439,232.0	62,148.0	16.48%
Miscellaneous Revenues	703,311.0	739,341.0	36,030.0	5.12%
Operating Contribution from General Fund	651,394.0	670,738.0	19,344.0	2.97%
Total Available Funds	**$ 35,933,822.0**	**$ 35,283,733.0**	**$ (650,089.0)**	**-1.81%**

(1) Reflects the 2023-24 Final Adopted General County Budget approved by the Board of Supervisors on October 3, 2023
(2) Reflects the 2024-25 Recommended General County Budget approved by the Board of Supervisors on April 16, 2024

COUNTY OF LOS ANGELES
FINAL ADOPTED BUDGET 2023-24 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	$ 1,826,384.0	$ -	$ 1,826,384.0
General Services	1,468,073.0	-	1,468,073.0
Public Buildings	1,747,549.0	-	1,747,549.0
Total General	$ 5,042,006.0	$ -	$ 5,042,006.0
Public Protection			
Justice	$ 6,487,241.0	$ -	$ 6,487,241.0
Other Public Protection	540,511.0	-	540,511.0
Total Public Protection	$ 7,027,752.0	$ -	$ 7,027,752.0
Health and Sanitation	$ 7,675,535.0	$ 4,967,704.0	$ 12,643,239.0
Public Assistance	9,860,696.0	-	9,860,696.0
Recreation and Cultural Services	497,398.0	-	497,398.0
Education	50,726.0	-	50,726.0
Other	474,612.0	-	474,612.0
Insurance and Loss Reserve	93,510.0	-	93,510.0
Provision for Obligated Fund Balance	166,507.0	-	166,507.0
Appropriation for Contingency	77,376.0	-	77,376.0
Total Requirements	**$ 30,966,118.0**	**$ 4,967,704.0**	**$ 35,933,822.0**
AVAILABLE FUNDS			
Property Taxes	$ 7,607,483.0	$ -	$ 7,607,483.0
Fund Balance	3,764,489.0	-	3,764,489.0
Cancel Provision for Obligated Fund Balance	80,645.0	315,045.0	395,690.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	$ 447,088.0	$ -	$ 447,088.0
Homeowners' Exemption	19,000.0	-	19,000.0
Public Assistance Subventions	1,895,433.0	-	1,895,433.0
Other Public Assistance	2,875,930.0	-	2,875,930.0
Public Protection	1,804,679.0	-	1,804,679.0
Health and Mental Health	2,267,555.0	44,160.0	2,311,715.0
Capital Projects	163,896.0	-	163,896.0
Other State Revenues	47,897.0	-	47,897.0
Total State Revenues	9,521,478.0	44,160.0	9,565,638.0
Federal Revenues			
Public Assistance Subventions	$ 3,084,976.0	$ -	$ 3,084,976.0
Other Public Assistance	228,490.0	-	228,490.0
Public Protection	178,658.0	-	178,658.0
Health and Mental Health	1,977,108.0	972.0	1,978,080.0
Capital Projects	277,080.0	-	277,080.0
Other Federal Revenues	254,118.0	-	254,118.0
Total Federal Revenues	$ 6,000,430.0	$ 972.0	$ 6,001,402.0
Other Governmental Agencies	52,778.0	-	52,778.0
Total Intergovenmental Revenues	$ 15,574,686.0	$ 45,132.0	$ 15,619,818.0
Fines, Forfeitures and Penalties	138,706.0	-	138,706.0
Licenses, Permits and Franchises	70,832.0	126.0	70,958.0
Charges for Services	2,962,561.0	3,396,133.0	6,358,694.0
Other Taxes	246,195.0	-	246,195.0
Use of Money and Property	367,104.0	9,980.0	377,084.0
Miscellaneous Revenues	153,417.0	549,894.0	703,311.0
Operating Contribution from General Fund	-	651,394.0	651,394.0
Total Available Funds	**$ 30,966,118.0**	**$ 4,967,704.0**	**$ 35,933,822.0**

(1) Reflects the 2023-24 Final Adopted General County Budget approved by the Board of Supervisors on October 3, 2023

COUNTY OF LOS ANGELES
RECOMMENDED BUDGET 2024-25 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	$ 1,669,383.0	$ -	$ 1,669,383.0
General Services	1,405,291.0	-	1,405,291.0
Public Buildings	1,628,159.0	-	1,628,159.0
Total General	$ 4,702,833.0	$ -	$ 4,702,833.0
Public Protection			
Justice	$ 6,578,890.0	$ -	$ 6,578,890.0
Other Public Protection	341,117.0	-	341,117.0
Total Public Protection	$ 6,920,007.0	$ -	$ 6,920,007.0
Health and Sanitation	$ 7,218,849.0	$ 5,427,438.0	$ 12,646,287.0
Public Assistance	9,808,115.0	-	9,808,115.0
Recreation and Cultural Services	472,373.0	-	472,373.0
Education	44,507.0	-	44,507.0
Other	527,053.0	-	527,053.0
Insurance and Loss Reserve	82,360.0	-	82,360.0
Provision for Obligated Fund Balance	23,456.0	-	23,456.0
Appropriation for Contingency	56,742.0	-	56,742.0
Total Requirements	**$ 29,856,295.0**	**$ 5,427,438.0**	**$ 35,283,733.0**
AVAILABLE FUNDS			
Property Taxes	$ 7,935,874.0	$ -	$ 7,935,874.0
Fund Balance	2,725,095.0	-	2,725,095.0
Cancel Provision for Obligated Fund Balance	31,477.0	347,168.0	378,645.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	$ 447,088.0	$ -	$ 447,088.0
Homeowners' Exemption	19,000.0	-	19,000.0
Public Assistance Subventions	1,984,318.0	-	1,984,318.0
Other Public Assistance	2,930,960.0	-	2,930,960.0
Public Protection	1,744,960.0	-	1,744,960.0
Health and Mental Health	2,235,600.0	105,308.0	2,340,908.0
Capital Projects	171,573.0	-	171,573.0
Other State Revenues	64,186.0	-	64,186.0
Total State Revenues	9,597,685.0	105,308.0	9,702,993.0
Federal Revenues			
Public Assistance Subventions	$ 3,211,717.0	$ -	$ 3,211,717.0
Other Public Assistance	209,154.0	-	209,154.0
Public Protection	81,979.0	-	81,979.0
Health and Mental Health	1,730,477.0	972.0	1,731,449.0
Capital Projects	63,695.0	-	63,695.0
Other Federal Revenues	151,843.0	-	151,843.0
Total Federal Revenues	$ 5,448,865.0	$ 972.0	$ 5,449,837.0
Other Governmental Agencies	51,116.0	-	51,116.0
Total Intergovenmental Revenues	$ 15,097,666.0	$ 106,280.0	$ 15,203,946.0
Fines, Forfeitures and Penalties	140,606.0	20.0	140,626.0
Licenses, Permits and Franchises	72,074.0	126.0	72,200.0
Charges for Services	3,049,425.0	3,700,610.0	6,750,035.0
Other Taxes	228,001.0	-	228,001.0
Use of Money and Property	419,764.0	19,468.0	439,232.0
Miscellaneous Revenues	156,313.0	583,028.0	739,341.0
Operating Contribution from General Fund	-	670,738.0	670,738.0
Total Available Funds	**$ 29,856,295.0**	**$ 5,427,438.0**	**$ 35,283,733.0**

(1) Reflects the 2024-25 Recommended General County Budget approved by the Board of Supervisors on April 16, 2024

COUNTY OF LOS ANGELES
CALIFORNIA

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.

LARGEST TAXPAYERS

The twenty largest taxpayers in the County included on the Fiscal Year 2023-24 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 $57,430,748,091, which constitutes only 2.97% of the total full cash value for the entire County.

Taxpayer	Total Tax Levy 2023-24
SOUTHERN CALIFORNIA EDISON CO	$ 159,211,341
SOUTHERN CALIFORNIA GAS COMPANY	61,364,978
REXFORD INDUSTRIAL	60,959,590
TESORO REFINING AND MARKETING CO	56,496,094
DOUGLAS EMMETT RESIDENTIAL	45,374,362
PINCAY RE LLC LESSOR	39,418,623
EQR / ERP LIMITED	35,261,077
CHEVRON USA INC	32,066,302
MAGUIRE PROPERTIES	29,628,247
AMB/MAR CARSON LLC	28,452,723
TISHMAN SPEYER / ARCHSTONE SMITH / ASN	25,423,243
AT&T MOBILITY LLC	21,649,021
ESSEX PORTFOLIO LP	19,781,847
PHILLIPS 66 PIPE LINE LLC	19,038,627
CENTURY CITY MALL LLC	13,848,316
FSP SOUTH FLOWER STREET	12,547,145
DE PACIFIC 9665 LLC	12,070,194
CJDB LLC LESSOR AND	11,718,986
DUKE REALTY WILMINGTON LP	11,671,662
DEL AMO FASHION CENTER OPERATING	11,272,536
	$ 707,254,913

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 2019-20 through 2023-24.

COUNTY OF LOS ANGELES COMPARISON OF FULL CASH VALUE PROPERTY TAXATION AND COLLECTIONS FISCAL YEARS 2019-20 THROUGH 2023-24				
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 %**
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	4,123,258,603	4,059,314,940	98.45%
2022-23	1,826,210,292,243	4,404,079,935	4,333,441,881	98.40%
2023-24	1,931,399,894,780	4,674,244,253	4,599,272,971 (3)	98.40%

(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 2022-23 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 2019-20 through 2023-24.

COMMUNITY REDEVELOPMENT AGENCY (CRA) PROJECTS IN THE COUNTY OF LOS ANGELES FULL CASH VALUE AND TAX ALLOCATIONS FISCAL YEARS 2019-20 THROUGH 2023-24		
Fiscal Year	**Full Cash Value Increments (1)**	**Total Tax Allocations (2)**
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	2,272,777,323
2022-23	265,699,780,678	2,377,926,942
2023-24	282,248,200,705	1,977,924,720 (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 2023 through April 2024.

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.

2023-24 Tax and Revenue Anticipation Notes

Pursuant to California law and a resolution adopted by the Board of Supervisors on May 16, 2023, the County issued the 2023-24 TRANs with an aggregate principal amount of $700,000,000 due on June 30, 2024. The 2023-24 TRANs are general obligations of the County attributable to Fiscal Year 2023-24 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 2023-24, 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 2023-24 for the purpose of repaying the 2023-24 TRANs on the June 30, 2024 maturity date. The deposits to the Repayment Fund have been made in accordance with the following schedule:

COUNTY OF LOS ANGELES
2023-24 TAX AND REVENUE ANTICIPATION NOTES
SCHEDULE OF DEPOSITS TO REPAYMENT FUND*

Deposit Date	Deposit Amount
December, 2023	$315,000,000
January, 2024	315,000,000
April, 2024	104,513,889
Total	$734,513,889

* Includes $700,000,000 of 2023-24 TRANs principal and 5.00% 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 2018-19 to Fiscal Year 2022-23.

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

	2018-19	2019-20	2020-21	2021-22	2022-23
Property Taxes	$ 5,863,749	$ 6,114,188	$ 6,632,057	$ 6,757,307	$ 7,488,759
Other Taxes	237,801	217,568	227,840	293,548	271,809
Licenses, Permits and Franchises	63,675	69,060	65,989	71,281	73,784
Fines, Forfeitures and Penalties	182,212	195,093	147,618	166,194	175,622
Investment and Rental Income	279,386	247,094	143,986	149,077	362,993
State In-Lieu Taxes	174,428	339,802	(101,848)	407,236	364,801
State Homeowner Exemptions	18,797	18,536	18,382	18,419	18,299
Charges for Current Services	1,937,848	2,301,629	3,042,996	2,606,320	2,832,406
Other Revenue*	1,057,288	1,106,808	1,525,749	1,264,482	1,504,348
TOTAL UNRESTRICTED RECEIPTS	$ 9,815,184	$ 10,609,778	$ 11,702,769	$ 11,733,864	$ 13,092,821

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 2022-23 and Fiscal Year 2023-24.

General Fund Cash Flow Statements

The Fiscal Year 2022-23 and Fiscal Year 2023-24 General Fund Cash Flow Statements are provided at the end of this Financial Summary Section. In Fiscal Year 2022-23, the County had an ending General Fund cash balance of $4.709 billion. For Fiscal Year 2023-24, the County is estimating an ending General Fund cash balance of $2.322 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, 2024, 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	$ 23.233
Schools and Community Colleges	30.791
Discretionary Participants	3.597
Total	$ 57.621

Of these entities, the discretionary participants accounted for 6.24% 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 19, 2024, reaffirmed the following criteria and order of priority for selecting investments:

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

The Treasurer prepares a monthly Report of Investments (the Investment Report) summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors. According to the Investment Report dated April 30, 2024, the March 31, 2024 book value of the Treasury Pool was approximately $57.621 billion and the corresponding market value was approximately $55.291 billion.

The County maintains a strong system of internal controls for monitoring the cash accounting and investment process. The Treasurer's Compliance Auditor, who operates independently from the Investment Officer, reconciles cash and investments to fund balances daily. The Compliance Auditor's staff also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. On a quarterly basis, the County's outside independent auditor (External Auditor) reviews the cash and investment reconciliations for completeness and accuracy. Additionally, the External Auditor reviews investment transactions on a quarterly basis for conformance with the approved Investment Policy and annually accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of March 31, 2024:

Type of Investment	% of Pool
Certificates of Deposit	4.17
U.S. Government and Agency Obligations	67.01
Bankers Acceptances	0.00
Commercial Paper	28.73
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, 2024, approximately 34.58% of the investments mature within 60 days, with an average of 686 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, 2023, 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 2023-24 Final Adopted Budget included an available General Fund balance of $3,764,489,000 as of June 30, 2023.

The amounts presented for the General Fund in accordance with GAAP are based on the modified accrual basis of accounting and differ from the amounts presented on the budgetary basis of accounting. The major areas of difference are described as follows:

- For budgetary purposes, nonspendable, restricted, committed and assigned fund balances and the portion of unassigned fund balance reserved for the "Rainy Day" fund are recorded as other financing uses at the time they are established. The County recognizes them as uses of budgetary fund balance. The nonspendable, restricted, committed, and assigned fund balances that are subsequently cancelled or otherwise made available are recorded as changes in fund balance from other financing sources.

- Under the budgetary basis of accounting, revenues (primarily intergovernmental) are recognized at the time encumbrances are established for certain programs and capital improvements. The intent of the budgetary policy is to match the use of budgetary resources (for amounts encumbered but not yet expended) with funding sources that will materialize as revenues when actual expenditures are incurred. Under the modified accrual basis, revenues are not recognized until the qualifying expenditures are incurred and amounts are collected within the County's availability period.

- General Fund obligations for accrued compensated absences and estimated liabilities for litigation and self-insurance are recorded as budgetary expenditures to the extent that they are estimated to be payable within a one-year period after the fiscal year end. Under the modified accrual basis of accounting, such expenditures are not recognized until they become due and payable in accordance with GASB Interpretation No. 6.

- In conjunction with the sale of the 2006 Tobacco Bonds in Fiscal Year 2005-06, the County sold a portion of its future tobacco settlement revenues. Under the budgetary basis of accounting, the bond proceeds were recognized as revenues. Under the modified accrual basis of accounting, the bond proceeds were recorded as deferred inflows of resources and were being recognized over the duration of the sale agreement, in accordance with GASB Statements No. 48 and No. 65. This matter is discussed in further detail in Note 11 to the 2022-23 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, 2023.

The tables below provide a reconciliation of the General Fund's June 30, 2023 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 2018-19 to Fiscal Year 2022-23.

COUNTY OF LOS ANGELES
GENERAL FUND
RECONCILIATION OF FUND BALANCE FROM BUDGETARY TO GAAP BASIS
JUNE 30, 2023 (in thousands of $)

Unassigned Fund Balance - Budgetary Basis	$3,764,489
Adjustments:	
Accrual of budgetary liabilities for litigation and self-insurance claims not required by GAAP	328,909
Change in receivables for health insurers rebates held in LACERA OPEB Custodial Fund	231,550
Accrual of liabilities for accrued compensated absences not required by GAAP	105,873
Change in revenue accruals	(214,251)
Deferral of property tax receivables	(104,264)
Deferral of sale of tobacco settlement revenue	(183,207)
Change in fair value of Investments	(503,629)
Nonspendable long-term receivable	109
Reserve for "Rainy Day" Fund	854,920
Unassigned Fund Balance - GAAP Basis	$4,280,499

COUNTY OF LOS ANGELES
BALANCE SHEET AT JUNE 30, 2019, 2020, 2021, 2022, and 2023
GENERAL FUND-GAAP BASIS (in thousands of $)

	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
ASSETS					
Pooled Cash and Investments	$ 4,234,098	$ 5,027,623	$ 7,656,800	$ 9,550,790	$ 9,934,126
Other Investments	3,973	3,678	3,351	2,988	2,588
Taxes Receivable	190,819	260,740	243,220	262,404	273,191
Lease Receivable*				1,864,647	1,833,620
Other Receivables	2,466,846	3,579,508	3,415,900	3,469,989	3,829,493
Due from Other Funds	757,525	872,764	600,132	875,872	836,933
Advances to Other Funds	634,848	77,748	18,084	18,221	17,738
Inventories	58,050	66,482	117,370	163,736	137,240
Total Assets	$ 8,346,159	$ 9,888,543	$ 12,054,857	$ 16,208,647	$ 16,864,929
LIABILITIES					
Accounts Payable	$ 636,560	$ 790,780	$ 684,009	$ 627,573	$ 712,573
Accrued Payroll	445,506	457,444	481,556	489,407	523,652
Other Payables	165,114	91,569	94,890	31,838	163,099
Due to Other Funds	212,300	246,092	489,473	346,213	345,155
Advances Payable	1,812,610	3,073,192	4,500,312	6,225,152	5,979,531
Third-Party Payor Liability	56,297	92,105	181,002	289,706	195,652
Total Liabilities	$ 3,328,387	$ 4,751,182	$ 6,431,242	$ 8,009,889	$ 7,919,662
DEFERRED INFLOWS OF RESOURCES	$ 583,763	$ 618,557	$ 689,891	$ 2,581,104	$ 2,462,210
FUND BALANCES					
Nonspendable	$ 311,958	$ 126,630	$ 225,233	$ 284,841	$ 263,367
Restricted	79,210	83,372	55,061	64,516	77,629
Committed	780,517	594,193	597,337	759,944	832,792
Assigned	620,773	696,775	790,573	774,267	1,028,770
Unassigned	2,641,551	3,017,834	3,265,520	3,734,086	4,280,499
Total Fund Balances	$ 4,434,009	$ 4,518,804	$ 4,933,724	$ 5,617,654	$ 6,483,057
Total Liabilities, Deferred Inflow s of Resources, and Fund Balances	$ 8,346,159	$ 9,888,543	$ 12,054,857	$ 16,208,647	$ 16,864,929

Sources: Annual Comprehensive Financial Reports for fiscal years ended June 30, 2019, 2020, 2021, 2022, and 2023.
*The County implemented GASB Statement 87 “Leases” in FY 2021-22. As of June 30, 2022, Lease Receivable is reported in the new required GASB 87 format.

COUNTY OF LOS ANGELES
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND-GAAP BASIS FISCAL YEARS 2018-19 THROUGH 2022-23 (in thousands of $)

	2018-19	2019-20	2020-21	2021-22	2022-23
REVENUES:					
Taxes	$ 6,034,742	$ 6,321,404	$ 6,894,825	$ 7,161,038	$ 7,643,986
Licenses, Permits & Franchises	63,538	70,299	63,193	70,654	72,609
Fines, Forfeitures and Penalties	187,979	184,798	163,163	173,404	176,923
Use of Money and Property	366,116	256,737	77,633	(176,046)	369,173
Aid from Other Government	10,224,347	10,932,846	12,957,099	12,664,511	13,804,835
Charges for Services	2,505,049	2,964,007	2,909,960	2,728,979	2,908,286
Miscellaneous Revenues	169,320	248,008	217,269	240,128	245,625
TOTAL	$ 19,551,091	$ 20,978,099	$ 23,283,142	$ 22,862,668	$ 25,221,437
EXPENDITURES					
General	$ 1,284,824	$ 1,504,452	$ 1,807,937	$ 1,193,470	$ 1,870,449
Public Protection	5,893,865	6,130,313	6,149,194	6,330,770	6,720,622
Health and Sanitation	5,065,138	5,727,283	5,968,030	6,380,309	6,468,543
Public Assistance	6,501,712	6,893,502	7,898,985	7,555,772	8,549,336
Recreation and Cultural Services	386,217	407,052	398,537	427,224	477,197
Debt Service	37,519	35,596	31,172	143,214	186,397
Capital Outlay	1,586	1,052	1,134	58,841	341,816
Total	$ 19,170,861	$ 20,699,250	$ 22,254,989	$ 22,089,600	$ 24,614,360
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 380,230	$ 278,849	$ 1,028,153	$ 773,068	$ 607,077
OTHER FINANCING SOURCES (USES):					
Operating Transfers from (to) Other Funds-Net	$ 155,233	$ (196,378)	$ (616,679)	$ (149,735)	$ (84,670)
Sales of Capital Assets	1,769	1,272	2,312	1,756	1,180
Leases*	1,586	1,052	1,134	58,841	280,778
Subscriptions**					61,038
OTHER FINANCING SOURCES (USES)-Net	$ 158,588	$ (194,054)	$ (613,233)	$ (89,138)	$ 258,326
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	538,818	84,795	414,920	683,930	865,403
Beginning Fund Balance	3,895,191	4,434,009	4,518,804	4,933,724	5,617,654
Ending Fund Balance	$ 4,434,009	$ 4,518,804	$ 4,933,724	$ 5,617,654	$ 6,483,057

Sources: Annual Comprehensive Financial Reports for fiscal years ended June 30, 2019, 2020, 2021, 2022, and 2023.
* The County implemented GASB 87-Leases in FY 2021-22. As of June 30, 2022, Leases Other Financing Uses is reported in the new GASB 87 format.
** The County implemented GASB Statement 96 “Subscription Based IT Arrangements” in FY 2022-23. As of June 30, 2023, Subscriptions Other Financing Uses is reported in the new required GASB 96 format.

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
FUNDS AVAILABLE FOR INTRAFUND BORROWING

2022-23: 12 MONTHS ACTUAL
2023-24: 10 MONTHS ACTUAL

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
AVERAGE DAILY BALANCES: Fiscal Year 2022-23
FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of $)

	July 2022	August 2022	September 2022	October 2022	November 2022	December 2022
PROPERTY TAX GROUP						
Tax Collector Trust Fund	$ 123,881	$ 57,792	$ 65,183	$ 654,873	$ 2,487,412	$ 3,198,666
Auditor Unapportioned Property Tax	754,818	158,243	88,057	134,026	1,168,825	3,991,430
Unsecured Property Tax	209,706	189,491	197,994	237,215	179,575	110,323
Miscellaneous Fees & Taxes	386	418	395	397	391	340
State Redemption Fund	31,588	54,951	71,304	101,246	53,529	39,669
Education Revenue Augmentation	80,885	73,388	122,252	122,252	145,017	611,854
State Reimbursement Fund	0	0	0	0	399	9,233
Vehicle License Fee Replacement Fund	0	119,500	137,204	137,204	137,204	241,843
Property Tax Rebate Fund	4,045	17,875	18,579	21,164	21,389	13,405
Utility User Tax Trust Fund	1,230	1,073	3,787	8,185	12,984	10,192
Subtotal	$ 1,206,539	$ 672,731	$ 704,755	$ 1,416,562	$ 4,206,725	$ 8,226,955
VARIOUS TRUST GROUP						
Departmental Trust Fund	$ 565,690	$ 461,420	$ 444,169	$ 465,091	$ 505,035	$ 482,621
Non-County Entities Trust Fund	51,276	72,098	88,470	90,838	92,280	91,006
Payroll Revolving Fund	70,019	68,251	71,297	87,811	72,971	74,975
Asset Development Fund	53,056	52,781	52,757	53,054	53,099	50,002
Productivity Investment Fund	7,198	7,046	6,828	6,343	6,113	6,054
Motor Vehicle Capital Outlays	749	749	749	749	4,037	7,039
Civic Center Parking	181	230	254	351	218	260
Reporters Salary Fund	354	313	472	460	434	322
Cable TV Franchise Fund	16,437	15,969	16,299	16,383	15,896	16,146
Megaflex Long-Term Disability	10,238	10,140	10,052	10,136	9,989	9,994
Megaflex Long-Term Disability & Health	15,260	15,348	15,442	15,521	15,614	15,703
Megaflex Short-Term Disability	80,911	81,696	82,219	82,775	83,367	83,958
Subtotal	$ 871,369	$ 786,041	$ 789,008	$ 829,512	$ 859,053	$ 838,080
HOSPITAL GROUP						
Harbor-UCLA Medical Center	$ 188,583	$ 84,118	$ 90,427	$ 162,013	$ 146,075	$ 74,676
Olive View-UCLA Medical Center	105,968	73,818	15,706	60,935	43,230	7,721
LAC+USC Medical Center	184,319	103,770	18,077	102,648	75,852	3,112
Rancho Los Amigos Rehab Center	142,307	94,986	114,837	119,731	111,411	92,205
Health Services - Harbor-UCLA Medical Center	175,000	175,000	175,069	175,211	175,441	175,721
Subtotal	$ 796,177	$ 531,692	$ 414,116	$ 620,538	$ 552,009	$ 353,435
GRAND TOTAL	**$ 2,874,085**	**$ 1,990,464**	**$ 1,907,879**	**$ 2,866,612**	**$ 5,617,787**	**$ 9,418,470**

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	
						PROPERTY TAX GROUP
$ 1,377,907	$ 665,330	$ 1,110,893	$ 3,898,615	$ 470,895	$ 254,986	**Tax Collector Trust Fund**
1,838,083	1,282,135	1,021,830	1,885,402	1,651,008	284,709	**Auditor Unapportioned Property Tax**
101,595	82,896	68,709	60,646	80,844	120,844	**Unsecured Property Tax**
398	417	400	397	385	367	**Miscellaneous Fees & Taxes**
36,875	27,915	26,771	25,892	20,159	25,985	**State Redemption Fund**
709,902	585,926	51,154	398,628	293,200	222,217	**Education Revenue Augmentation**
17,550	720	720	3,516	16,858	7,458	**State Reimbursement Fund**
698,320	166,087	828,360	888,052	877,825	0	**Vehicle License Fee Replacement Fund**
11,511	14,032	26,483	34,660	26,124	17,149	**Property Tax Rebate Fund**
13,358	15,536	15,681	21,062	16,776	12,124	**Utility User Tax Trust Fund**
$ 4,805,499	$ 2,840,994	$ 3,151,001	$ 7,216,870	$ 3,454,074	$ 945,839	**Subtotal**
						VARIOUS TRUST GROUP
$ 631,324	$ 635,389	$ 745,141	$ 633,082	$ 579,836	$ 519,254	**Departmental Trust Fund**
90,884	106,502	102,265	103,802	110,797	112,503	**Non-County Entities Trust Fund**
100,531	61,240	64,037	74,807	65,631	58,631	**Payroll Revolving Fund**
20,931	20,967	21,127	21,881	22,175	22,293	**Asset Development Fund**
5,990	5,850	7,279	9,692	9,646	8,692	**Productivity Investment Fund**
7,039	7,039	7,017	6,971	6,962	6,943	**Motor Vehicle Capital Outlays**
230	128	57	206	207	190	**Civic Center Parking**
287	300	387	295	400	439	**Reporters Salary Fund**
16,089	15,699	15,879	15,732	15,499	15,915	**Cable TV Franchise Fund**
10,111	9,966	10,058	10,136	10,083	10,199	**Megaflex Long-Term Disability**
15,812	15,822	15,780	15,893	15,983	16,065	**Megaflex Long-Term Disability & Health**
84,807	85,482	86,306	87,053	87,764	88,479	**Megaflex Short-Term Disability**
$ 984,035	$ 964,384	$ 1,075,333	$ 979,550	$ 924,983	$ 859,603	**Subtotal**
						HOSPITAL GROUP
$ 13,354	$ 15,699	$ 4,709	$ 328,171	$ 471,461	$ 416,831	**Harbor-UCLA Medical Center**
3,598	10,297	2,126	124,452	171,581	119,547	**Olive View-UCLA Medical Center**
(1,199)	28,850	11,479	168,123	208,914	214,290	**LAC + USC Medical Center**
70,877	23,996	(1,828)	124,200	194,838	177,923	**Rancho Los Amigos Rehab Center**
176,026	176,447	176,795	177,261	177,685	178,264	**Health Services - Harbor-UCLA Medical Center**
$ 262,656	$ 255,289	$ 193,281	$ 922,207	$ 1,224,479	$ 1,106,855	**Subtotal**
$ 6,052,190	**$ 4,060,667**	**$ 4,419,615**	**$ 9,118,627**	**$ 5,603,536**	**$ 2,912,297**	**GRAND TOTAL**

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
AVERAGE DAILY BALANCES: Fiscal Year 2023-24
FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of $)

	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023
PROPERTY TAX GROUP						
Tax Collector Trust Fund	$ 106,486	$ 67,570	$ 43,947	$ 723,413	$ 1,950,721	$ 4,879,179
Auditor Unapportioned Property Tax	428,303	203,377	166,735	249,448	2,061,666	2,762,255
Unsecured Property Tax	196,882	164,022	207,494	250,032	187,685	115,997
Miscellaneous Fees & Taxes	328	358	402	357	361	392
State Redemption Fund	31,048	60,058	60,762	68,411	32,540	34,542
Education Revenue Augmentation	22,878	71,863	0	0	22,825	615,370
State Reimbursement Fund	0	0	0	0	392	9,933
Vehicle License Fee Replacement Fund	0	50,039	192,489	192,489	192,489	214,371
Property Tax Rebate Fund	17,455	28,806	23,688	20,353	40,138	35,602
Utility User Tax Trust Fund	1,841	554	4,710	9,909	15,520	19,146
Subtotal	$ 805,221	$ 646,647	$ 700,227	$ 1,514,412	$ 4,504,337	$ 8,686,787
VARIOUS TRUST GROUP						
Departmental Trust Fund	$ 511,834	$ 560,562	$ 642,866	$ 683,350	$ 778,382	$ 708,233
Non-County Entities Trust Fund	97,403	84,114	84,656	81,384	78,177	69,328
Payroll Revolving Fund	77,803	65,843	65,686	84,484	60,090	61,112
Asset Development Fund	22,335	22,119	22,139	22,160	22,179	22,188
Productivity Investment Fund	9,178	9,399	9,119	9,100	8,287	8,294
Motor Vehicle Capital Outlays	6,930	6,930	6,918	6,479	6,356	6,249
Civic Center Parking	98	548	540	558	536	441
Reporters Salary Fund	313	402	379	540	700	530
Cable TV Franchise Fund	15,505	15,227	15,578	15,504	15,247	15,741
Megaflex Long-Term Disability	10,293	10,291	10,464	10,691	10,609	10,821
Megaflex Long-Term Disability & Health	16,170	16,249	16,351	16,453	16,539	16,647
Megaflex Short-Term Disability	89,041	89,560	90,027	90,718	91,232	92,046
Subtotal	$ 856,903	$ 881,244	$ 964,723	$ 1,021,421	$ 1,088,334	$ 1,011,630
HOSPITAL GROUP						
Harbor-UCLA Medical Center	$ 261,589	$ 155,995	$ 18,880	$ 55,635	$ 58,007	$ 9,287
Olive View-UCLA Medical Center	79,269	77,343	124,518	143,981	125,826	101,209
LAC+USC Medical Center	149,168	115,203	115,890	97,815	60,529	19,332
Rancho Los Amigos Rehab Center	188,217	139,786	61,133	31,056	26,714	12,695
Health Services - Harbor-UCLA Medical Center	178,928	179,468	179,909	180,360	180,966	181,520
Subtotal	$ 857,171	$ 667,795	$ 500,330	$ 508,847	$ 452,042	$ 324,043
GRAND TOTAL	**$ 2,519,295**	**$ 2,195,686**	**$ 2,165,280**	**$ 3,044,680**	**$ 6,044,713**	**$ 10,022,460**

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

January 2024	February 2024	March 2024	April 2024	Estimated May 2024	Estimated June 2024	
						PROPERTY TAX GROUP
$ 826,748	$ 640,990	$ 1,116,927	$ 2,879,009	$ 1,331,653	$ 178,866	**Tax Collector Trust Fund**
2,380,027	1,397,565	1,173,119	3,231,860	919,767	200,439	**Auditor Unapportioned Property Tax**
110,996	104,773	83,055	79,641	66,636	137,381	**Unsecured Property Tax**
451	366	380	402	6,462	9,503	**Miscellaneous Fees & Taxes**
25,212	22,231	21,465	24,180	20,743	27,078	**State Redemption Fund**
457,217	295,235	6,008	469,569	252,347	180,655	**Education Revenue Augmentation**
16,306	639	639	1,553	20,518	12,068	**State Reimbursement Fund**
916,902	390,414	816,377	830,863	769,802	0	**Vehicle License Fee Replacement Fund**
22,704	33,087	37,210	28,592	8,735	0	**Property Tax Rebate Fund**
17,390	21,345	26,792	31,421	12,157	12,220	**Utility User Tax Trust Fund**
$ 4,773,953	$ 2,906,645	$ 3,281,972	$ 7,577,090	$ 3,408,820	$ 758,210	**Subtotal**
						VARIOUS TRUST GROUP
$ 806,827	$ 721,071	$ 727,684	$ 732,185	$ 486,928	$ 538,356	**Departmental Trust Fund**
68,594	76,645	76,184	75,024	39,026	43,148	**Non-County Entities Trust Fund**
92,580	52,195	60,341	63,994	69,971	55,252	**Payroll Revolving Fund**
22,213	22,228	22,575	23,256	52,164	47,151	**Asset Development Fund**
8,291	8,299	8,030	7,855	8,275	6,430	**Productivity Investment Fund**
5,883	5,839	5,839	5,763	623	6,430	**Motor Vehicle Capital Outlays**
395	362	336	326	86	153	**Civic Center Parking**
554	438	359	179	565	443	**Reporters Salary Fund**
15,707	15,479	15,668	15,380	15,058	13,931	**Cable TV Franchise Fund**
10,927	10,988	11,123	11,206	11,550	15,960	**Megaflex Long-Term Disability**
16,773	16,879	16,796	16,901	13,933	9,973	**Megaflex Long-Term Disability & Health**
92,972	93,637	94,432	95,240	70,034	46,411	**Megaflex Short-Term Disability**
$ 1,141,716	$ 1,024,060	$ 1,039,367	$ 1,047,309	$ 768,213	$ 783,638	**Subtotal**
						HOSPITAL GROUP
$ 3,582	$ 38,793	$ 56,448	$ 220,541	$ 0	$ 0	**Harbor-UCLA Medical Center**
64,551	39,803	15,223	117,677	0	0	**Olive View-UCLA Medical Center**
3,368	51,762	60,103	210,800	0	0	**LAC + USC Medical Center**
1,054	8,423	1,636	82,919	0	0	**Rancho Los Amigos Rehab Center**
182,074	182,672	183,049	183,549	0	0	**Health Services - Harbor-UCLA Medical Center**
$ 254,629	$ 321,453	$ 316,459	$ 815,486	$ 0	$ 0	**Subtotal**
$ 6,170,298	**$ 4,252,158**	**$ 4,637,798**	**$ 9,439,885**	**$ 4,177,033**	**$ 1,541,848**	**GRAND TOTAL**

COUNTY OF LOS ANGELES

CALIFORNIA

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW STATEMENTS

2022-23: 12 MONTHS ACTUAL
2023-24: 10 MONTHS ACTUAL

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR 2022-23
(in thousands of $)

	July 2022	August 2022	September 2022	October 2022	November 2022	December 2022
BEGINNING BALANCE	$ 3,256,071	$ 3,532,192	$ 3,237,406	$ 2,848,231	$ 2,487,260	$ 1,778,473
RECEIPTS						
Property Taxes	$ 180,439	$ 152,717	$ 0	$ 0	$ 56,075	$ 1,752,595
Other Taxes	21,654	24,225	17,713	15,295	19,684	23,968
Licenses, Permits & Franchises	5,630	3,366	5,310	2,141	4,555	3,527
Fines, Forfeitures & Penalties	38,592	21,932	6,182	6,695	13,410	5,195
Investment and Rental Income	13,860	17,161	17,490	22,326	31,448	21,212
Motor Vehicle (VLF) Realignment	(61,204)	49,291	52,329	35,028	37,473	38,078
Sales Taxes - Proposition 172	97,293	79,430	74,978	78,001	93,864	79,397
1991 Program Realignment	11,820	0	85,900	88,294	100,796	89,277
Other Intergovernmental Revenue**	398,333	576,188	346,374	203,813	118,105	374,653
Charges for Current Services	241,802	334,094	123,691	336,622	151,686	174,023
Other Revenue & Tobacco Settlement	158,882	284,193	25,129	99,109	97,571	110,987
Transfers & Reimbursements	174,741	3,373	0	2,524	12,687	17,889
Hospital Loan Repayment*	0	0	0	0	0	0
Welfare Advances	292,656	152,527	650,254	646,352	541,324	651,539
Other Financing Sources/MHSA	145,133	107,192	0	28,972	14,616	92,632
Intrafund Borrowings	0	0	0	0	0	0
TRANs Sold	900,000	0	0	0	0	0
Total Receipts	$ 2,619,631	$ 1,805,689	$ 1,405,350	$ 1,565,172	$ 1,293,294	$ 3,434,972
DISBURSEMENTS						
Welfare Warrants	$ 217,824	$ 247,758	$ 236,989	$ 259,897	$ 256,235	$ 257,123
Salaries	654,680	590,070	577,856	594,389	621,512	622,102
Employee Benefits	402,902	398,864	420,155	396,251	407,237	467,339
Vendor Payments	847,862	644,225	481,055	531,821	657,069	549,643
Loans to Hospitals*	0	0	0	0	0	0
Hospital Subsidy Payments	0	175,565	62,362	0	9,002	83,976
Transfer Payments	220,242	43,993	16,108	143,785	51,026	120,803
TRANs Pledge Transfer	0	0	0	0	0	405,000
Intrafund Repayment	0	0	0	0	0	0
Total Disbursements	$ 2,343,510	$ 2,100,475	$ 1,794,525	$ 1,926,143	$ 2,002,081	$ 2,505,986
ENDING BALANCE	**$ 3,532,192**	**$ 3,237,406**	**$ 2,848,231**	**$ 2,487,260**	**$ 1,778,473**	**$ 2,707,459**
Borrowable Resources (Avg. Balance)	$ 2,874,085	$ 1,990,464	$ 1,907,879	$ 2,866,612	$ 5,617,787	$ 9,418,470
Total Cash Available	**$ 6,406,277**	**$ 5,227,870**	**$ 4,756,110**	**$ 5,353,872**	**$ 7,396,260**	**$ 12,125,929**

* The net change in the outstanding Hospital Loan Balance is negative $1.00 and can be calculated by subtracting the "Hospital Loan Repayment" Receipt from the "Loans to Hospitals" Disbursement shown above.

** Includes COVID-19 Revenues

	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	Total 2022-23
BEGINNING BALANCE	$ 2,707,459	$ 3,077,444	$ 2,651,622	$ 1,931,765	$ 3,134,261	$ 4,069,262	
RECEIPTS							
Property Taxes	$ 1,792,409	$ 266,101	$ 23,809	$ 1,287,461	$ 1,516,323	$ 460,830	$ 7,488,759
Other Taxes	19,979	27,443	13,659	19,904	37,265	31,020	271,809
Licenses, Permits & Franchises	4,219	4,231	9,851	15,522	12,234	3,198	73,784
Fines, Forfeitures & Penalties	5,320	19,257	14,057	6,766	30,103	8,113	175,622
Investment and Rental Income	24,885	39,220	34,602	39,218	45,879	55,692	362,993
Motor Vehicle (VLF) Realignment	34,963	41,242	46,109	52,025	8,196	31,271	364,801
Sales Taxes - Proposition 172	76,678	101,128	69,367	68,864	87,590	74,725	981,315
1991 Program Realignment	78,319	102,020	69,981	123,563	87,727	74,842	912,539
Other Intergovernmental Revenue**	296,042	517,595	507,161	388,214	533,482	614,177	4,874,137
Charges for Current Services	309,890	144,982	120,557	434,190	247,499	213,370	2,832,406
Other Revenue & Tobacco Settlement	24,255	150,375	144,389	186,247	27,043	196,168	1,504,348
Transfers & Reimbursements	7,269	6,724	56,464	3,560	11,055	220,334	516,620
Hospital Loan Repayment*	0	0	0	214,915	0	0	214,915
Welfare Advances	491,553	510,091	598,572	647,988	482,088	631,758	6,296,702
Other Financing Sources/MHSA	43,153	1,950	24,160	48,058	37,652	151,813	695,331
Intrafund Borrowings	0	0	0	0	0	0	0
TRANs Sold	0	0	0	0	0	0	900,000
Total Receipts	$ 3,208,934	$ 1,932,359	$ 1,732,738	$ 3,536,495	$ 3,164,136	$ 2,767,311	$ 28,466,081
DISBURSEMENTS							
Welfare Warrants	$ 266,516	$ 698,180	$ 328,141	$ 318,077	$ 323,043	$ 332,950	$ 3,742,733
Salaries	669,884	619,212	603,658	630,755	604,399	605,938	7,394,455
Employee Benefits	438,915	413,697	445,052	406,583	412,322	446,399	5,055,716
Vendor Payments	647,822	504,535	590,919	669,751	764,455	595,829	7,484,986
Loans to Hospitals*	0	0	188,480	26,434	0	0	214,914
Hospital Subsidy Payments	189,029	91,203	233,730	1,612	(1,289)	125,220	970,410
Transfer Payments	221,783	31,354	62,615	154,887	126,205	21,677	1,214,478
TRANs Pledge Transfer	405,000	0	0	125,900	0	0	935,900
Intrafund Repayment	0	0	0	0	0	0	0
Total Disbursements	$ 2,838,949	$ 2,358,181	$ 2,452,595	$ 2,333,999	$ 2,229,135	$ 2,128,013	$ 27,013,592
ENDING BALANCE	**$ 3,077,444**	**$ 2,651,622**	**$ 1,931,765**	**$ 3,134,261**	**$ 4,069,262**	**$ 4,708,560**	
Borrowable Resources (Avg. Balance)	$ 6,052,190	$ 4,060,667	$ 4,419,615	$ 9,118,627	$ 5,603,536	$ 2,912,297	
Total Cash Available	**$ 9,129,634**	**$ 6,712,289**	**$ 6,351,380**	**$ 12,252,888**	**$ 9,672,798**	**$ 7,620,857**	

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR 2023-24
(in thousands of $)

	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023
BEGINNING BALANCE	$ 4,708,560	$ 4,554,113	$ 4,095,301	$ 3,706,239	$ 2,686,005	$ 2,124,984
RECEIPTS						
Property Taxes	$ 73,588	$ 164,371	$ 0	$ 0	$ 66,681	$ 1,854,399
Other Taxes	15,959	21,934	16,874	15,730	18,261	22,824
Licenses, Permits & Franchises	7,177	6,958	5,029	4,360	3,208	6,558
Fines, Forfeitures & Penalties	34,778	27,308	7,263	7,371	15,913	6,202
Investment and Rental Income	64,871	47,488	37,736	48,723	48,422	37,104
Motor Vehicle (VLF) Realignment	(71,104)	39,239	49,180	37,646	38,682	37,960
Sales Taxes - Proposition 172	98,400	73,780	75,443	78,123	91,086	77,131
1991 Program Realignment	104,770	0	81,172	83,910	118,269	82,147
Other Intergovernmental Revenue**	231,709	475,314	327,999	258,172	128,710	386,062
Charges for Current Services	178,277	317,235	239,691	83,379	375,363	136,973
Other Revenue & Tobacco Settlement	377,888	177,076	35,176	65,213	126,387	117,381
Transfers & Reimbursements	63,866	(7,873)	0	4,452	23,196	37,777
Hospital Loan Repayment*	0	0	0	0	0	0
Welfare Advances	399,845	184,129	662,240	651,472	448,766	714,580
Other Financing Sources/MHSA	594	215,785	0	23,112	660	23,660
Intrafund Borrowings	0	0	0	0	0	0
TRANs Sold	700,000	0	0	0	0	0
Total Receipts	$ 2,280,618	$ 1,742,744	$ 1,537,803	$ 1,361,663	$ 1,503,604	$ 3,540,758
DISBURSEMENTS						
Welfare Warrants	$ 253,242	$ 286,690	$ 277,173	$ 281,185	$ 275,396	$ 277,157
Salaries	631,592	640,738	617,751	631,516	637,894	660,870
Employee Benefits	413,282	431,411	472,479	501,123	429,443	437,654
Vendor Payments	934,794	733,138	537,577	776,751	703,178	467,496
Loans to Hospitals*	0	0	0	0	0	0
Hospital Subsidy Payments	0	68,675	7,035	37,437	0	98,465
Transfer Payments	202,155	40,904	14,850	153,885	18,714	30,772
TRANs Pledge Transfer	0	0	0	0	0	315,000
Intrafund Repayment	0	0	0	0	0	0
Total Disbursements	$ 2,435,065	$ 2,201,556	$ 1,926,865	$ 2,381,897	$ 2,064,625	$ 2,287,414
ENDING BALANCE	**$ 4,554,113**	**$ 4,095,301**	**$ 3,706,239**	**$ 2,686,005**	**$ 2,124,984**	**$ 3,378,328**
Borrowable Resources (Avg. Balance)	$ 2,519,295	$ 2,195,686	$ 2,165,280	$ 3,044,680	$ 6,044,713	$ 10,022,460
Total Cash Available	**$ 7,073,408**	**$ 6,290,987**	**$ 5,871,519**	**$ 5,730,685**	**$ 8,169,697**	**$ 13,400,788**

* 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 2024	February 2024	March 2024	April 2024	Estimated May 2024	Estimated June 2024	Total 2023-24	
$ 3,378,328	$ 3,717,922	$ 2,729,866	$ 2,190,831	$ 3,170,206	$ 3,355,299		**BEGINNING BALANCE**
							RECEIPTS
$ 1,859,920	$ 250,461	$ 19,831	$ 1,392,148	$ 1,473,249	$ 323,252	$ 7,477,900	Property Taxes
11,858	19,097	13,713	14,793	23,112	23,494	217,649	Other Taxes
2,743	6,231	13,407	18,524	6,561	3,410	84,166	Licenses, Permits & Franchises
7,085	22,562	15,752	7,434	17,631	5,776	175,075	Fines, Forfeitures & Penalties
40,882	63,965	46,773	53,721	44,588	37,910	572,183	Investment and Rental Income
38,294	55,393	59,939	39,335	12,876	3,206	340,646	Motor Vehicle (VLF) Realignment
75,534	103,924	68,998	64,899	88,463	75,470	971,251	Sales Taxes - Proposition 172
81,322	110,673	73,486	70,470	61,265	47,235	914,719	1991 Program Realignment
197,311	473,606	342,596	557,308	360,209	282,082	4,021,078	Other Intergovernmental Revenue**
292,388	(65,414)	149,300	613,737	86,514	221,436	2,628,879	Charges for Current Services
(7,617)	103,436	107,489	154,354	13,748	67,672	1,338,203	Other Revenue & Tobacco Settlement
3,853	3,409	2,285	5,702	111,315	112,600	360,582	Transfers & Reimbursements
0	0	0	0	0	0	0	Hospital Loan Repayment*
633,497	530,102	634,865	493,190	428,730	334,625	6,116,041	Welfare Advances
10,384	22,788	115,494	81,377	109,719	141,253	744,826	Other Financing Sources/MHSA
0	0	0	0	0	0	0	Intrafund Borrowings
0	0	0	0	0	0	700,000	TRANs Sold
$ 3,247,454	$ 1,700,233	$ 1,663,928	$ 3,566,992	$ 2,837,979	$ 1,679,422	$ 26,663,198	Total Receipts
							DISBURSEMENTS
$ 274,858	$ 782,941	$ 334,492	$ 332,574	$ 454,884	$ 455,182	$ 4,285,774	Welfare Warrants
715,163	655,996	650,658	672,484	703,811	716,981	7,935,454	Salaries
484,987	468,204	470,743	439,129	482,274	480,001	5,510,730	Employee Benefits
748,470	649,551	634,625	929,721	825,291	833,606	8,774,198	Vendor Payments
0	0	0	0	0	0	0	Loans to Hospitals*
267,085	119,258	82,264	0	0	90,159	770,378	Hospital Subsidy Payments
102,297	12,339	30,181	109,195	186,626	136,307	1,038,225	Transfer Payments
315,000	0	0	104,514	0	0	734,514	TRANs Pledge Transfer
0	0	0	0	0	0	0	Intrafund Repayment
$ 2,907,860	$ 2,688,289	$ 2,202,963	$ 2,587,617	$ 2,652,886	$ 2,712,236	$ 29,049,273	Total Disbursements
$ 3,717,922	**$ 2,729,866**	**$ 2,190,831**	**$ 3,170,206**	**$ 3,355,299**	**$ 2,322,485**		**ENDING BALANCE**
$ 6,170,298	$ 4,252,158	$ 4,637,798	$ 9,439,885	$ 4,177,033	$ 1,541,848		Borrowable Resources (Avg. Balance)
$ 9,888,220	**$ 6,982,024**	**$ 6,828,629**	**$ 12,610,091**	**$ 7,532,332**	**$ 3,864,333**		**Total Cash Available**

COUNTY OF LOS ANGELES
CALIFORNIA

DEBT SUMMARY

INTRODUCTION

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

OUTSTANDING OBLIGATIONS

As of July 1, 2023, approximately $2.510 billion of long-term obligations were outstanding. The General Fund is responsible for repayment of $1.355 billion of the outstanding debt. Revenues from Special Districts/Special Funds, Courthouse Construction Funds, and Hospital Enterprise Funds secure the remaining $1.155 billion of outstanding obligations.

The table below identifies the funding sources for the County's debt payments due in 2023-24.

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

2023-24 Payments

Funding Source	2023-24 Payment
Total 2023-24 Payment Obligations	$185,220,533
Less: Sources of Non-General Fund Entities:	
Hospital Enterprise Funds	72,613,726
Courthouse Construction Funds	14,985,583
Special Districts/Special Funds	3,246,406
Net 2023-24 General Fund Obligations	$94,374,817

Source: Los Angeles County Auditor-Controller

As of May 1, 2024, the County has $979.98 million of outstanding short-term obligations, which includes $700 million in TRANs and $279.976 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, 2024 (in thousands)

Type of Obligation	Outstanding Principal
Total County	
Short-Term Obligations:	
Tax and Revenue Anticipation Notes	$700,000
Lease Revenue Notes	279,976
Long-Term Obligations	2,510,175
Total Outstanding Principal	$3,490,151

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 16, 2023, the County issued $700 million of TRANs for Fiscal Year 2023-24 on July 3, 2023. The 2023-24 TRANs will mature on June 28, 2024. 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 2023-24, in the amounts, and on the dates specified in the Financial Summary Section under the heading "2023-24 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, 2024, there are $15.0 million of BANs 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, 2024, $279.976 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 July 31, 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. The County is currently working on a restructured Note Program to support the issuance of commercial paper notes in the aggregate principal amount of $750 million, which would represent an increase of $150 million from the current Note Program. The restructured Note Program is expected to close in July 2024.

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, 2023, $2.510 billion of 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 2023-24 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") decreased from 0.138% in Fiscal Year 2022-23 to 0.126% in Fiscal Year 2023-24. 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
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%
2022-23	2,600,100,299	1,885,551,795,750	0.138%
2023-24	2,510,175,253	1,997,002,740,659	0.126%

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 $319.80 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 $349.58 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 $101.97 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 $85.0 million as of May 1, 2024.

2018 Vermont Corridor Project

The County, working in conjunction with the Los Angeles County Development Authority (previously known as the Community Development Commission of the County of Los Angeles), is developing County-owned property in the area known as the "Vermont Corridor" in the City of Los Angeles. The original plan for the Vermont Corridor Project included the development of three sites in the Vermont Corridor area: 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. In July 2018, the County financed the Site 1 project with the issuance of $302.4 million of lease revenue bonds through a not-for-profit special purpose entity, Los Angeles County Facilities, Inc. (LACF), which served as the construction and facility manager for the project. Construction of the Site 1 facility was completed in October 2021.

2019 Lease Revenue Bonds

On August 29, 2019, the County issued $251.89 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 $363.23 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 $280.11 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 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 $61.17 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 $53.63 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 $10.17 million or 14.6% net present value savings to the County General Fund and have a final maturity on December 1, 2037.

2024 Vermont Corridor Project

In June 2022, the Board of Supervisors adopted a change in scope of development for Site 2 of the Vermont Corridor Project from mixed-use, market-rate housing to an approximately 243,000-square-foot County administrative office building by renovating, expanding and demolishing existing County-owned facilities in the Vermont Corridor area. The County intends to issue lease revenue bonds through Los Angeles County Facilities 2, Inc. (LACF2) sometime in the third quarter of 2024, the proceeds of which will be used to finance the guaranteed maximum construction cost of $210.0 million for the Site 2 Vermont Corridor Project. Similar to the 2018 Vermont Corridor Project, LACF2 will serve as the construction and facility manager for the project. The financing for the 2024 Vermont Corridor Project is expected to be approved by the Board of Supervisors in June 2024.

COUNTY OF LOS ANGELES
DEBT SUMMARY TABLES

REPORTS AS OF JULY 1, 2023

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, 2024

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, 2023

Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Total Annual Debt Service
2023-24	$ 94,374,817	$ 72,613,726	14,985,583	$ 3,246,406	$ 185,220,533
2024-25	94,369,801	72,591,506	14,971,366	3,265,031	185,197,704
2025-26	94,355,952	72,573,289	14,968,875	3,269,656	185,167,772
2026-27	94,341,588	72,570,666	14,959,875	3,266,156	185,138,285
2027-28	94,249,641	72,569,138	14,947,750	3,264,531	185,031,060
2028-29	94,057,381	72,555,148	14,945,875	3,274,281	184,832,685
2029-30	93,943,929	72,555,638	14,937,625	3,255,656	184,692,848
2030-31	93,936,610	72,539,554	8,340,500	3,248,906	178,065,570
2031-32	93,931,632	72,523,568	8,336,375	3,263,031	178,054,606
2032-33	93,923,712	72,524,260	6,115,375	3,252,906	175,816,254
2033-34	93,919,266	72,518,538	6,119,250	3,253,656	175,810,710
2034-35	92,738,479	72,504,686	-	3,254,781	168,497,946
2035-36	92,736,824	72,486,684	-	3,251,156	168,474,665
2036-37	92,727,013	72,481,512	-	3,252,531	168,461,057
2037-38	92,720,194	72,469,512	-	3,253,531	168,443,237
2038-39	87,849,469	72,447,162	-	3,258,781	163,555,413
2039-40	87,846,744	72,438,611	-	3,259,831	163,545,186
2040-41	87,834,535	72,429,324	-	3,256,756	163,520,616
2041-42	67,217,775	42,135,463	-	3,257,581	112,610,819
2042-43	67,219,825	42,137,363	-	3,261,806	112,618,994
2043-44	67,223,300	26,357,613	-	1,733,306	95,314,219
2044-45	67,218,500	26,348,488	-	1,738,731	95,305,719
2045-46	58,019,575	26,353,163	-	926,456	85,299,194
2046-47	42,114,900	26,349,563	-	927,481	69,391,944
2047-48	42,120,000	26,352,447	-	925,425	69,397,872
2048-49	42,112,475	26,350,475	-	930,366	69,393,316
2049-50	42,113,900	26,350,900	-	924,103	69,388,903
2050-51	38,775,325	13,910,959	-	551,263	53,237,547
2051-52	18,132,250	13,910,206	-	552,153	32,594,609
Total	$ 2,222,125,414	$ 1,601,949,159	$ 133,628,449	$ 74,376,259	$ 4,032,079,281

COUNTY OF LOS ANGELES
OUTSTANDING PRINCIPAL OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2023

Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Total Outstanding Principal
2023-24	$ 1,355,141,274	$ 1,002,523,979	$ 107,130,000	$ 45,380,000	$ 2,510,175,253
2024-25	1,322,016,881	975,704,914	97,130,000	44,280,000	2,439,131,795
2025-26	1,287,264,137	947,626,032	86,730,000	43,105,000	2,364,725,169
2026-27	1,250,777,669	918,162,966	75,825,000	41,865,000	2,286,630,636
2027-28	1,212,468,445	887,225,019	64,370,000	40,565,000	2,204,628,464
2028-29	1,172,316,801	854,730,545	52,340,000	39,200,000	2,118,587,346
2029-30	1,130,326,152	820,613,848	39,695,000	37,755,000	2,028,390,000
2030-31	1,086,316,720	784,778,280	26,410,000	36,255,000	1,933,760,000
2031-32	1,040,074,828	747,150,172	19,210,000	34,685,000	1,841,120,000
2032-33	991,565,098	707,634,902	11,645,000	33,020,000	1,743,865,000
2033-34	940,675,124	666,119,876	5,970,000	31,280,000	1,644,045,000
2034-35	887,199,529	622,510,471	-	29,450,000	1,539,160,000
2035-36	832,255,780	576,699,220	-	27,525,000	1,436,480,000
2036-37	774,636,347	528,568,653	-	25,505,000	1,328,710,000
2037-38	714,277,750	477,987,250	-	23,380,000	1,215,645,000
2038-39	651,156,190	424,923,810	-	21,145,000	1,097,225,000
2039-40	590,201,097	369,368,903	-	18,790,000	978,360,000
2040-41	526,533,169	311,251,831	-	16,315,000	854,100,000
2041-42	460,040,000	250,500,000	-	13,720,000	724,260,000
2042-43	411,575,000	217,925,000	-	10,995,000	640,495,000
2043-44	360,775,000	183,780,000	-	8,130,000	552,685,000
2044-45	307,525,000	164,175,000	-	6,690,000	478,390,000
2045-46	251,705,000	143,685,000	-	5,175,000	400,565,000
2046-47	202,610,000	122,255,000	-	4,420,000	329,285,000
2047-48	167,645,000	99,850,000	-	3,630,000	271,125,000
2048-49	131,405,000	76,505,000	-	2,810,000	210,720,000
2049-50	90,585,000	42,155,000	-	1,590,000	134,330,000
2050-51	54,855,000	27,105,000	-	1,075,000	83,035,000
2051-52	17,690,000	13,730,000	-	545,000	31,965,000

Source: Los Angeles County Treasurer and Tax Collector

COUNTY OF LOS ANGELES
FISCAL YEAR DEBT SERVICE OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2023

Title	Total Debt Service	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds
Long-Term Obligations					
2010 Lease Revenue Bonds, Series B (Taxable):					
Coroners Expansion/ Refurbishment	$ 1,893,916	$ 1,893,916			
Patriotic Hall Renovation	3,058,334	3,058,334			
Hall of Justice Rehabilitation	15,788,702	15,788,702			
Olive View Medical Center ER/TB Unit	3,523,999		$ 3,523,999		
Olive View Medical Center Seismic	1,451,749		1,451,749		
Harbor/UCLA Surgery/ Emergency	22,083,020		22,083,020		
Harbor/UCLA Seismic Retrofit	3,405,296		3,405,296		
Total 2010 Lease Revenue Bonds, Series B (Taxable)	$ 51,205,015	$ 20,740,952	$ 30,464,064	$ 0	$ 0
2011 High Desert Solar Complex (Taxable)	$ 401,997	$ 401,997			
2015 Lease Revenue Bonds, Series A					
Zev Yaroslavsky Family Support Center	$ 9,197,250	$ 9,197,250			
Manhattan Beach Library	807,125				$ 807,125
Total 2015 Lease Revenue Bonds, Series A	$ 10,004,375	$ 9,197,250	$ 0	$ 0	$ 807,125
2015 Lease Revenue Refunding Bonds, Series B					
LAX Area Courthouse	$ 2,533,000			$ 2,533,000	
Chatsworth Courthouse	2,124,500			2,124,500	
Total 2015 Lease Revenue Refunding Bonds, Series B	$ 4,657,500	$ 0	$ 0	$ 4,657,500	$ 0
2015 Lease Revenue Refunding Bonds, Series C					
Michael D. Antonovich Antelope Valley Courthouse	$ 10,328,083			$ 10,328,083	
2016 Lease Revenue Bonds, Series D					
Martin Luther King Inpatient Tower	$ 15,906,094	$ 15,906,094			
2018 Lease Revenue Bonds					
Vermont Corridor Administration Building, Series A	19,299,825	19,299,825			
2019 Lease Revenue Bonds, Series E-1					
East Antelope Valley Animal Shelter	$ 864,350	$ 864,350			
Probation Department Building	1,316,500	1,316,500			
Music Center Plaza	1,164,950	1,164,950			
Rancho Los Amigos NRC	10,367,900		$ 10,367,900		
Fire Station 143	375,250				$ 375,250
Total 2019 Lease Revenue Bonds, Series E-1	$ 14,088,950	$ 3,345,800	$ 10,367,900	$ 0	$ 375,250
2019 Lease Revenue Bonds, Series E-2					
MLK Medical Campus Parking Structure	$ 2,070,825		$ 2,070,825		
2020 Lease Revenue Bonds	$ 20,629,375	$ 20,629,375			
LACMA Buildings					
2021 Lease Revenue Bonds, Series F					
LAC+USC Medical Center Recuperative Care Center	$ 746,744		$ 746,744		
MLK Behavioral Health Center Renovation	11,380,550		11,380,550		
MLK Central Plan/Hospital Service Building	150,881		150,881		
Olive View Campus Recuperative Care Center	767,144		767,144		
Rancho Los Amigos Recuperative Care Center	868,494		868,494		
Fire Station 104	550,656				$ 550,656
	$ 14,464,469	$ 0	$ 13,913,813	$ 0	$ 550,656
2022 Lease Revenue Refunding Bonds, Series G (Forward Delivery)					
High Desert Multi Service Ambulatory Care Center	$ 7,004,125		$ 7,004,125		
MLK Multi Service Ambulatory Care Center	8,521,875		8,521,875		
MLK Data Center	271,125		271,125		
Fire Station 128	227,625				$ 227,625
Fire Station 132	374,000				374,000
Fire Station 150	574,125				574,125
Fire Station 156	337,625				337,625
	$ 17,310,500	$ 0	$ 15,797,125	$ 0	$ 1,513,375
2022 Lease Revenue Refunding Bonds (Vermont Manchester)	$ 4,853,525	$ 4,853,525			
Total Long-Term Obligations	$ 185,220,533	$ 94,374,817	$ 72,613,726	$ 14,985,583	$ 3,246,406
Total Obligations	$ 185,220,533	$ 94,374,817	$ 72,613,726	$ 14,985,583	$ 3,246,406

Source: Los Angeles County Treasurer and Tax Collector
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
OUTSTANDING PRINCIPAL BY FUNDING SOURCE
AS OF JULY 1, 2023

Title	Total Outstanding Principal	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds
Long-Term Obligations					
2010 Lease Revenue Bonds, Series B (Taxable):					
Coroners Expansion/ Refurbishment	$ 23,134,216	$ 23,134,216			
Patriotic Hall Renovation	37,357,589	37,357,589			
Hall of Justice Rehabilitation	192,859,216	192,859,216			
Olive View Medical Center ER/TB Unit	43,045,697		$ 43,045,697		
Olive View Medical Center Seismic	17,733,139		17,733,139		
Harbor/UCLA Surgery/ Emergency	269,744,408		269,744,408		
Harbor/UCLA Seismic Retrofit	41,595,735		41,595,735		
Total 2010 Lease Revenue Bonds, Serie B (Taxable)	$ 625,470,000	$ 253,351,021	$ 372,118,979	$ 0	$ 0
2011 High Desert Solar Complex (Taxable)	$ 1,915,253	$ 1,915,253			
2015 Lease Revenue Bonds, Series A					
Zev Yaroslavsky Family Support Center	$ 122,715,000	$ 122,715,000			
Manhattan Beach Library	10,780,000				$ 10,780,000
Total 2015 Lease Revenue Bonds, Series A	$ 133,495,000	$ 122,715,000	$ 0	$ 0	$ 10,780,000
2015 Lease Revenue Refunding Bonds, Series B					
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	$ 93,150,000	$ 0	$ 0	$ 93,150,000	$ 0
2015 Lease Revenue Refunding Bonds, Series C					
Michael D. Antonovich Antelope Valley Courthouse	$ 13,980,000			$ 13,980,000	
2016 Lease Revenue Bonds, Series D					
Martin Luther King Inpatient Tower	$ 226,900,000	$ 226,900,000			
2018 Lease Revenue Bonds					
Vermont Corridor Administration Building, Series A	$ 297,280,000	$ 297,280,000			
2019 Lease Revenue Bonds, Series E-1					
East Antelope Valley Animal Shelter	$ 12,825,000	$ 12,825,000			
Probation Department Building	19,540,000	19,540,000			
Music Center Plaza	17,285,000	17,285,000			
Rancho Los Amigos NRC	153,620,000		$ 153,620,000		
Fire Station 143	5,565,000				$ 5,565,000
Total 2019 Lease Revenue Bonds, Series E-1	$ 208,835,000	$ 49,650,000	$ 153,620,000	$ 0	$ 5,565,000
2019 Lease Revenue Bonds, Series E-2					
MLK Medical Campus Parking Structure	$ 30,870,000		$ 30,870,000		
2020 Lease Revenue Bonds	$ 351,620,000	$ 351,620,000			
LACMA Buildings					
2021 Lease Revenue Bonds, Series F					
LAC+USC Medical Center Recuperative Care Center	$ 13,200,000		$ 13,200,000		
MLK Behavioral Health Center Renovation	201,475,000		201,475,000		
MLK Central Plan/Hospital Service Building	2,655,000		2,655,000		
Olive View Campus Recuperative Care Center	13,585,000		13,585,000		
Rancho Los Amigos Recuperative Care Center	15,375,000		15,375,000		
Fire Station 104	9,785,000				$ 9,785,000
	$ 256,075,000	$ 0	$ 246,290,000	$ 0	$ 9,785,000
2022 Lease Revenue Refunding Bonds, Series G (Forward Delivery)					
High Desert Multi Service Ambulatory Care Center	$ 88,505,000		$ 88,505,000		
MLK Multi Service Ambulatory Care Center	107,745,000		107,745,000		
MLK Data Center	3,375,000		3,375,000		
Fire Station 128	2,895,000				$ 2,895,000
Fire Station 132	4,750,000				4,750,000
Fire Station 150	7,290,000				7,290,000
Fire Station 156	4,315,000				4,315,000
	$ 218,875,000	$ 0	$ 199,625,000	$ 0	$ 19,250,000
2022 Lease Revenue Refunding Bonds (Vermont Manchester)	$ 51,710,000	$ 51,710,000			
Total Long-Term Obligations	$ 2,510,175,253	$ 1,355,141,274	$1,002,523,979	$ 107,130,000	$ 45,380,000
Total Obligations	$ 2,510,175,253	$ 1,355,141,274	$1,002,523,979	$ 107,130,000	$ 45,380,000

Source: Los Angeles County Treasurer and Tax Collector
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, 2024

Title	Outstanding Principal	Total Future Payments		2023-24 FY Payment Remaining
Long-Term Obligations				
Long-Term Capital Projects				
2010 Lease Revenue Bonds, Series B (Taxable)	$ 602,940,000	$ 868,045,904	(1)	$ 0
2011 High Desert Solar Complex (Taxable)	1,531,795	1,567,647	(1)	0
2015 Lease Revenue Bonds, Series A	130,080,000	213,338,500		3,252,000
2015 Lease Revenue Refunding Bonds, Series B	93,150,000	116,917,250		2,328,750
2015 Lease Revenue Refunding Bonds, Series C	3,980,000	4,128,733		74,366
2016 Lease Revenue Bonds, Series D	221,220,000	354,950,675		5,042,047
2018 Lease Revenue Bonds, Series A	292,005,000	526,353,200		6,946,475
2019 Lease Revenue Bonds, Series E-1	205,075,000	371,553,500		5,126,875
2019 Lease Revenue Bonds, Series E-2	30,275,000	54,620,500		733,450
2020 Lease Revenue Bonds	345,365,000	564,190,850		7,109,000
2021 Lease Revenue Bonds, Series F	251,830,000	158,197,725		5,056,672
2022 Lease Revenue Bonds, Series G (Forward Delivery)	212,345,000	334,201,250		5,308,625
2022 Lease Revenue Refunding Bonds (Vermont Manchester)	49,335,000	19,815,850		1,209,575
Total Long-Term Obligations	$ 2,439,131,795	$ 3,587,881,584		$ 42,187,835

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 Treasurer and Tax Collector
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
ESTIMATED OVERLAPPING DEBT STATEMENT AS OF MAY 1, 2024
2023-24 Assessed Valuation: $2,031,101,647,419: (includes unitary valuation)

	Applicable %	Debt as of 5/1/24
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		
Metropolitan Water District	48.221 %	$ 8,781,044
Los Angeles Community College District	100.000	5,209,260,000
Other Community College Districts	Various (1)	4,720,687,693
Arcadia Unified School District	100.000	247,145,000
Beverly Hills Unified School District	100.000	616,937,917
Glendale Unified School District	100.000	322,570,563
Long Beach Unified School District	100.000	1,718,791,399
Los Angeles Unified School District	100.000	10,916,795,000
Pasadena Unified School District	100.000	363,215,000
Pomona Unified School District	100.000	442,151,336
Redondo Beach Unified School District	100.000	195,066,803
Santa Monica-Malibu Unified School District	100.000	1,007,025,000
Torrance Unified School District	100.000	418,104,130
Other Unified School Districts	Various (1)	4,962,459,233
High School and School Districts	Various (1)	2,537,181,631
City of Los Angeles	100.000	948,610,000
City of Industry	100.000	12,930,000
Other Cities	100.000	35,853,440
Community Facilities Districts	100.000	741,005,007
1915 Act and Benefit Assessment Bonds - Estimate	100.000	99,308,019
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT		$ 35,523,878,215
Less: Los Angeles Unified School District economically defeased general obligation bonds		(299,495,000)
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT		$ 35,224,383,215
DIRECT AND OVERLAPPING GENERAL FUND DEBT		
Los Angeles County General Fund Obligations	**100.000 %**	**$ 2,481,019,730**
Los Angeles County Office of Education Certificates of Participation	100.000	2,857,300
Community College District Certificates of Participation	Various (2)	297,509,602
Baldwin Park Unified School District Certificates of Participation	100.000	27,950,000
Compton Unified School District Certificates of Participation	100.000	24,500,000
Los Angeles Unified School District Certificates of Participation	100.000	471,590,000
Paramount Unified School District Certificates of Participation	100.000	18,904,000
Other Unified School District Certificates of Participation	Various (2)	172,666,391
High School and Elementary School District General Fund Obligations	Various (2)	145,500,330
City of Beverly Hills General Fund Obligations	100.000	73,020,000
City of Los Angeles General Fund	100.000	1,342,896,491
City of Long Beach General Fund Obligations	100.000	131,725,000
City of Pasadena General Fund Obligations	100.000	363,978,265
City of Pasadena Pension Obligations Bonds	100.000	128,115,000
Other Cities' General Fund Obligations	100.000	4,254,114,276
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$ 9,936,346,385
Less: Cities' supported general fund and pension bond debt		(424,559,882)
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$ 9,511,786,503
OVERLAPPING TAX INCREMENT DEBT: (Successor Agencies):		$ 1,606,975,376
TOTAL DIRECT DEBT		$ 2,481,019,730
TOTAL GROSS OVERLAPPING DEBT		$ 44,586,180,246
TOTAL NET OVERLAPPING DEBT		$ 43,862,125,364
GROSS COMBINED TOTAL DEBT		$ 47,067,199,976 (3)
NET COMBINED TOTAL DEBT		$ 46,343,145,094

(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 2023-24 ASSESSED VALUATION	
Total Gross Overlapping Tax and Assessment Debt	1.75 %
Total Net Overlapping Tax and Assessment Debt	1.73 %
Total Gross Direct Debt ($2,481,019,730)	0.12 %
Gross Combined Total Debt	2.32 %
Net Combined Total Debt	2.28 %
Ratios to Redevelopment Sucessor Agency Incremental Valuation ($282,438,506,050):	
Total Overlapping Tax Increment Debt	0.57 %

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 2023 gross product projection of $807 billion, Los Angeles County's economy is larger than that of 44 states and all but 21 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 steady growth in 2023 with an increase in economic output of 2.2%, as measured by Gross Product. However, during the same year, the County experienced a decline in total taxable sales of 3.0%.

The County's unemployment rate averaged 5% in 2023, which was unchanged from 2022. The recovery from the COVID-19 pandemic resulted in significant decrease in unemployment across key industries, including leisure and hospitality, professional and business services, education and health services, trade, transportation, and utilities, and other sectors. In 2024 and 2025, the job market is expected to decline with a projected unemployment rate of 5.4% and 5.6%, 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, 2023, K-12 schools and community college districts in the County had approximately $24.1 billion of previously authorized, but unissued bond capacity. The Measure A parcel tax, which was approved by voters in November 2016, 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 was projected to generate approximately $355 million of sales tax revenue per year for the County. In 2023, Measure H revenues exceeded the initial projection, resulting in over $537 million in sales tax revenues for the year.

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 seaports (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 318,500 workers employed in this sector in 2023.

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, Azusa Pacific, and Biola; 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 $700 million museum facility is expected to be completed by the end of 2024. The Broad Museum is located adjacent to the iconic Walt Disney Concert Hall and has helped to further strengthen and establish downtown Los Angeles as a premiere cultural destination on the west coast.

In March 2018, the Lucas Museum of Narrative Art in Exposition Park broke ground on a new museum facility. The $1.5 billion museum facility was co-founded by George Lucas, and will include an art exhibition space, archive, library, an expansive lobby, classrooms, two state-of-the-art theaters, a museum shop, and a café. The new museum, which is scheduled to open in 2025, 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, including a network of 9 regional parks, 38 neighborhood parks, 20 community parks, 15 wildlife sanctuaries, 10 nature centers, 36 public swimming pools, 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 several 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 hosted the College Football Championship Game in 2023 and will host 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. The Los Angeles region secured $900 million in federal infrastructure funding to improve mobility and upgrade transportation infrastructure ahead of the 2028 Olympics. LA Metro will receive $709.9 million from the Bipartisan Infrastructure Law and the Fiscal Year 2024 Transportation Spending Law for the development of East San Fernando Valley Light Rail Transit Project and sections two and three of the D Line Subway Extension Project. Other federal grant funding will be used for street and transit infrastructure, traffic safety and improve connections between neighborhoods.

This will be the third time that Los Angeles has hosted the Summer Olympics, with the previous occasions occurring in 1932 and 1984. A 2017 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 BMO Stadium seats 22,000 and is the home stadium to the Major League Soccer franchise the Los Angeles Football Club and the National Women's Soccer League's Angel City. This $350 million facility also includes shops, restaurants, and conference space.

In September 2021, the Los Angeles Clippers broke ground on their future home in the City of Inglewood. The Intuit Dome, a $1.8 billion arena, is scheduled to open in August 2024 in time for the 2024-25 NBA basketball season. The 18,000-capacity arena will include an 80,000 sq. ft. plaza, featuring bars, restaurants, a team store and a regulation-size basketball court for use by local youth leagues, AAU tournaments and to host community and charity events.

Population

The County is the most populous county in the U.S. with over 9.7 million people estimated to be residing within its borders. The 2023 population count experienced a minor decrease from 2022, and reflects the continuation of a multi-year trend of gradually declining population numbers, as reflected in Table C. The

County's population makes it equivalent to the eleventh largest state in the nation and accounts for approximately 25.1% of the total population of California. According to the U.S. Census Bureau's demographic profile, the County's population is comprised of 49% Hispanic, 25.2% White, 15.8% Asian, 9% African American and 1% 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 more than 220 languages and cultures represented across the County. With 95 consulates, the County has a larger consular corps than any other U.S. city outside of Washington D.C. and New York City. It is estimated that 80.3% of the adult population has a high school diploma or higher, and 34.6% has a bachelor's degree or higher. Table B illustrates the historical population levels for the County.

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 2022, the County's unemployment rate experienced significant improvement, falling to 5%, and holding steady at the same level in 2023. The County's employment outlook is projected to decline over the next two years, with the unemployment rate increasing to 5.4% in 2024 and 5.6% in 2025. Table E details the County's historical unemployment rates from 2019 through 2023. Table F details the non-agricultural employment statistics by sector for the County from 2019 through 2023.

Personal Income

Total personal income in the County increased by an estimated 1.6% in 2023. The 2023 total personal income of $732.3 billion represents an estimated 24.3% of the total personal income generated in California. Based on current projections, personal income is expected to increase by 2.8% in 2024 and 3.2% in 2025. Table C provides a summary of the personal income statistics for the County from 2019 through 2023.

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 11.0% in 2022. In 2023, the County's total taxable sales decreased by 3%. The $207.4 billion of total estimated taxable sales in the County for 2023 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 2019 through 2023.

Industry

With an estimated annual economic output of $807 billion in 2023, the County continues to rank among the world's largest economies. The County's 2023 Gross Product represents approximately 25% of the total economic output in California and 2.9% of the Gross Product of the United States. The County's business environment is distinguished by its diversity and balance, and it is recognized as a world leader in technology, electronics, energy, communications, and entertainment. The top industries in the manufacturing sector include computer and electronics, apparel, transportation equipment, fabricated metal products, and food. Table A provides the Gross Product statistics for the County from 2019 through 2023.

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 and the gateway to trade with the Pacific Rim. 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 5.4% from $427.4 billion in 2019 to $404.5 billion in 2020. As a result of improving economic conditions in 2022, the LACD experienced a significant increase in trade volume, handling approximately $524.1 billion worth of international trade. However, due to supply chain and labor-related issues at west coast ports in 2023, the LACD experienced a significant decline in trade volume, handling approximately $467.9 billion worth of international trade, which represents a 10.7% decrease from 2022.

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 sixth 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, LAX served 75.1 million passengers in 2023, representing a 160.8% increase from 2020, and 13.8% increase from 2022. The 2.29 million tons of air cargo handled at LAX in 2023, represents a decrease of 7.14% from 2020 levels, and a decrease of 16.9% from 2022. The $15 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, with the new terminal expected to be completed in the fourth quarter of 2026.

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 16.6 million TEUs in 2023, which represents a 12.6% decrease in container volume from 2022.

The Port of Los Angeles is one of the largest man-made harbors in the world. In 2022, 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 2023, the Port handled 8.6 million TEUs, which represents a decrease of 12.93% in container volume from 2022.

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 nineteenth (19th) busiest in the world in 2022. The Port of Long Beach covers 3,520 acres with 10 separate piers, 80 berths, 72 cranes and 22 shipping terminals. In 2023, the port handled 8.0 million TEUs of container cargo, which represents a decrease of 12.21% from 2022.

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 272 million in annual boardings, the Metro System is the ninth (9th) busiest 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 2023-24 operating budget for the MTA is $9 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 $19.5 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 2022, the Los Angeles region hosted 46 million visitors. The Los Angeles region is estimated to have recovered 99% of 2019 levels with 50.3 million visitors in 2023.

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 2023. 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 200% from 2012 to 2023.

In 2023, the residential real estate market continued to experience steady growth, as the average median home price increased by 2.8% to $867,969 from 2022. Due to rising interest rates, new and existing home sales decreased by 35.6% from 88,679 in 2022 to 57,138 in 2023. After a record high of 105,433 in 2009, notices of default recorded decreased by 96.6% to 3,567 in 2021. Notices of default recorded increased in 2023 to 7,786, which represents a 7.9% increase from 2022. 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 774 in 2022. The number of trustees deeds recorded increased in 2023 to 881, which represents a 13.8% increase from 2022.

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 2023-24, the Assessor reported a Net Local Roll of $1.997 trillion, which represents an increase of 5.91% or $111.451 billion from Fiscal Year 2022-23. The Fiscal Year 2022-23 Net Local Roll represents the largest revenue-producing valuation in the history of the County, and the thirteenth consecutive year of assessed valuation growth. The largest factors contributing to the increase in assessed valuation are transfers in ownership ($67.438 billion) and an increase in the consumer price index ($36.738 billion). For Fiscal Year 2024-25, the County Assessor is projecting an increase in the Net Local Roll of 4.75% from Fiscal Year 2023-24.

The industrial market vacancy rates increased from 0.9% in 2022 to 3.4% in 2023. Office market vacancy rates increased from 20.8% in 2022 to 22.8% in 2023, 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, which 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 June 2022, The Grand LA opened after several years of construction. The $1 billion mixed-use development project designed by Frank Gehry includes a 45-story residential tower with more than 500 luxury residence, a 20-story, 305-room Conrad Los Angeles Hotel, 12,000 square feet of meeting rooms, facilities and ballrooms, and 27,000 square feet of restaurants, lounges, and outdoor amenities.

COUNTY OF LOS ANGELES

CALIFORNIA

COUNTY OF LOS ANGELES
ECONOMIC AND DEMOGRAPHIC STATISTICAL TABLES

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

	2019	2020	2021	2022	2023*
Los Angeles County	$767	$729	$774	$790	$807
State of California	2,963	2,925	3,146	3,167	3,233
United States	21,521	21,323	23,594	25,744	27,631
Los Angeles County as a % of California	25.9%	24.9%	24.6%	24.9%	25.0%

Source: Los Angeles County Economic Development Corporation; Bureau of Economic Analysis-US Department of Commerce
** 2023 Los Angeles County GDP values are annual projections*

TABLE B: POPULATION LEVELS (in thousands)

	2019	2020	2021	2022	2023
Los Angeles County	10,163	10,014	9,942	9,835	9,761
State of California	39,605	39,538	39,287	39,079	38,940
Los Angeles County as a % of California	25.7%	25.3%	25.3%	25.2%	25.1%

Source: Los Angeles County Economic Development Corporation

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

	2019	2020	2021	2022	2023*
Los Angeles County	628,932	673,306	720,047	720,741	732,272
Orange County	221,692	240,734	257,834	263,290	264,343
San Diego County	204,585	222,584	240,246	243,506	254,782
Riverside County	103,614	116,940	126,261	127,196	126,942
San Bernardino County	89,182	100,360	108,700	108,082	109,595
Ventura County	53,164	57,575	62,555	63,590	63,781
State of California	2,537,951	2,767,521	3,013,677	3,006,647	3,012,661
Los Angeles County as a % of California	24.8%	24.3%	23.9%	24.0%	24.3%

Source: Los Angeles County Economic Development Corporation
** Based on 2023 projections*

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

	2019	2020	2021	2022	2023
Los Angeles County	172,314	157,738	192,524	213,717	207,351
State of California	732,757	706,757	862,712	951,775	929,585
Los Angeles County as a % of California	23.5%	22.3%	22.3%	22.5%	22.3%

Source: Los Angeles County Economic Development Corporation

TABLE E: UNEMPLOYMENT RATES

	2019	2020	2021	2022	2023
Los Angeles County	4.5%	12.3%	9.0%	5.0%	5.0%
State of California	4.1%	10.1%	7.3%	4.3%	4.8%
United States	3.7%	8.1%	5.3%	3.6%	3.6%

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	2019	2020	2021	2022	2023
Health Care & Social Assistance	724.3	708.6	727.2	751.5	772.0
Wholesale & Retail Trade	635.0	577.3	598.9	607.0	598.9
Government	572.4	556.8	550.4	559.9	574.6
Leisure and Hospitality	545.7	392.5	433.3	510.3	525.6
Manufacturing	338.3	313.9	311.5	321.0	318.5
Professional Scientific & Technical Services	298.3	284.5	293.0	308.8	306.7
Administrative & Support & Waste Services	277.9	245.8	264.0	281.9	271.7
Information	206.1	184.1	205.1	232.5	203.4
Transportation, Warehousing & Utilities	207.5	202.7	208.5	218.1	211.0
Other	159.2	130.4	137.1	154.6	157.1
Construction	149.7	146.0	148.5	150.6	148.8
Educational Services	106.5	96.4	102.5	110.1	115.9
Finance & Insurance	134.5	130.6	127.3	124.8	120.8
Real Estate & Rental & Leasing	88.6	80.4	83.6	88.4	87.0
Management of Companies & Enterprises	62.7	59.4	61.9	61.3	62.1
Total	4,506.7	4,109.4	4,252.8	4,480.8	4,474.1

Source: Los Angeles County Economic Development Corporation; California Employment Development Department
Note: 2023 employment is annualized quarterly data

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

Type of Activity	2019	2020	2021	2022	2023
International Air Cargo (Tons)					
Los Angeles International Airport	1,436.0	1,530.4	1,867.5	1,768.9	1,506.7
As Percentage of Total Air Cargo	62.08%	62.09%	62.79%	64.22%	65.83%
Total Air Cargo (Tons)					
Los Angeles International Airport	2,313.2	2,464.8	2,974.1	2,754.6	2,288.7
Long Beach Airport	21.1	15.7	14.9	14.4	13.1
Hollywood Burbank Airport	53.0	56.6	53.9	44.6	37.3
Total	2,387.4	2,537.1	3,042.9	2,813.5	2,339.1
International Air Passengers					
Los Angeles International Airport	25,696.3	6,421.7	7,965.3	16,520.1	22,223.9
As Percentage of Total Passengers	29.2%	22.3%	16.6%	25.1%	29.6%
Total Air Passengers					
Los Angeles International Airport	88,068.0	28,779.5	48,007.3	65,924.3	75,050.9
Long Beach Airport	3,584.2	1,043.8	2,104.1	3,242.8	3,739.3
Hollywood Burbank Airport	5,983.7	1,995.3	3,733.0	5,898.7	6,034.7
Total	97,636.0	31,818.6	53,844.3	75,065.9	84,824.9
Container Volume (TEUs)					
Port of Los Angeles	9,337.6	9,213.4	10,677.6	9,911.2	8,629.7
Port of Long Beach	7,632.0	8,113.3	9,384.4	9,133.7	8,018.7
Total	16,969.6	17,326.7	20,062.0	19,044.9	16,648.4

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

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

Customs District	2019	2020	2021	2022	2023
Los Angeles, CA*	$427,395	$404,484	$478,351	$524,074	$467,881
New York, NY	381,305	395,170	466,177	521,087	484,838
Laredo, TX	324,045	291,417	354,749	412,731	436,963
Chicago, IL	255,222	268,579	343,318	388,009	365,407
Houston-Galveston, TX	235,371	194,412	273,361	390,137	362,582
Detroit, MI	263,025	227,084	267,665	301,652	314,108
New Orleans, LA	219,168	194,171	228,355	278,957	261,932
Savannah, GA	180,324	170,466	200,816	226,197	220,385
Cleveland, OH	151,193	149,320	168,063	187,189	173,676
Seattle, WA	143,047	111,205	140,585	156,908	146,789

Source: USA Trade Online
**Includes ports outside of LA County such as: Capitan, CA; Las Vegas, NV; March Inland Airport, CA; Meadows Field Airport, CA; Morro Bay, CA; Ontario International Airport, CA; Palm Springs Airport, CA; Port Hueneme, CA; Port San Luis, CA; San Bernardino International Airport, CA; Southern California Logistics Airport, CA; Ventura, CA*

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

Port	2019	2020	2021	2022	2023
Los Angeles-Long Beach, CA	217,958	213,643	234,536	222,745	202,353
Tacoma, WA	31,518	25,075	26,423	24,152	27,318
Oakland, CA	32,440	32,516	32,356	29,918	26,877
Seattle, WA	17,919	16,942	17,727	14,738	10,943
Longview/Kalama, WA	14,629	12,135	12,115	11,036	10,281
Portland, OR	12,661	11,112	12,749	12,256	10,800
Port Hueneme	6,370	5,821	6,885	8,055	7,889
San Diego, CA	5,333	3,943	4,350	4,698	4,968
Vancouver, WA	2,960	2,645	2,255	2,435	2,296

Source: Pacific Maritime Association, Annual Reports

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

Port	2019	2020	2021	2022	2023
Los Angeles-Long Beach, CA	16,970	17,327	20,062	19,045	16,648
New York-New Jersey, NY	7,471	7,586	8,986	9,494	7,810
Savannah, GA	4,599	4,682	5,613	5,892	4,938
Seattle-Tacoma, WA	3,775	3,320	3,736	3,384	2,237
Norfolk, VA	2,938	2,813	3,523	3,703	3,288
Houston, TX	2,990	2,989	3,453	3,975	3,835
Charleston, SC	2,436	2,310	2,751	2,792	2,482
Oakland, CA	2,500	2,461	2,448	2,337	2,066

Source: US Department of Transportation, Bureau of Transportation Statistics analysis; 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	2019	2020	2021	2022	2023
1. New & Existing Median Home Prices	$644,125	$647,308	$743,833	$844,354	$867,969
2. New & Existing Home Sales	78,323	72,484	94,832	88,679	57,138
3. Notices of Default Recorded	10,449	4,786	3,567	7,215	7,786
4. Office Market Vacancy Rates	14.0%	16.5%	19.1%	20.8%	22.8%
5. Industrial Market Vacancy Rates	2.4%	2.3%	0.7%	0.9%	3.4%

Source: CoreLogic, Newmark, and Colliers

TABLE L: BUILDING PERMITS AND VALUATIONS

	2019	2020	2021	2022	2023
Residential Building Permits					
1. New Residential Permits (Units)					
a. Single Family	5,738	6,219	7,338	8,301	6,504
b. Multi-Family	15,884	14,077	16,718	18,912	11,752
Total Residential Building Permits	21,622	20,296	24,056	27,213	18,256
Building Valuations					
2. Residential Building Valuations (in millions of $)					
a. Single Family	$1,967	$1,877	$2,089	$2,180	$1,681
b. Multi-Family	2,961	2,793	3,027	3,524	2,016
c. Alterations and Additions	1,626	1,017	909	1,423	1,401
Residential Building Valuations Subtotal	$6,554	$5,687	$6,025	$7,127	$5,098
3. Non-Residential Building Valuations (in millions of $)					
a. Office Buildings	$475	$242	$162	$70	$80
b. Retail Buildings	1,338	897	170	879	607
c. Hotels and Motels	203	232	53	41	77
d. Industrial Buildings	64	32	28	25	138
e. Alterations	3,404	1,243	949	2,417	1,846
f. Other	1,105	879	508	752	1,319
Non-Residential Building Valuations Subtotal	$6,589	$3,525	$1,870	$4,184	$4,067
Total Building Valuations (in millions)	$13,143	$9,212	$7,895	$11,311	$9,165

Source: California Building Industry Association

TABLE M: LARGEST PRIVATE SECTOR EMPLOYERS IN LOS ANGELES COUNTY

	Company (in order of 2023 Ranking)	Industry	Headquarters	No. of Employees L.A. County	Total
1	Kaiser Permanente	Health Care Provider	Oakland, CA	44,769	226,539
2	University of Southern California	Education-Private University	Los Angeles, CA	23,227	23,990
3	Northrop Grumman Corp.	Aerospace/Defense Contractor	Falls Church, VA	18,000	95,000
4	Cedars-Sinai	Health Care	Los Angeles, CA	16,730	18,114
5	Allied Universal	Security Professional and Safety Services	Santa Ana, CA	15,326	800,000
6	Target Corp.	Retailer	Minneapolis, MN	15,000	408,000
7	Providence	Health Care	Renton, WA	14,395	120,000
8	Ralphs/Food 4 Less - Kroger Co.	Grocery Retailer	Cincinnati, OH	14,000	28,500
9	Walt Disney Co.	Entertainment	Burbank, CA	12,200	190,000
10	Boeing Co.	Aerospace/Defense Contractor	Chicago, IL	12,005	156,354
11	UPS	Transportation and Freight	Atlanta, GA	11,643	N/A
12	Home Depot	Home Improvement Specialty Retailer	Atlanta, GA	11,200	N/A
13	NBCUniversal	Media and Entertainment	Philadelphia, PA	11,000	68,000
14	AT&T Inc.	Telecommunications	Dallas, TX	10,500	N/A
15	Amazon	Online Retailer	Seattle, WA	10,500	1,608,000
16	Albertsons Cos.	Grocery Retailer	Boise, Idaho	10,406	290,000
17	California Institute of Technology	Private University and Jet Propulsion Lab	Pasadena, CA	9,224	10,142
18	Edison International	Electric Utility, Energy Services	Rosemead, CA	7,672	N/A
19	City of Hope	Cancer Treatment and Research Center	Duarte, CA	7,535	8,687
20	ABM Industries Inc.	Facility Services	New York, NY	7,400	N/A
21	FedEx Corp.	Shipping and Logistics	Memphis, TN	6,750	N/A
22	Children's Hospital Los Angeles	Hospital	Los Angeles, CA	6,644	N/A
23	CommonSpirit Health	Health Care	Chicago, IL	6,263	150,000
24	Costco Wholesale	Membership Chain of Warehouse Stores	Issaquah, WA	6,002	N/A
25	Space Exploration Technologies Corp.	Rockets and Spacecraft	Hawthorne, CA	6,000	10,000

Source: Los Angeles Business Journal

APPENDIX B

COUNTY OF LOS ANGELES FINANCIAL STATEMENTS

COUNTY OF LOS ANGELES

CALIFORNIA

COUNTY OF LOS ANGELES, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
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MGO. Certified Public Accountants

Independent Auditor's Report

The Honorable Board of Supervisors
County of Los Angeles, California

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Los Angeles, California (County), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Fire Protection District, Flood Control District, LA County Library, Regional Park and Open Space District, and Mental Health Services Act for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Opinion Unit	Assets	Net Position/ Fund Balances	Revenues/ Additions
Aggregate discretely presented component units	100%	100%	100%
Aggregate remaining fund information	66%	67%	9%

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

Basis for Opinions

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

Emphasis of Matters

As discussed in Note 2 to the basic financial statements, effective July 1, 2022, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

As discussed in Note 22 to the financial statements, in March 2020, a presidential emergency was declared due to the Coronavirus Disease 2019 (COVID-19) pandemic. The County was advanced federal and State disaster assistance funding to supplement the County's recovery efforts. As of June 30, 2023, 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Macias Gini & O'Connell LLP

Los Angeles, California
December 8, 2023

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2023

This section of the County's Annual Comprehensive Financial Report (ACFR) presents a narrative overview and analysis of financial activities for the year ended June 30, 2023. 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 $11.859 billion. Net position is classified into three categories and the unrestricted component was negative $35.387 billion.

During the current year, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 96, "Subscription-Based Information Technology Arrangements" (SBITA or Subscription), and recognized certain Subscription assets and liabilities. GASB 96 had an effect on the County's beginning net position, which was restated and increased governmental activities net position by $565,000. See further discussion in Note 2 to the basic financial statements.

During the current year, the County's net position decreased by $1.269 billion. Net position related to governmental activities decreased by $1.928 billion, while net position related to business-type activities increased by $658 million.

At the end of the current year, the County's General Fund reported a total fund balance of $6.483 billion. The fund balance categories and amounts consisted of nonspendable fund balance of $263 million, restricted fund balance of $78 million, committed fund balance of $833 million, assigned fund balance of $1.029 billion, and $4.280 billion of unassigned fund balance.

The County's capital asset balances were $23.069 billion at year-end and increased by $638 million during the year. A restatement increased the capital asset beginning balance by $56 million as discussed in Note 5 to the basic financial statements.

During the current year, the County's long-term debt related to bonds, notes and loans from direct borrowings and direct placements decreased by $100 million. Newly issued and accreted long-term debt of $268 million was less than the long-term debt maturities of $368 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, Waterworks Districts, and 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 Fund are all considered major funds for presentation purposes. There is one nonmajor Enterprise Fund (Aviation Fund) and it is displayed with the other major enterprise funds.

- Fiduciary Funds - These funds are used to account for resources held for the benefit of parties outside the County. The Fiduciary Funds category are reported in the Pension and Other Postemployment Benefit (OPEB) Trust Funds, the Investment Trust Fund, and Custodial Funds using the economic resources measurement focus and the accrual basis of accounting. Since the resources of these funds are not available to support the County's own programs, they are not reflected in the government-wide financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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 $11.859 billion at the close of the most recent fiscal year.

Summary of Net Position
As of June 30, 2023 and 2022 (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2023	2022 (1)	2023	2022 (1)	2023	2022 (1)
Current and other assets	$ 22,643,936	$ 21,683,997	$ 4,663,966	$ 4,146,378	$ 27,307,902	$ 25,830,375
Capital assets	19,709,385	19,202,670	3,359,596	3,172,279	23,068,981	22,374,949
Total assets	42,353,321	40,886,667	8,023,562	7,318,657	50,376,883	48,205,324
Deferred outflows of resources	10,817,003	11,493,075	1,634,388	1,783,810	12,451,391	13,276,885
Current and other liabilities	7,719,806	7,750,943	958,829	779,092	8,678,635	8,530,035
Long-term liabilities	46,002,627	39,028,682	7,682,704	7,285,745	53,685,331	46,314,427
Total liabilities	53,722,433	46,779,625	8,641,533	8,064,837	62,363,966	54,844,462
Deferred inflows of resources	10,490,505	14,715,572	1,832,739	2,512,350	12,323,244	17,227,922
Net position:						
Net investment in capital assets	15,833,971	15,588,360	2,525,430	2,309,804	18,359,401	17,898,164
Restricted	5,083,496	4,646,341	84,718	65,363	5,168,214	4,711,704
Unrestricted (deficit)	(31,960,081)	(29,350,156)	(3,426,470)	(3,849,887)	(35,386,551)	(33,200,043)
Total net position	$ (11,042,614)	$ (9,115,455)	$ (816,322)	$ (1,474,720)	$ (11,858,936)	$ (10,590,175)

(1) The 2022 amounts were not restated for GASB 96.

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 $960 million for governmental activities. There was an increase of $720 million in pooled cash and investments, largely due to the improved cash position of the County's General Fund, the nonmajor governmental funds, and the Regional Park and Open Space District fund of $383 million, $261 million, and $96 million, respectively. There was an increase of $349 million in other receivables primarily from Mental Health, Social Services, and COVID-19 accrued revenues at year-end. This was offset by a decrease of $94 million and $27 million in internal receivables and lease receivables, respectively, from the prior year.

For business-type activities, current and other assets increased by $518 million. The business-type activities accounts receivables and internal receivables increased by $821 million and $94 million, respectively, from the prior year. This was offset by a decrease in other receivables and pooled cash and investments of $330 million and $63 million, respectively. The change in receivables was primarily from an increase of accrued revenue in the hospitals for Medi-cal Managed Care, Medi-Cal Managed Care Rate Supplements, and Cost Based Reimbursement Clinics, as discussed in Note 14. This was offset by a decrease in other receivables of $330 million from the prior year.

Deferred Outflows of Resources

In the current year, the County's deferred outflows of resources balances were $12.451 billion. The deferred outflows of resources were $10.817 billion and $1.634 billion for governmental and business-type activities, respectively. The total deferred outflows of resources amounts and net decreases of $825 million were mostly related to pension and OPEB RHC. The total pension related deferred outflows decreased by $462 million and $85 million for governmental and business-type activities, respectively, from the prior year. The total OPEB RHC related deferred outflows decreased by $212 million and $64 million for governmental and business-type activities, respectively, from the prior year. The pension and OPEB RHC amounts vary from year to year due to differences between projected and actual experience, assumption changes and changes in proportion.

Liabilities

Current and other liabilities decreased by $31 million for governmental activities primarily from a decrease in advances payable by $261 million which was largely attributable to the American Rescue Plan (ARP) federal funds, as discussed in Note 22. This was offset by an increase in other payables, accounts payable, and accrued payroll of $130 million, $62 million and $38 million, respectively, for amounts owed at year-end. For business-type activities, a net increase of $180 million in current and other liabilities was largely associated with an increase in accounts payable of $178 million for amounts owed at year-end.

Long-term liabilities increased by $6.974 billion and $397 million for governmental and business-type activities, respectively. Net pension liabilities significantly increased in the current year by $5.309 billion and $821 million for governmental and business-type activities, respectively. Net OPEB liabilities decreased by $1.868 billion and $389 million for governmental and business-type activities, respectively. Pension and OPEB liabilities changes were due to the projected and actual experience, assumption changes and changes in proportion.

Liabilities-Continued

For governmental activities, Litigation and self-insurance liabilities increased by approximately $3.186 billion primarily from the Child Victims Act (AB 218) cases. AB 218, which became effective January 1, 2020, among other things, extended the statute of limitations for commencing an action for recovery of damages suffered as a result of childhood sexual assault to 22 years from the date the plaintiff attains the age of majority or within five years of the date the plaintiff discovers or reasonably should have discovered that the psychological injury or illness occurring after the age of majority was caused by sexual assault, whichever is later. In addition, AB 218 provided for the revival of certain claims from the procedures set forth in the Government Claims Act for a three-year window. AB 218 potential liabilities are preliminary estimates based upon a number of factors, including, but not limited to, the County's early assessment of the claims based on the limited information currently available, the number of total claims the County anticipated would be filed, the estimated fees and costs the County will incur to investigate and defend the claims, and the resources the County can responsibly agree to devote to the claims. The amount and timing of payments are dependent upon the outcome of the lawsuits, which are in their early stages.

The County also added $159 million and $31 million in lease and subscription liabilities, respectively. As a lessee, the County recognized a lease and subscription liability and a corresponding right-to-use asset based on the provisions of the lease agreements. The lease and subscription liabilities were measured at the present value of the lease and subscription payments expected to be made during the lease and subscription term as discussed in Notes 9 and 10.

For governmental activities and business-type activities, liabilities for bonds, notes and loans from direct borrowings and direct placements, accrued compensated absences, and workers' compensation were higher by $185 million and lower by $32 million, respectively. For business-type activities, amounts owed to third party payors by the County's hospitals were higher by $30 million as discussed in Note 14. Specific disclosures related to pension liabilities, OPEB liabilities, lease liabilities, subscription liabilities, and other changes in long-term liabilities are discussed and referenced in Notes 7, 8, 9, 10 and 11 to the basic financial statements, respectively.

Deferred Inflows of Resources

In the current year, the County's deferred inflows of resources were $12.323 billion. Deferred inflows of resources decreased by $4.225 billion and $680 million for governmental and business-type activities, respectively. The total OPEB RHC related deferred inflows increased by $1.825 billion and $282 million for governmental and business-type activities, respectively, from the prior year. Pension related deferred inflows of resources decreased by $6.036 billion and $961 million for governmental and business-type activities, respectively. The OPEB RHC and pension changes in deferred inflows of resources will vary from year to year due to differences between projected and actual experience, assumption changes and changes in proportion. Pension and OPEB matters are discussed in more detail in Notes 7 and 8, respectively, to the basic financial statements.

The County implemented GASB 94, "Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)". Under the GASB 94 definition, the County's golf courses met the definition of a PPP-Service Concession Arrangement. There were $85 million of related deferred inflows of resources recognized in the current year, which represents an increase of $12 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, $18.359 billion, represents its investment in capital assets (i.e., land and easements, buildings and improvements, infrastructure, software, equipment, lease and subscription assets, net of related depreciation and amortization), less any related debt and related deferred outflows of resources used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted Net Position

The County's restricted net position at year-end was $5.168 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 $35.387 billion. Both governmental and business-type activities reported deficits in this category of $31.960 billion and $3.426 billion, respectively. OPEB related liabilities of $24.741 billion, along with pension liabilities totaling $13.161 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, 2023

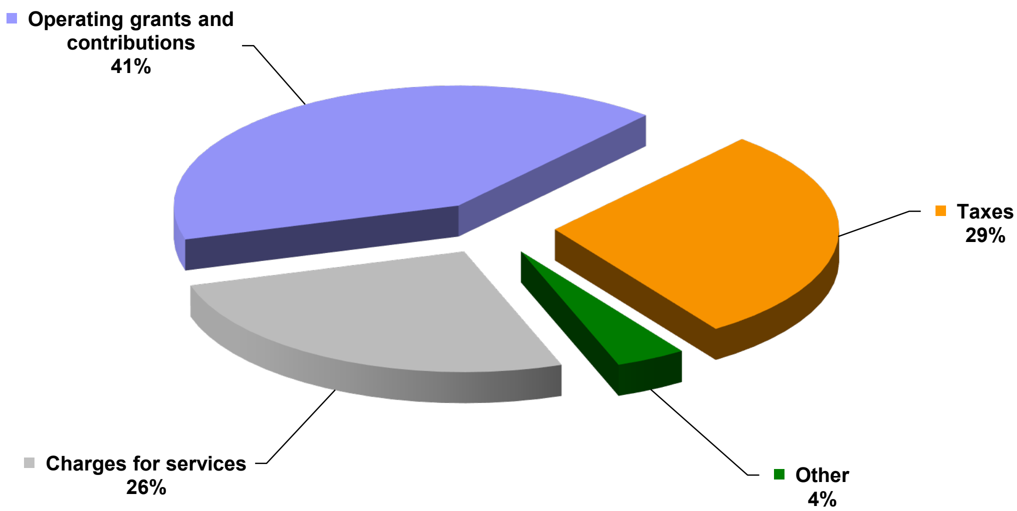
The following table details and identifies changes in net position for governmental and business-type activities:

Summary of Changes in Net Position
For the Years Ended June 30, 2023 and 2022
(in thousands)

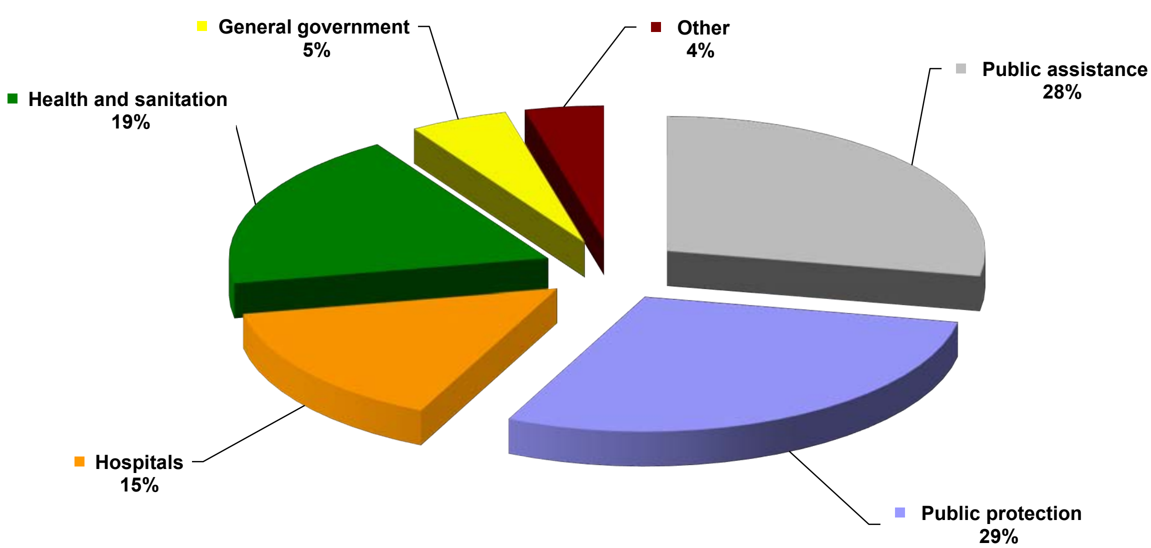
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:		(1)		(1)		(1)
Program revenues:						
Charges for services	$ 4,342,851	$ 4,040,659	$ 5,018,952	$ 4,878,673	$ 9,361,803	$ 8,919,332
Operating grants and contributions	14,134,795	13,466,206	182,601	931,722	14,317,396	14,397,928
Capital grants and contributions	64,023	42,426	1,193	81	65,216	42,507
General revenues:						
Taxes	10,297,844	9,648,848	8,368	7,730	10,306,212	9,656,578
Unrestricted grants and contributions	632,188	631,429	114	3	632,302	631,432
Investment income (loss)	347,504	(456,803)	22,949	(39,782)	370,453	(496,585)
Miscellaneous	278,413	175,385	59		278,472	175,385
Total revenues	30,097,618	27,548,150	5,234,236	5,778,427	35,331,854	33,326,577
Expenses:						
General government	1,626,902	1,243,850			1,626,902	1,243,850
Public protection	10,535,212	8,354,532			10,535,212	8,354,532
Public ways and facilities	543,472	468,413			543,472	468,413
Health and sanitation	6,906,927	6,690,851			6,906,927	6,690,851
Public assistance	10,390,815	7,741,363			10,390,815	7,741,363
Education	154,258	152,330			154,258	152,330
Recreation and cultural services	588,735	568,447			588,735	568,447
Interest on long-term debt	161,604	147,433			161,604	147,433
Hospitals			5,560,504	5,491,898	5,560,504	5,491,898
Waterworks			113,074	111,190	113,074	111,190
Aviation			19,677	17,582	19,677	17,582
Total expenses	30,907,925	25,367,219	5,693,255	5,620,670	36,601,180	30,987,889
Excess (deficiency) before transfers	(810,307)	2,180,931	(459,019)	157,757	(1,269,326)	2,338,688
Transfers	(1,117,417)	(936,810)	1,117,417	936,810		
Change in net position	(1,927,724)	1,244,121	658,398	1,094,567	(1,269,326)	2,338,688
Net position - beginning, as restated in 2023	(9,114,890)	(10,359,576)	(1,474,720)	(2,569,287)	(10,589,610)	(12,928,863)
Net position - ending	$ (11,042,614)	$ (9,115,455)	$ (816,322)	$ (1,474,720)	$ (11,858,936)	$ (10,590,175)

(1) The 2022 amounts were not restated for GASB 96.

REVENUES BY SOURCE – ALL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023



EXPENSES BY TYPE – ALL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023



Governmental Activities

Revenues from governmental activities increased by $2.549 billion (9.3%) 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 $669 million, which was primary attributable to an increase in public assistance and public protection programs from State and federal revenues. Revenues for public assistance programs grew by $868 million as there were higher State realignment sales tax and higher levels of administrative and program reimbursable costs. Revenues for public protection programs increased by $193 million primarily due to the ARP funds for the Public Defender and Consumer and Business Affairs by $93 million and $26 million, respectively. In addition, an increase in State revenues for Juvenile Justice Realignment and Diversion and Reentry program of $38 million and $31 million, respectively. This was offset by a reduction of $540 million in health and sanitation federal and State revenues. Health and sanitation revenues declined from lower Mental Health Services Act (MHSA) State revenues of $301 million, lower reimbursable costs associated with the ambulatory care network $56 million, and public health programs from lower COVID-19 revenues of $77 million.

- Taxes, the County's largest general revenue source, were $649 million higher than the prior year and were mostly attributable to property taxes and sales and other taxes, which grew by $586 million and $63 million, respectively. The County's total taxable assessed property tax value is $1.911 trillion, which grew by 7.03% in the current year and property tax revenue increased by $452 million from the prior year. Property tax revenues were also recognized in conjunction with the dissolution of redevelopment agencies "pass through". Payments from redevelopment dissolution were $504 million and increased by $67 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 $473 million, an increase of $102 million compared to the prior year. Other general revenues also increased by $54 million for voter approved taxes, $41 million from the sales and use taxes in the Homeless and Housing Measure H program and $5 million from the local generated sales tax due to increased consumer spending. This was offset by a decrease in deed transfer tax revenue of $57 million due to the decline in real estate sales.

- Program revenues recognized from charges for services increased by $302 million which was primary attributable to an increase in health and sanitation, general government, and public protection functional categories by $193 million, $59 million, and $48 million, respectively. Health and sanitation increase was due to an increase in patient services from the ambulatory care network of $271 million and mental health services of $11 million, which was offset by a decline in public health services of $94 million. General government was higher primarily from an increase of Public Works services in the Internal Service fund by $45 million. The public protection increase was due to an increase in Sheriff law enforcement and Flood Control District services by $31 million and $14 million, respectively.

- Investment income increased by $804 million due to an increase in interest income of $413 million and an increase in the fair value change in investments at year-end of $391 billion, which was primarily from an increase in market yields throughout the fiscal year.

Governmental Activities-Continued

Expenses related to governmental activities increased by $5.541 billion (21.8%) during the current year. This was attributable to an increase in salaries and employee benefit (S&EB) expenses of $1.252 billion and an increase in operating expenses of $4.289 billion. The S&EB increase was largely attributable for general salary increases by $626 million, an increase in pension by $941 million, a decrease in OPEB by $479 million, and an increase in compensated absences of $162 million, in all functional categories.

The increase in the operating expenses of $4.289 billion was primarily from public assistance and public protection by $2.448 billion and $1.548 billion, respectively. In addition, general government and public ways and facilities operating expenses increased by $230 million and $75 million, respectively. Public assistance operating expenses were higher from public social services programs by $629 million and affordable and homeless housing programs by $344 million. In addition, there were higher litigation and self-insurance expenses of $1.548 billion primarily from the AB 218 cases. Public protection operating expenses were higher from litigation and self-insurance expenses by $1.477 billion primarily from the AB 218 cases. General government operating expenses were higher primarily for insurance, establishment of a new Economic Development department, and litigation of $87 million, $69 million, and $53 million, respectively. Public ways and facilities were primarily higher due to increased costs for road operations, maintenance, safety, and improvements of unincorporated area municipal streets and highways of $70 million.

Interest on long-term debt was $162 million, an increase of $14 million from the prior year. Depreciation/ amortization expense was $584 million in the current year, an decrease of $4 million from the prior year amount of $588 million.

Business-type Activities

Revenues from business-type activities for the current year were $5.234 billion, a decrease of $544 million (9.4%) from the previous year. The most significant decrease was in operating grants and contributions to the County's hospitals by $748 million. Charges and services increased by $147 million for the County's hospitals. Operating grants and contributions decrease was attributed to a decline in Patient Service Revenue, Global Payment Program, and Quality Incentive Program by $353 million, $309 million, and $159 million, respectively, This was offset by a $97 million increase in Cost Based Reimbursement Clinics revenue, The increase in charges for services can be primarily attributed to an increase in CalAIM specialty mental health services of $124 million. As discussed in Note 14 to the basic financial statements, County hospital revenues are derived from a wide range of federal and State funding sources.

Expenses related to business-type activities increased from the previous year by a net total of $73 million (1.3%), and were associated primarily with the County's hospitals, where expenses increased by $69 million. The hospital expenses for S&EB consisted of an increase from pension and general salary increases of $143 million and $139 million, respectively. The S&EB increase was offset by a decrease in OPEB expense of $93 million. In addition, there was an increase of $123 million for services and supplies and professional services related to an increase in patient care services. This was offset by a decrease in the County's hospital Intergovernmental transfer expense of $230 million primarily for the Global Payment, Medi-Cal Managed Care Graduate Medical Education, Quality Incentive Programs.

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 $12.155 billion, an increase of $1.179 billion in comparison with the prior year. Of the total fund balances, $279 million is nonspendable to indicate the extent that funds are not in spendable form or are required to remain intact. An additional $5.307 billion is classified as restricted, $975 million as committed, and $1.314 billion as assigned. The remaining balance of $4.280 billion is classified as unassigned and is entirely associated with the General Fund.

Revenues from all governmental funds for the current year were $30.111 billion, an increase of $2.590 billion (9.4%) from the previous year. Expenditures for all governmental funds in the current year were $28.321 billion, an increase of $2.087 billion (8.0%) from the previous year. In addition, net other financing uses were $611 million, an increase of $155 million (34.0%) as compared to $456 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 $865 million (15.4%). At the end of the current fiscal year, the General Fund's total fund balance was $6.483 billion. Of this amount, $263 million is classified as nonspendable, $78 million as restricted, $833 million as committed, $1.029 billion as assigned and the remaining $4.280 billion is classified as unassigned.

General Fund revenues during the current year were $25.221 billion, an increase of $2.359 billion (10.3%) from the previous year. General Fund expenditures during the current year were $24.614 billion, an increase of $2.525 billion (11.4%) from the previous year. Net other financing sources/uses was positive $258 million in the current year as compared to negative $89 million in the prior year.

Following are significant changes in General Fund revenues and expenditures:

- Intergovernmental revenues increased by $1.140 billion overall, and were primarily associated with an increase in State revenue by $967 million, an increase in federal revenue by $191 million and a decrease in Other governmental agencies revenue by $18 million. State and federal revenues related to the Coronavirus Aid, Relief, and Economic Security (CARES) Act funds decreased by $174 million and were offset by an increase of $305 million from the American Rescue Plan (ARP) funds. Health Services Realignment State sales tax and vehicle license fees were higher by $43 million primarily due to the steady rise in consumer spending. Other State and federal revenue growth was attributable to higher levels of reimbursable program and administrative costs in the social services, public health, mental health, homeless and housing, capital projects, diversion reentry, and probation programs of $648 million, $171 million, $123 million, $54 million, $39 million, $31 million, and $12 million, respectively. The County also received State funds of $13 million to backfill revenues lost from the repeal of court fees and fines under California Senate Bill 1869.

Governmental Funds-Continued

This was offset by lower levels of reimbursable program and administrative costs of $91 million, and $58 million in the ambulatory care network and health administration programs. In addition, State revenue for election services decreased by $57 million for the Registrar-Recorder. The remaining variance was an increase of $81 million.

- Investment income resulted in an increase of $540 million due to an increase of $286 million in interest earnings and a gain of $254 million in the fair value change in investments at year-end, which was primarily from an increase in market yields throughout the fiscal year.

- Revenues from taxes increased by $483 million and were primarily associated with an increase in property taxes of $519 million and a decrease in other taxes of $36 million. The property taxes increase was primarily associated with $381 million of revenue from a growth in assessed property values. Residual property tax revenues, which are associated with redevelopment dissolution, were $391 million in the current year, $75 million higher than the prior year. Property tax was also reflected in "pass through" property tax revenues, which were $56 million higher in the current year. Documentary transfer taxes decreased other taxes by $57 million fueled by higher interest rates in the real estate market and the County median home sales slowed down in this fiscal year. Sales, use and utility tax increased other taxes by $21 million from increased consumer spending and higher prices.

- General Fund expenditures increased by a total of $2.525 billion, or 11.4%. Current expenditures increased by $2.199 billion, and debt service and capital outlay expenditures increased by $326 million.

    - Public assistance expenditures increased by $994 million. This was primarily due to a increase of $564 million for public social services, $296 million for affordable housing programs, $75 million for children and family services, and $21 million for homeless and housing programs. There was also an increase of $105 million for general salary increase for S&EB. This was offset by a transfer of $61 million from the public assistance expenditures to general government services for the establishment of the new the Economic Opportunities department.

    - General government spending increased by $677 million and was primarily associated with increases of $82 million for costs associated with capital improvements, $76 million for the Economic Opportunity department, $53 million for judgments and damages, $43 million for the Board of Supervisors community programs, $32 million for the Internal Services Department, $26 million for nondepartmental special accounts, $19 million for the Care First and Community Investment program, and $17 million in rent expense. There was an increase of $39 million for general salary increases in S&EB and $39 million for compensated absences. In addition, $239 million increased the operating expenditures, from the prior year, related to the commercial paper program.

    - Public protection program costs were higher by $390 million, and were primarily associated with an increase in S&EB expenditures of $256 million and an increase in law enforcement expenditures of $124 million for the Sheriff and Probation departments.

    - Capital Outlay costs increased by $282 million from an increase in leases by $222 million and subscriptions by $61 million.

Governmental Funds-Continued

The Fire Protection District reported a year-end fund balance of $216 million, which represented an increase of $27 million compared to the previous year decrease of $24 million, resulting in a net difference of $51 million. The Fire Protection District responds to a number of major incidents and emergencies and provide essential fire protection and emergency medical services during the fiscal year. Revenues increased by $80 million, of which $84 million was related to property taxes and primarily associated with growth in assessed property values. This was offset by $7 million in lower federal and State COVID-19 prior year revenues. Expenditures were higher by $67 million, of which S&EB, services and supplies costs, and capital outlay increased by $42 million, $22 million, and $3 million, respectively.

The Flood Control District reported a year-end fund balance of $364 million, which represented a decrease of $42 million in fund balance compared to the previous year's decrease of $93 million, resulting in a net difference of $51 million. The change in fund balance was primarily due to higher revenues of $15 million from higher property taxes and $14 million for charges for services from the previous year. Interest revenue was also higher by $28 million due to favorable interest rates. This was offset by lower services and supplies and capital assets infrastructure expenditures of $4 million for infrastructure improvement projects to support flood protection and water conservation.

The LA County Library Fund reported a year-end fund balance of $169 million, which represented an increase of $38 million in fund balance compared to the previous year increase of $22 million, resulting in a net difference of $16 million. Revenues increased by $5 million, of which $9 million was related to property taxes associated with growth in assessed valuation, $2 million higher State and federal revenues and $3 million higher interest revenue and was offset by a decline of $12 million in charges for service. Expenditures were $3 million higher than the previous year and other financing sources from Safe, Clean Water Program Measure W were higher by $14 million.

The Regional Park and Open Space District reported a year-end fund balance of $676 million, which represented an increase of $101 million in fund balance compared to the previous year increase of $57 million, resulting in a net difference of $44 million. The net change in fund balance was primarily attributable to an increase in investment income of $28 million from higher interest rates. Property tax was nearly the same as the previous year. Expenditures were higher by $16 million due to an decrease in grant awards to empower communities and preserve parks and open space from the previous year.

The MHSA Fund reported a year-end fund balance of $1.233 billion , which represented a decrease of $46 million in fund balance compared to the previous increase of $182 million, resulting in a net difference of $228 million. Current year revenues were lower by $211 million, primarily from a decrease of $301 million in State revenues, offset by an investment gain of $90 million, while transfers out decreased by $16 million to support the five MHSA program components (Community Services and Supports; Prevention and Early Intervention; Innovation; Workforce Education and Training; and Capital Facilities and Technological Needs.

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The County's principal proprietary funds consist of four hospital enterprise funds and each one is reported as a major fund. All of the four hospital funds had a net deficit as discussed in Note 3.

Proprietary Funds-Continued

The County is legally required to provide local matching funds to the health care system in order to remain eligible for federal and State assistance. Such funds were provided to the hospitals as operating subsidies from the County General Fund during the year as discussed in Note 15 to the basic financial statements. The amount of subsidy, per facility, ranged from $91 million for the Olive View-UCLA Medical Center to $360 million for the Los Angles General Medical Center. The total subsidy amount was $906 million and is reflected in the Statement of Revenues, Expenses and Changes in Fund Net Position as "transfers in." By comparison, the total General Fund subsidy in the prior year was $722 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 Los Angeles General Medical Center ($110 million), Harbor-UCLA Medical Center ($53 million), and Olive-View UCLA Medical Center ($30 million). The total current year amount of $193 million in Measure B transfers was nearly the same as the prior year.

Waterworks Fund reported year-end net position of $762 million, which was $9 million lower than the previous year due to lower operating revenues. There were no significant operational changes during the current year. Current year operating revenues of $91 million were slightly lower by $8 million than the previous year's amount of $99 million. Current year operating expenses of $113 million were slightly higher by $2 million than the previous year.

General Fund Budgetary Highlights

The accompanying basic financial statements include a Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual on Budgetary Basis for the County's General Fund. The County's budgetary basis of accounting is discussed in Notes 1 and 16 to the basic financial statements. There are approximately 160 separate budget units within the General Fund, excluding capital improvement projects, which are individually budgeted. The data presented below represents the net budgetary changes for the General Fund in a highly summarized format. Accordingly, in certain instances, budgets have been increased for programs within a category even though actual amounts have not been realized for the category in its entirety. Under the budgetary basis, there was a net increase of $587 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	$ 13,714	$ 7,404,760	$ 7,639,271	$ 234,511
Intergovernmental revenues	1,177,002	15,494,728	13,761,596	(1,733,132)
Charges for services	180,702	3,125,586	2,906,002	(219,584)
All other revenues	100,832	756,626	978,197	221,571
Other sources and transfers in	106,277	1,570,052	1,173,722	(396,330)
Total	$ 1,578,527	$ 28,351,752	$ 26,458,788	$ (1,892,964)

Changes from Amounts Originally Budgeted

During the year, net increases in budgeted revenues and other financing sources were approximately $1.579 billion. The changes occurred in the following areas:

- The budget for "Taxes" increased by $14 million. The $14 million increase was primarily associated with year-end budgetary changes that are designed to demonstrate compliance with legal provisions related to the appropriation of revenues from property taxes and certain other tax related revenues.

- The estimated revenue for "Intergovernmental revenues" increased by $1.177 billion The increase is primarily from COVID-19 federal ARP Act revenues, which is associated with $556 million for a variety of ARP programs and $318 million under the ARP Revenue Loss Provision. There was an increase of $232 million in federal and State revenues for social services and children and family programs. Capital projects funded by federal and State revenues increased by $140 million. The remaining net budget decreases of $69 million were related to a variety of federal and State funded programs.

- The estimated revenue for "Charge for services" increased by $181 million. The increase is primarily from $161 million for the ambulatory care network services, $9 million for the Sheriff's department contracted services, $5 million for public works building and permit fees, and $4 million for the Registrar-Recorder election services. There were $2 million of net budget increases in charges for services from a variety of programs.

- The budget for "All other revenues" increased by $101 million from tobacco settlement revenues. There were $1 million of net budget increases in licenses, permits, and franchises revenues.

- The budget for "Other sources and transfers in" increased by $106 million from transfers of $46 million from the Nonmajor Other Special Revenue for capital projects, $40 million from the Homeless and Housing Measure H Nonmajor Special Revenue Funds for general fund homeless programs, $13 million from Health Services Measure B for general fund trauma programs, and $7 million in other transfers for a variety of programs.

Actual Revenues/Financing Sources Compared with Final Budget Amounts

Actual revenues and other financing sources recognized by the General Fund were approximately $26.459 billion. This amount was $1.893 billion, or 6.7%, lower than budget. As discussed below, the changes occurred in the following areas.

- Actual "Taxes" were higher by $234 million from the amount budgeted. Of this increase, $198 million increase was associated with property tax revenue due to a growth in assessed property values. Other taxes increased by $37 million primarily from an increase in transient occupancy tax, aircraft assessment, and local sales revenue by $17 million, $11 million, and $11 million, respectively. There were net decrease of $1 million from other taxes.

- Actual "Intergovernmental revenues" were $1.733 billion lower than the amount budgeted. The ARP programs in various departments accounted for $611 million as these program costs were not completed prior to year-end. Approximately $438 million of intergovernmental revenues were associated with social services and child and family programs, where reimbursable costs were lower than anticipated due to delays in hiring and promoting staff, reduced contractual spending for services and child care provider payments, and delays in implementing new systems. Mental Health and ambulatory network programs accounted for approximately $214 million, which experienced lower than anticipated reimbursable costs and correspondingly lower than expected revenues. Budgeted intergovernmental revenues of $182 million were not realized for various capital improvements and disaster recovery programs, as these initiatives were not completed prior to year-end. Homeless and housing program revenue of $111 million experienced lower than anticipated revenue for State funded homeless and housing initiatives. Probation and Sheriff budgeted intergovernmental revenues were lower by $82 million, which experienced lower than anticipated reimbursable operating expenditures and staffing vacancies. Justice reformed departments in diversion and reentry, Justice, Care and Opportunities (JCOD), and Youth Development budgeted intergovernmental revenues were lower by $89 million as new programs and initiatives were still being developed prior to year-end. There were net decreases of $6 million from a variety of programs.

- Actual "Charges for services" were $220 million lower than the amount budgeted. The decrease was primarily attributable to $129 million, $56 million and $36 million of costs associated with Public Health, health services administration and ambulatory care network programs, respectively, which experienced lower than anticipated reimbursable costs for charges for services due to the transition to a post-pandemic environment. In addition, JCOD programs, a newly established department in FY 2022-2023, were lower by $26 million than the budgeted amount as they develop and ramp up services. This was offset by $24 million in higher revenue from contracted services by the Sheriff's Department. There were net decreases of $3 million from a variety of programs.

- Actual "All other revenues" were $222 million higher than budgeted. Interest revenue was higher by $140 million due to an increase in market yields throughout the fiscal year. Miscellaneous revenue were $52 million higher than budget primarily from the Rent Expense and Mental Health programs by $27 million and $25 million, respectively. Fine and penalties were higher by $38 million. License Permits and Franchise revenue were higher by $5 million. There were net decreases of $3 million from other revenues for the remaining variance.

- The actual amount of "Other sources and transfers in" was $396 million lower than the amount budgeted. Of this amount, mental health programs funded by the MHSA Special Revenue Fund did not fully materialize at the budgeted level and "transfers in" were $239 million lower than budgeted. Costs associated with Consumer Protection, Diversion and Reentry, Probation, Sheriff, and Youth Development departmental programs funded by the Other Public Protection Special Revenue Funds were $40 million less than budgeted. The "transfers in" for health services trauma programs, funded by the Health Services Measure B nonmajor special revenue fund, were $27 million less than budgeted. Costs associated with the public health programs funded by the Health and Sanitation Special Revenue funds were $10 million less than budgeted. The Homeless and Housing Measure H costs were $29 million less than budgeted. In addition, "transfers in" totaling $28 million were assumed in the budget for capital improvements and extraordinary building maintenance projects, which did not incur expected costs. There were various other sources and transfers that comprised the remaining variance of $23 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	$ 51,390	$ 3,484,416	$ 1,893,037	$ 1,591,379
Public protection	462,234	7,353,877	6,800,230	553,647
Health and sanitation	(25,930)	7,382,127	6,600,293	781,834
Public assistance	535,801	9,810,107	8,673,154	1,136,953
All other expenditures	299,813	2,219,260	881,177	1,338,083
Transfers out	292,450	1,130,106	1,126,968	3,138
Contingencies	(118,856)	(41,665)		(41,665)
Fund balance changes-net	81,625	191,495	(102,589)	294,084
Total	$ 1,578,527	$ 31,529,723	$ 25,872,270	$ 5,657,453

Changes from Amounts Originally Budgeted

During the year, net increases in General Fund appropriations and fund balance component changes were approximately $1.579 billion. The most significant changes occurred in the following areas:

- "Public protection" appropriations were increased by $462 million. As previously mentioned, an increase of $122 million of S&EB was appropriated to reflect the Board approved S&EB increases. Law enforcement appropriations were increased by $181 million which was funded by provisional financing uses and other revenues for the Sheriff's department operations costs which include increases in services and supplies, contracts, legal settlements, and costs for the ARP programs. The Consumer and Business Affairs appropriation increased by $47 million for ARP grant programs to provide mortgage relief, expand the income tax assistance program, financial coaching, landlord-tenant mediation, and rent relief. JCOD appropriations were increased by $98 million to fund justice reform initiatives for vulnerable justice-impacted individuals and their communities. There were net increases of $14 million for other public protection programs.

Changes from Amounts Originally Budgeted-Continued

- "Public assistance" appropriations were increased by $536 million. The increase in appropriation was to support the ARP Fiscal Recovery Fund Spending Plan, which included an increase of $186 million to provide rental assistance and support the conversion of Project Homekey interim housing units to permanent housing. Public social and children and family services appropriation increased by $275 million to provide assistance to foster children, CalWORKS, Child Care programs and legal settlements. FEMA reimbursed the County for Project Roomkey costs which decreased the nonspendable long-term receivable and increased the homeless and housing budget by $36 million. An increase of $37 million of S&EB was appropriated to reflect the Board approved S&EB increases. There were net increases of $2 million for other public assistance programs.

- Appropriations for "All other expenditures" were increased by $300 million. The increase was primarily attributable to the continued development, design, and construction of capital projects to support the long-term goals to sustain and/or rehabilitate County facilities.

- Appropriations for "transfers out" were increased by $292 million. The increase was primarily attributable to augmenting the amount of fund transfers from the General Fund to the various Hospital Enterprise Funds by $291 million. There were net increases of $1 million from transfers out to various other funds.

Actual Expenditures/Other Financing Uses Compared with Final Budget Amount

Actual expenditures/other financing uses for the current year were $5.657 billion (17.9%) lower than the final total budget of $31.530 billion. There were budgetary savings in all functional expenditure categories. Following are the functional areas that recognized the variations from the final budget:

- The "general government" function reported actual expenditures that were $1.591 billion less than the amount budgeted. Of this amount, $1.033 billion represented budgetary savings for items that are not associated with specific County departments, such as provisional appropriations and central non-departmental appropriations. The Board of Supervisors had budgetary savings of $122 million to be spent in future years for various community projects. S&EB savings for general government departments of $115 million were due to the hiring freeze and vacancies. CFCI had budgetary savings of $110 million due to the length of time needed to design, develop, launch and implement Board-approved CFCI new programs. Chief Executive Office had budgetary savings of $42 million due to lower than anticipated program costs. The Real Estate budget had a budgetary savings of $11 million due to lower than anticipated debt service and rent expenditures. In addition, the Board Initiatives and Programs budget had budgetary savings of $20 million due to longer-than-anticipated implementations for the Alternative to Incarceration Initiative, Poverty Alleviation Initiative, Equity and Diversity Program, and ARP programs. There were also budgetary savings from the ARP programs, which included savings from $91 million for economic and career assistance to small businesses, nonprofits, restaurants, child care facilities, and rent relief, and $44 million for the Delete the Divide campaign. The remaining net $3 million was spread across the general government departments and was mostly related to savings in the areas of services and supplies.

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

- Actual "public protection" expenditures were $554 million less than the budgeted amount. S&EB savings of $155 million were due to the vacancies, staff on approved leave, and for hard to recruit items. The Probation department had budgetary savings of $45 million due to delays in hiring and delays in implementing new programs. The Diversion and Reentry budget unit had budgetary savings of $76 million from lower than anticipated contracted services. The Department of Consumer and Business Affairs had budgetary savings of $80 million from delays in implementing the ARP projects. Trial Court operations had a budgetary savings of $9 million from lower court facilities operating expenditures and indigent defense aid cases. JCOD and Youth Development had budgetary savings of $98 million and $32 million, respectively, from ongoing implementation of the justice-reform programs. The federal and State Disaster had budgetary savings of $52 million since a major disaster did not occur during the fiscal year. The remaining variance of $7 million was related to other public protection programs.

- Overall expenditures for the "health and sanitation" category were $782 million less than the budgeted amount. Specifically, the budgetary savings were from the mental health, public health program, health services administration, CFCI health programs, and correctional health facilities of $239 million, $167 million, $67 million, $56 million, and $51 million, respectively, due to lower than anticipated costs for professional, contracted, and information technology services, and implementing new programs. There was also $203 million from S&EB savings from the staffing vacancies and hiring delays. The remaining variance of $1 million was related to other health and sanitation programs.

- Actual "public assistance" expenditures were $1.137 billion lower than the final budget. The variance of $490 million was related to affordable housing and homeless programs due to delays in carrying out multi-year projects. Social services and children and family were lower than budgeted by $224 million and $250 million, respectively. Cost savings in these areas were due to lower than anticipated costs in implementing new assistance programs, General Relief Guaranteed Income Pilot Program, Anti-Homelessness subsidy program, and Family First Prevention Services Act programs. There were also direct program savings associated with lower than anticipated caseloads. In addition, there were S&EB savings of $166 million due to the hiring delays and vacancies. The remaining variance of $7 million was related to other public assistance programs.

- The category referred to as "all other expenditures" reflected actual spending of $1.338 billion less than the budgeted amount. Of this variance, $1.304 billion was in the capital outlay category and was related to numerous capital improvements anticipated in the budget that remained in the planning and development stages and did not incur expenditures during the year. Most of the unused balance has been re-established in the following year's budget to ensure the continuity of the projects, many of which are multi-year in nature.

Capital Assets

The County's capital assets for its governmental and business-type activities as of June 30, 2023, were $23.069 billion (net of depreciation and amortization). Capital assets include land and easements, buildings and improvements, infrastructure, equipment, software, capital assets in progress, lease assets, and subscription assets. The major infrastructure network elements are roads, sewers, water, flood control, and aviation. Specific capital asset changes during the current year are presented in Note 5 to the basic financial statements.

The total increase in the County's capital assets (net of depreciation/amortization) for the current fiscal year was $694.03 million as shown in the following table.

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

	Current Year	Prior Year (1)	Increase (Decrease)
Land and easements	$ 7,815,091	$ 7,712,101	$ 102,990
Buildings and improvements	6,141,339	6,223,775	(82,436)
Infrastructure	3,856,261	4,001,638	(145,377)
Equipment	599,197	603,431	(4,234)
Software	166,611	205,512	(38,901)
Capital assets, in progress	2,876,906	2,233,515	643,391
Lease assets	1,526,637	1,394,977	131,660
Subscription assets	86,939		86,939
	$ 23,068,981	$ 22,374,949	$ 694,032

(1) The 2022 amounts were not restated for GASB 96.

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 $643 million. Governmental activities for capital assets, in progress, increased by $448 million which included major construction-in-progress for general government of $42 million, public protection of $61 million, health and sanitation of $49 million, education of $11 million, and recreation and cultural services of $179 million. The major projects include $86 million for the Los Angeles County Museum of Art Building for the Permanent Collection, $63 million for various deferred maintenance projects under the Facility Reinvestment Program, $21 million for the Natural History Museum Commons Renovation, $15 million for the Civic Center Power Plant Boilers and Chillers Replacement, and $10 million for the Whittier Aquatics Center. In addition, there were capitalized software-in-progress costs of $17 million for the Assessor's Modernization Project Phase 4. Although there was a net decrease in buildings and improvements totaling $82 million, completed major capital projects included $34 million for the Safe Landing project from the County's Capital Improvement Intermediary Program and $13 million for the Edward R. Roybal Comprehensive Health Center Air Handler Replacement project.

Business-type activities capital assets, in progress, increased by $195 million. The major construction-in-progress was $171 million at the Harbor-UCLA Medical Center primarily for the Harbor-UCLA Medical Center Replacement Program. There were also $36 million of construction-in-progress costs at Olive View-UCLA Medical Center for the Fire Alarm and Nurse Call Systems project, and $12 million of construction-in-progress costs at Rancho Los Amigos National Rehabilitation Center primarily for the Harriman Building Renovation Project. Completed major capital projects included $9 million for the Harbor-UCLA Medical Center Electrical Switchgear Replacement and $9 million for the Los Angeles General Medical Center Child Care Center.

As previously discussed, the County implemented GASB 96 during the year, which added new subscription right-to-use assets in governmental activities. As of June 30, 2023, the subscription assets net of accumulated amortization and subscription assets, in progress were $87 million and $8 million, respectively.

As of June 30, 2023, there were $1.114 billion of capital asset commitments outstanding.

Debt Administration

During the current year, the County's liabilities for long-term debt related to bonds, notes and loans from direct borrowings and direct placements, including accreted interest, decreased by $100 million, as newly issued debt and accretions of $268 million were less than the debt maturities of $368 million. Specific changes related to governmental and business-type activities are presented in Note 11 to the basic financial statements.

During the current year, significant long-term debt transactions related to bonds, notes and loans from direct borrowings and direct placements were as follows:

- Lease Revenue Obligation Notes (LRON) of $251 million were issued for governmental and business-type activities in the amounts of $135 million and $115 million, respectively. For governmental activities, debt was issued to finance renovations for public health centers, social service, probation buildings, beach and park facilities, libraries and various general government buildings. For business-type activities, debt was issued to finance hospital facilities improvements.

Lease liabilities increased by $159 million, as newly issued leases of $285 million were less than the lease maturities of $126 million related to governmental and business-type activities. As previously discussed, the County implemented GASB 96, which added $86 million in subscription liabilities.

There were eight outstanding financed purchase obligations, where the asset transfers ownership to the County by the end of the agreement. Financed purchase obligations balance for governmental activities was $23 million as of June 30, 2023. Business-type activities had one financed purchase obligation and was completely paid off during the fiscal year.

In addition to the above borrowing, the County continued to finance General Fund cash flow shortages occurring periodically during the fiscal year by selling $900 million in tax and revenue anticipation notes. The notes matured and were redeemed on June 30, 2023.

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.

Economic Conditions and Outlook

Los Angeles County's FY 2023-2024 budget is the first spending blueprint since the end of the COVID-19 emergency and the start of the local emergency for homelessness. These are two defining milestones of this transformative moment in which we are addressing the longstanding racial, social, and economic inequalities; realizing the Board's Care First, Jails Last vision; and delivering extensive safety net services to our residents. The County's 2023-2024 Budget sustains the ambitious work underway across multiple County departments and strengthens the County workforce as it serves the public with expanding existing programs. The budget does not include significant funding to launch new programs, although critical needs may be considered later in the budget process as a fuller picture of the revenues and obligations become available. The County's budget continues to reflect the County's long-standing commitment to responsible and sustainable fiscal practices.

The Board of Supervisors adopted the County's 2023-2024 Budget on June 26, 2023. The Budget was adopted based on estimated fund balances that would be available at the end of 2022-2023. The Board updated the Budget on October 3, 2023 to reflect final 2022-2023 fund balances and other pertinent financial information. For the County's General Fund, the 2023-2024 Budget utilized $3.764 billion of fund balance, which exceeded the previously estimated fund balance of $2.256 billion. Of the additional fund balance of $1.508 billion, $489 million was used to carryover lapsed appropriations and ensure the continuity of funded program initiatives. The remaining $1.019 billion was primarily used for the continued momentum for Care First, Jails Last initiative, respond to the local emergency for homelessness and affordable housing, changes in the Mental Health and Public Health services delivery system, help children and families, older adults and people with disabilities, provide immigrant assistance services, promote jobs, workforce and business development, make community and equity investments, invest in information technology, invest in sustainability and energy efficiencies, provide transparency and public accountability, provide for public safety protection, and invest in the County's public assets.

Over the past year, the federal government's rapid hikes in the federal funds borrowing rate to combat inflation have led to significant increases in both interest earnings and mortgage rates. The County is forecasting higher interest earnings and a moderate growth in a variety of locally generated revenues along with increases in statewide sales tax revenue due to recent consumer spending trends. We are forecasting an increase of 5.91% to the property tax assessment roll based on Consumer Price Index annual inflation adjustment of 1.88% and increases in property transfers at 3.46%. The mortgage rates surge is making it more expensive for prospective buyers to borrow, while applying downward pressure on home sales. The federal rate hikes to control inflation have yet to be effective to reach their two percent target. The potential pullback for consumer and business spending could lead to an economic slowdown or increase the risk of a recession.

The County also faces higher operating costs as a result of increased salaries and employee benefits as part of the three-year approved labor agreements which expire in 2024-2025. In addition, the County must continue to prepare for potential legal settlements and judgments that could negatively impact the County's finances in future budget phases. The County will continue to advocate for additional federal and State funding. We will closely monitor key economic indicators and the risks of a recession to guide our efforts in the development of future budget recommendations that will impact the County's revenues, support the needs of County residents and advance the Board's priorities.

The County's budget outlook continues to be influenced by the fiscal condition and outlook of the State of California. The State Legislative Analyst's Office (LAO) reports that future economic conditions are particularly mixed. By some measures, the economy is booming. Unemployment is at record lows and wages continue to grow at a strong pace. From other vantage points, however, the economy seems to be on less sound footing. Housing clearly is in a slump, manufacturing and trade sectors have slowed, and recently a number of regional banks has failed. Overall, the broadest measure of economic activity (inflation-adjusted gross domestic product [real GDP]) continues to grow, albeit at a below-average pace. Regardless of the mixed economic picture, it is projected that State revenues are in a downturn. In addition, the LAO has forecasted an operating budget deficit through FY 2026-2027 averaging $18 billion annually. Proposed spending plans for multiyear one-time, temporary spending commitments, and spending delays are no longer affordable. The combination of reserves and reduced one-time spending can extend the budget capacity for the State to sustain core, ongoing programs. However, the LAO recommends addressing the State budget problem by reducing one-time spending as part of the budget process. Health and human services programs are subject to considerable challenges and uncertainty as the County depends on funding from the State and federal government.

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, 2023 (in thousands)

	PRIMARY GOVERNMENT			DISCRETELY PRESENTED COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
ASSETS				
Pooled cash and investments: (Notes 1 and 4)				
Operating	$ 10,182,270	1,031,910	$ 11,214,180	$ 182,030
Other	5,797,539	57,469	5,855,008	
Total pooled cash and investments	15,979,809	1,089,379	17,069,188	182,030
Other investments (Note 4)	62,382		62,382	791,448
Taxes receivable	377,589	864	378,453	
Accounts receivable - net (Note 14)		2,567,286	2,567,286	27,475
Interest receivable	52,701	2,952	55,653	1,209
Lease receivable (Note 9)	1,873,408	20,565	1,893,973	9,259
Other receivables (Note 14)	4,178,243	803,944	4,982,187	58,125
Internal balances (Note 15)	(42,544)	42,544		
Inventories	160,749	38,376	199,125	10,942
Restricted assets (Note 4)	1,599	98,056	99,655	11,870
Capital assets: (Notes 1, 5, 9 and 10)				
Capital assets, not being depreciated	9,949,254	742,743	10,691,997	93,560
Capital assets, net of accumulated depreciation/ amortization	9,760,131	2,616,853	12,376,984	103,922
Total capital assets	19,709,385	3,359,596	23,068,981	197,482
TOTAL ASSETS	42,353,321	8,023,562	50,376,883	1,289,840
DEFERRED OUTFLOWS OF RESOURCES (Note 20)	10,817,003	1,634,388	12,451,391	38,722
LIABILITIES				
Accounts payable	818,707	817,775	1,636,482	63,390
Accrued payroll	606,055	113,939	719,994	
Other payables	169,680	12,836	182,516	9,328
Accrued interest payable	14,126	13,020	27,146	
Advances payable	6,111,238	1,259	6,112,497	4,606
Long-term liabilities: (Note 11)				
Due within one year	1,555,818	355,901	1,911,719	6,145
Due in more than one year	44,446,809	7,326,803	51,773,612	122,570
TOTAL LIABILITIES	53,722,433	8,641,533	62,363,966	206,039
DEFERRED INFLOWS OF RESOURCES (Note 20)	10,490,505	1,832,739	12,323,244	14,871
NET POSITION				
Net investment in capital assets	15,833,971	2,525,430	18,359,401	161,837
Restricted for:				
Capital projects	34,250		34,250	
Debt service	4,979	84,718	89,697	
Permanent funds - nonspendable	2,109		2,109	
General government	362,598		362,598	
Public protection	987,073		987,073	
Public ways and facilities	958,265		958,265	
Health and sanitation	1,573,577		1,573,577	
Public assistance	452,901		452,901	
Education	1,642		1,642	
Recreation	706,102		706,102	
Community development				621,977
First 5 LA				278,642
Unrestricted (deficit)	(31,960,081)	(3,426,470)	(35,386,551)	45,196
TOTAL NET POSITION (DEFICIT) (Note 3)	$ (11,042,614)	(816,322)	$ (11,858,936)	$ 1,107,652

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, 2023 (in thousands)

		PROGRAM REVENUES		
FUNCTIONS PRIMARY GOVERNMENT:	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental activities:				
General government	$ 1,626,902	691,118	198,679	20,020
Public protection	10,535,212	1,704,995	2,242,819	40,913
Public ways and facilities	543,472	49,777	310,209	1,188
Health and sanitation	6,906,927	1,743,967	3,856,356	1,822
Public assistance	10,390,815	8,727	7,486,162	
Education	154,258	1,955	9,879	
Recreation and cultural services	588,735	142,312	30,691	80
Interest on long-term debt	161,604			
Total governmental activities	30,907,925	4,342,851	14,134,795	64,023
Business-type activities:				
Hospitals	5,560,504	4,912,895	180,043	
Waterworks	113,074	90,902	350	1,188
Aviation	19,677	15,155	2,208	5
Total business-type activities	5,693,255	5,018,952	182,601	1,193
Total primary government	$ 36,601,180	9,361,803	14,317,396	65,216
DISCRETELY PRESENTED COMPONENT UNITS	$ 937,130	35,570	960,461	13,142

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

NET POSITION (DEFICIT), JULY 1, 2022, AS RESTATED (Note 2)
NET POSITION (DEFICIT), JUNE 30, 2023

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:
$ (717,085)		$ (717,085)		General government
(6,546,485)		(6,546,485)		Public protection
(182,298)		(182,298)		Public ways and facilities
(1,304,782)		(1,304,782)		Health and sanitation
(2,895,926)		(2,895,926)		Public assistance
(142,424)		(142,424)		Education
(415,652)		(415,652)		Recreation and cultural services
(161,604)		(161,604)		Interest on long-term debt
(12,366,256)		(12,366,256)		Total governmental activities
				Business-type activities:
	(467,566)	(467,566)		Hospitals
	(20,634)	(20,634)		Waterworks
	(2,309)	(2,309)		Aviation
	(490,509)	(490,509)		Total business-type activities
(12,366,256)	(490,509)	(12,856,765)		Total primary government
			$ 72,043	DISCRETELY PRESENTED COMPONENT UNITS
				GENERAL REVENUES:
				Taxes:
8,843,564	8,368	8,851,932		Property taxes
60,923		60,923		Utility users taxes
547,125		547,125		Voter approved taxes
84,870		84,870		Documentary transfer taxes
48,491		48,491		Other taxes
712,871		712,871		Sales and use taxes, levied by the State
632,188	114	632,302		Grants and contributions not restricted to special programs
347,504	22,949	370,453	9,596	Investment income
278,413	59	278,472	2,006	Miscellaneous
(1,117,417)	1,117,417			TRANSFERS - NET
10,438,532	1,148,907	11,587,439	11,602	Total general revenues and transfers
(1,927,724)	658,398	(1,269,326)	83,645	CHANGE IN NET POSITION
(9,114,890)	(1,474,720)	(10,589,610)	1,024,007	NET POSITION (DEFICIT), JULY 1, 2022, AS RESTATED (Note 2)
$ (11,042,614)	(816,322)	$ (11,858,936)	$ 1,107,652	NET POSITION (DEFICIT), JUNE 30, 2023

COUNTY OF LOS ANGELES
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023 (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	$ 4,249,353	243,413	425,631	166,324	670,386
Other	5,684,773	20,785	4,788	4,695	3,760
Total pooled cash and investments	9,934,126	264,198	430,419	171,019	674,146
Other investments (Note 4)	2,588			114	
Taxes receivable	273,191	56,197	14,783	8,327	1,912
Interest receivable	39,225	595	1,037	363	1,403
Lease receivable (Note 9)	1,833,620		34,781		
Other receivables	3,790,268	43,310	16,011	1,987	1,960
Due from other funds (Note 15)	836,933	1,872	22,940	7,927	
Advances to other funds (Note 15)	17,738		6,672		
Inventories	137,240	12,780	200	146	
TOTAL ASSETS	16,864,929	378,952	526,843	189,883	679,421
DEFERRED OUTFLOWS OF RESOURCES (Note 20)					
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 16,864,929	378,952	526,843	189,883	679,421
LIABILITIES					
Accounts payable	$ 712,573	7,756	10,248	3,352	100
Accrued payroll	523,652	52,539		4,629	
Other payables	163,099	2,933		596	
Due to other funds (Note 15)	345,155	48,143	34,849	6,054	1,960
Advances payable	5,979,531		72,765		
Third party payor (Notes 11 and 14)	195,652				
TOTAL LIABILITIES	7,919,662	111,371	117,862	14,631	2,060
DEFERRED INFLOWS OF RESOURCES (Note 20)	2,462,210	51,144	44,657	5,857	1,638
FUND BALANCES (Note 21)					
Nonspendable	263,367	12,780	200	146	
Restricted	77,629	203,657	364,025	82,037	675,723
Committed	832,792				
Assigned	1,028,770		99	87,212	
Unassigned	4,280,499				
TOTAL FUND BALANCES	6,483,057	216,437	364,324	169,395	675,723
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 16,864,929	378,952	526,843	189,883	679,421

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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)
$ 1,441,882	2,928,578	$ 10,125,567	Operating
6,078	62,324	5,787,203	Other
1,447,960	2,990,902	15,912,770	Total pooled cash and investments
	59,680	62,382	Other investments (Note 4)
	23,179	377,589	Taxes receivable
3,753	5,853	52,229	Interest receivable
	5,007	1,873,408	Lease receivable (Note 9)
	227,509	4,081,045	Other receivables
	123,993	993,665	Due from other funds (Note 15)
	11,014	35,424	Advances to other funds (Note 15)
	1	150,367	Inventories
1,451,713	3,447,138	23,538,879	TOTAL ASSETS
	183,207	183,207	DEFERRED OUTFLOWS OF RESOURCES (Note 20)
$ 1,451,713	3,630,345	$ 23,722,086	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES
			LIABILITIES
	75,873	$ 809,902	Accounts payable
	44	580,864	Accrued payroll
		166,628	Other payables
218,840	462,630	1,117,631	Due to other funds (Note 15)
	58,454	6,110,750	Advances payable
	246	195,898	Third party payor (Notes 11 and 14)
218,840	597,247	8,981,673	TOTAL LIABILITIES
	20,224	2,585,730	DEFERRED INFLOWS OF RESOURCES (Note 20)
			FUND BALANCES (Note 21)
	2,137	278,630	Nonspendable
1,232,873	2,670,624	5,306,568	Restricted
	141,900	974,692	Committed
	198,213	1,314,294	Assigned
		4,280,499	Unassigned
1,232,873	3,012,874	12,154,683	TOTAL FUND BALANCES
$ 1,451,713	3,630,345	$ 23,722,086	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, 2023 (in thousands)

Fund balances - total governmental funds (page 33)		$ 12,154,683
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 - net	$ 7,649,936	
Construction in progress	2,302,337	
Buildings and improvements - net	5,758,480	
Equipment - net	349,735	
Intangible software - net	251,081	
Infrastructure - net	3,279,360	19,590,929
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	$ 7,999	
Deferred outflows from OPEB	4,973,775	
Deferred outflows from pension	5,402,065	
Deferred inflows from gains on refunding of debt	(10,920)	
Deferred inflows from private-public partnerships	(84,995)	
Deferred inflows from OPEB	(7,750,905)	
Deferred inflows from pension	(424,437)	2,112,582
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	$ (183,207)	
Deferred inflows from tobacco settlement revenues	183,207	
Deferred inflows from property taxes	256,912	
Deferred inflows from long-term receivables	272,203	529,115
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	$ 338	
Accrued interest on long-term receivables	328	666
Installment receivables from public-private and public-public partnerships		84,995
Accrued interest payable is not recognized in governmental funds		(14,110)
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	$ (2,242,274)	
Unamortized premiums on bonds	(289,086)	
Accreted interest on bonds	(14,227)	
Lease liability	(1,577,412)	
Subscription liability	(85,621)	
Financed purchase obligations	(22,750)	
Accrued compensated absences	(2,092,305)	
Workers' compensation	(3,048,397)	
Litigation and self-insurance	(3,732,163)	
Pollution remediation obligation	(37,166)	
Net pension liability	(10,940,285)	
Net OPEB liability	(20,072,830)	
Third party payor liability	(136,623)	(44,291,139)
Assets and liabilities of certain internal service funds are included in governmental activities in the accompanying statement of net position.		(1,210,335)
Net position (deficit) of governmental activities (page 29)		$(11,042,614)

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, 2023 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	LA COUNTY LIBRARY	REGIONAL PARK AND OPEN SPACE DISTRICT
REVENUES					
Taxes	$ 7,643,986	1,119,730	203,064	121,542	109,747
Licenses, permits and franchises	72,609	20,843	1,670	1	
Fines, forfeitures and penalties	176,923	3,471	2,304	540	1,014
Revenue from use of money and property:					
Investment income (loss) (Note 4)	246,295	(1,344)	13,138	(58)	9,676
Rents and concessions (Note 9)	54,268	62	5,316	5	
Lease revenue (Note 9)	68,592		1,349		
Royalties	18		616		
Intergovernmental revenues:					
Federal	5,366,215	12,988		4,608	
State	8,421,882	10,225	17,631	5,652	
Other	16,738	581	105	81	
Charges for services	2,908,286	296,570	134,264	1,292	244
Miscellaneous	245,625	4,344	7,704	4,767	
TOTAL REVENUES	25,221,437	1,467,470	387,161	138,430	120,681
EXPENDITURES					
Current:					
General government	1,870,449				
Public protection	6,720,622	1,497,919	427,825		
Public ways and facilities					
Health and sanitation	6,468,543				
Public assistance	8,549,336				
Education				159,443	
Recreation and cultural services	477,197				19,335
Debt service:					
Principal	128,544	7,646	1,313	815	
Interest and other charges	57,853	1,078	81	320	
Capital outlay	341,816	3,140		446	
TOTAL EXPENDITURES	24,614,360	1,509,783	429,219	161,024	19,335
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	607,077	(42,313)	(42,058)	(22,594)	101,346
OTHER FINANCING SOURCES (USES)					
Transfers in (Note 15)	1,194,387	88,201	2,392	61,837	
Transfers out (Note 15)	(1,279,057)	(22,284)	(2,302)	(1,834)	
Issuance of debt (Note 11)					
Sales of capital assets	1,180	105	268		
Leases (Note 9)	280,778	3,140		446	
Subscriptions (Note 10)	61,038				
TOTAL OTHER FINANCING SOURCES (USES)	258,326	69,162	358	60,449	
NET CHANGE IN FUND BALANCES	865,403	26,849	(41,700)	37,855	101,346
FUND BALANCES, JULY 1, 2022	5,617,654	189,588	406,024	131,540	574,377
FUND BALANCES, JUNE 30, 2023	$ 6,483,057	216,437	364,324	169,395	675,723

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
$	1,004,070	$ 10,202,139	Taxes
	26,066	121,189	Licenses, permits and franchises
	38,062	222,314	Fines, forfeitures and penalties
			Revenue from use of money and property:
39,588	42,026	349,321	Investment income (loss) (Note 4)
	46,583	106,234	Rents and concessions (Note 9)
	283	70,224	Lease revenue (Note 9)
	6	640	Royalties
			Intergovernmental revenues:
	7,478	5,391,289	Federal
571,915	449,399	9,476,704	State
	11,399	28,904	Other
	431,263	3,771,919	Charges for services
	107,412	369,852	Miscellaneous
611,503	2,164,047	30,110,729	TOTAL REVENUES
			EXPENDITURES
			Current:
	11,225	1,881,674	General government
	249,261	8,895,627	Public protection
	498,034	498,034	Public ways and facilities
	177,562	6,646,105	Health and sanitation
	196,079	8,745,415	Public assistance
	62	159,505	Education
	8,499	505,031	Recreation and cultural services
			Debt service:
	184,674	322,992	Principal
	111,636	170,968	Interest and other charges
	150,105	495,507	Capital outlay
	1,587,137	28,320,858	TOTAL EXPENDITURES
611,503	576,910	1,789,871	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
			OTHER FINANCING SOURCES (USES)
	289,037	1,635,854	Transfers in (Note 15)
(657,350)	(766,847)	(2,729,674)	Transfers out (Note 15)
	135,467	135,467	Issuance of debt (Note 11)
	784	2,337	Sales of capital assets
		284,364	Leases (Note 9)
		61,038	Subscriptions (Note 10)
(657,350)	(341,559)	(610,614)	TOTAL OTHER FINANCING SOURCES (USES)
(45,847)	235,351	1,179,257	NET CHANGE IN FUND BALANCES
1,278,720	2,777,523	10,975,426	FUND BALANCES, JULY 1, 2022
$ 1,232,873	3,012,874	$ 12,154,683	FUND BALANCES, JUNE 30, 2023

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, 2023 (in thousands)

Net change in fund balances - total governmental funds (page 37)		$ 1,179,257
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/amortization expense:		
Expenditures for general capital assets, infrastructure and other related capital asset adjustments	$ 679,893	
Less - current year depreciation expense	(420,633)	
Expenditures for right-to-use lease and subscription assets	345,402	
Less - current year amortization expense	(143,929)	460,733
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.		(4,976)
Contribution of capital assets is not recognized in the governmental funds.		43,923
Amortization of gain or loss on refunding of debt are reported as changes to deferred outflows of resources in governmental activities, but not reported for governmental funds.		(1,395)
Changes in unavailable revenues are reported as changes in deferred inflows of resources for governmental funds, but were recognized when earned for governmental activities.		(87,522)
Timing differences result in more or less revenues and expenses in the statement of activities.		
Change in accrued interest on long-term receivables	$ 273	
Change in unamortized premiums	5,260	5,533
Issuance of long-term debt provides resources in the governmental funds, but increases long-term liabilities in the statement of net position.		(480,869)
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	$ 85,432	
Notes, loans, and lease revenue obligation notes	100,379	
Other long-term notes, loans, leases and subscriptions	137,181	322,992
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	$ (96,739)	
Change in litigation and self-insurance	(3,186,156)	
Change in pollution remediation obligation	866	
Change in accrued compensated absences	(130,204)	
Change in net pension liability, net of related deferred outflows of resources and deferred inflows of resources	254,831	
Change in net OPEB liability, net of related deferred outflows of resources and deferred inflows of resources	(160,383)	
Change in third party payor liability	(18,478)	
Change in accrued interest payable	1,389	
Change in accretion of tobacco settlement bonds	(5,035)	
Transfer of capital assets between governmental fund and enterprise fund	(18,291)	(3,358,200)
The portion of internal service funds that is reported with governmental activities.		(7,200)
Change in net position of governmental activities (page 31)		$ (1,927,724)

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, 2023 (in thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	$ 7,391,046	7,404,760	7,639,271	234,511
Licenses, permits and franchises	67,304	68,335	73,257	4,922
Fines, forfeitures and penalties	140,175	140,360	176,923	36,563
Revenue from use of money and property:				
Investment income	120,491	208,259	348,272	140,013
Rents and concessions	134,927	134,177	122,212	(11,965)
Royalties			18	18
Intergovernmental revenues:				
Federal	5,489,011	6,472,583	5,256,621	(1,215,962)
State	8,769,178	8,959,162	8,474,744	(484,418)
Other	59,537	62,983	30,231	(32,752)
Charges for services	2,944,884	3,125,586	2,906,002	(219,584)
Miscellaneous	192,897	205,495	257,515	52,020
TOTAL REVENUES	25,309,450	26,781,700	25,285,066	(1,496,634)
EXPENDITURES				
Current:				
General government	3,433,026	3,484,416	1,893,037	1,591,379
Public protection	6,891,643	7,353,877	6,800,230	553,647
Health and sanitation	7,408,057	7,382,127	6,600,293	781,834
Public assistance	9,274,306	9,810,107	8,673,154	1,136,953
Recreation and cultural services	525,772	547,310	513,250	34,060
Debt service-				
Interest	15,921	15,921	15,921	
Capital outlay	1,377,754	1,656,029	352,006	1,304,023
TOTAL EXPENDITURES	28,926,479	30,249,787	24,847,891	5,401,896
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,617,029)	(3,468,087)	437,175	3,905,262
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	814	814	1,180	366
Transfers in	1,462,961	1,569,238	1,172,542	(396,696)
Transfers out	(837,656)	(1,130,106)	(1,126,968)	3,138
Appropriations for contingencies	(77,191)	41,665		(41,665)
Changes in fund balance	(109,870)	(191,495)	102,589	294,084
TOTAL OTHER FINANCING SOURCES (USES)	439,058	290,116	149,343	(140,773)
NET CHANGE IN FUND BALANCE	(3,177,971)	(3,177,971)	586,518	3,764,489
FUND BALANCE, JULY 1, 2022	3,177,971	3,177,971	3,177,971	
FUND BALANCE, JUNE 30, 2023 (Note 16)	$		3,764,489	3,764,489

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, 2023 (in thousands)

	FIRE PROTECTION DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	$ 1,097,807	1,115,599	1,118,772	3,173
Licenses, permits and franchises	18,876	18,876	20,843	1,967
Fines, forfeitures and penalties	3,446	3,446	3,471	25
Revenue from use of money and property:				
Investment income	937	937	3,893	2,956
Rents and concessions	90	90	62	(28)
Intergovernmental revenues:				
Federal	35,518	37,101	13,359	(23,742)
State	14,756	16,291	10,225	(6,066)
Other			581	581
Charges for services	271,807	277,390	299,327	21,937
Miscellaneous	805	1,046	4,344	3,298
TOTAL REVENUES	1,444,042	1,470,776	1,474,877	4,101
EXPENDITURES				
Current-Public protection:				
Salaries and employee benefits	1,277,298	1,310,469	1,287,996	22,473
Services and supplies	193,756	183,929	170,166	13,763
Other charges	45,701	41,157	32,427	8,730
Capital assets	8,144	12,851	11,049	1,802
TOTAL EXPENDITURES	1,524,899	1,548,406	1,501,638	46,768
DEFICIENCY OF REVENUES OVER EXPENDITURES	(80,857)	(77,630)	(26,761)	50,869
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	127	127	105	(22)
Transfers in	85,573	91,414	88,201	(3,213)
Transfers out	(8,738)	(19,838)	(19,838)	
Appropriations for contingencies	(19,824)	(17,792)		17,792
Changes in fund balance	(38,523)	(38,523)	(33,095)	5,428
TOTAL OTHER FINANCING SOURCES (USES)	18,615	15,388	35,373	19,985
NET CHANGE IN FUND BALANCE	(62,242)	(62,242)	8,612	70,854
FUND BALANCE, JULY 1, 2022	62,242	62,242	62,242	
FUND BALANCE, JUNE 30, 2023 (Note 16)	$		70,854	70,854

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, 2023 (in thousands)

	FLOOD CONTROL DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	$ 192,581	200,828	202,452	1,624
Licenses, permits and franchises	1,546	1,546	1,670	124
Fines, forfeitures and penalties	1,023	1,023	2,304	1,281
Revenue from use of money and property:				
Investment income	2,788	8,172	13,189	5,017
Rents and concessions	7,920	7,920	6,665	(1,255)
Royalties	428	428	616	188
Intergovernmental revenues:				
State	1,344	1,344	17,631	16,287
Other	4,209	4,209	105	(4,104)
Charges for services	133,582	133,582	133,675	93
Miscellaneous	83	83	7,704	7,621
TOTAL REVENUES	345,504	359,135	386,011	26,876
EXPENDITURES				
Current-Public protection:				
Services and supplies	369,464	399,483	396,945	2,538
Other charges	5,231	7,068	1,359	5,709
Capital assets	1,243	1,387	899	488
Capital outlay	89,711	55,411	43,172	12,239
TOTAL EXPENDITURES	465,649	463,349	442,375	20,974
DEFICIENCY OF REVENUES OVER EXPENDITURES	(120,145)	(104,214)	(56,364)	47,850
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	97	97	268	171
Transfers in	6,730	6,730	90	(6,640)
Transfers out	(1,981)	(4,281)		4,281
Appropriations for contingencies		(13,631)		13,631
Changes in fund balance			9,855	9,855
TOTAL OTHER FINANCING SOURCES (USES)	4,846	(11,085)	10,213	21,298
NET CHANGE IN FUND BALANCE	(115,299)	(115,299)	(46,151)	69,148
FUND BALANCE, JULY 1, 2022	115,299	115,299	115,299	
FUND BALANCE, JUNE 30, 2023 (Note 16)	$		69,148	69,148

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, 2023 (in thousands)

	LA COUNTY LIBRARY			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	$ 115,619	120,470	121,438	968
Licenses, permits and franchises			1	1
Fines, forfeitures and penalties	375	375	540	165
Revenue from use of money and property:				
Investment income	1,200	2,796	4,198	1,402
Rents and concessions	15	15	5	(10)
Intergovernmental revenues:				
Federal		500	4,608	4,108
State	540	540	5,652	5,112
Other	7,305	7,305	81	(7,224)
Charges for services	1,728	1,728	1,292	(436)
Miscellaneous	584	584	4,767	4,183
TOTAL REVENUES	127,366	134,313	142,582	8,269
EXPENDITURES				
Current-Education:				
Salaries and employee benefits	128,291	128,291	104,310	23,981
Services and supplies	106,839	105,591	62,878	42,713
Other charges	1,172	1,913	987	926
Capital assets	694	694	14	680
TOTAL EXPENDITURES	236,996	236,489	168,189	68,300
DEFICIENCY OF REVENUES OVER EXPENDITURES	(109,630)	(102,176)	(25,607)	76,569
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	13	13		(13)
Transfers in	67,820	67,882	61,837	(6,045)
Transfers out		(1,069)	(1,069)	
Appropriation for contingencies		(6,447)		6,447
Changes in fund balance	(34,534)	(34,534)	(32,472)	2,062
TOTAL OTHER FINANCING SOURCES (USES)	33,299	25,845	28,296	2,451
NET CHANGE IN FUND BALANCE	(76,331)	(76,331)	2,689	79,020
FUND BALANCE, JULY 1, 2022	76,331	76,331	76,331	
FUND BALANCE, JUNE 30, 2023 (Note 16)	$		79,020	79,020

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, 2023 (in thousands)

	REGIONAL PARK AND OPEN SPACE DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	$ 109,513	109,513	109,747	234
Fines, forfeitures and penalties	580	1,564	1,014	(550)
Revenue from use of money and property-				
Investment income	1,500	1,500	18,923	17,423
Charges for services			460	460
TOTAL REVENUES	111,593	112,577	130,144	17,567
EXPENDITURES				
Current-Recreation and cultural services:				
Services and supplies	25,070	24,779	8,099	16,680
Other charges	472,728	474,003	37,810	436,193
TOTAL EXPENDITURES	497,798	498,782	45,909	452,873
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(386,205)	(386,205)	84,235	470,440
OTHER FINANCING SOURCES (USES)				
Transfers in	121,583	122,191	119,097	(3,094)
Transfers out	(121,583)	(122,191)	(119,097)	3,094
Changes in fund balance	(18,870)	(18,870)	(17,820)	1,050
TOTAL OTHER FINANCING SOURCES (USES)	(18,870)	(18,870)	(17,820)	1,050
NET CHANGE IN FUND BALANCE	(405,075)	(405,075)	66,415	471,490
FUND BALANCE, JULY 1, 2022	405,075	405,075	405,075	
FUND BALANCE, JUNE 30, 2023 (Note 16)	$		471,490	471,490

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, 2023 (in thousands)

	MENTAL HEALTH SERVICES ACT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Revenue from use of money and property-				
Investment income	$ 7,443	7,443	45,829	38,386
Intergovernmental revenues-				
State	895,657	895,657	571,915	(323,742)
TOTAL REVENUES	903,100	903,100	617,744	(285,356)
OTHER FINANCING USES				
Transfers out	(879,250)	(883,356)	(657,350)	226,006
Appropriations for contingencies	(214,420)	(214,420)		214,420
Changes in fund balance	(561,313)	(557,207)	(557,207)	
TOTAL OTHER FINANCING USES	(1,654,983)	(1,654,983)	(1,214,557)	440,426
NET CHANGE IN FUND BALANCE	(751,883)	(751,883)	(596,813)	155,070
FUND BALANCE, JULY 1, 2022	751,883	751,883	751,883	
FUND BALANCE, JUNE 30, 2023 (Note 16)	$		155,070	155,070

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, 2023 (in thousands)

	BUSINESS-TYPE ACTIVITIES -			
	Harbor-UCLA Medical Center	Olive View-UCLA Medical Center	Los Angeles General Medical Center	Rancho Los Amigos National Rehab Center
ASSETS				
Current assets:				
Pooled cash and investments: (Notes 1 and 4)				
Operating	$ 427,561	77,200	188,001	182,528
Other	18,703	8,791	21,888	5,116
Total pooled cash and investments	446,264	85,991	209,889	187,644
Taxes receivable				
Accounts receivable - net (Note 14)	804,876	462,281	1,057,355	225,211
Interest receivable	1,686	357	405	145
Lease receivable (Note 9)				
Other receivables (Note 14)	18,008	10,544	25,516	4,878
Due from other funds (Note 15)	315,923	184,010	475,746	186,384
Advances to other funds (Note 15)				
Inventories	12,876	6,812	16,211	1,942
Total current assets	1,599,633	749,995	1,785,122	606,204
Noncurrent assets:				
Restricted assets (Note 4)	65,188	18,417	2,188	12,263
Lease receivable (Note 9)				
Other receivables (Note 14)	208,356	199,661	310,467	22,748
Capital assets: (Notes 1, 5, 9 and 10)				
Land and easements	1,671	1,894	16,194	217
Buildings and improvements, equipment, and intangible software	1,110,444	367,069	1,274,932	542,731
Infrastructure				
Construction in progress	323,695	59,684	8,379	123,719
Lease assets	422	389	988	291
Subscription assets				
Less accumulated depreciation/amortization	(396,059)	(226,120)	(480,229)	(184,005)
Total capital assets - net	1,040,173	202,916	820,264	482,953
Total noncurrent assets	1,313,717	420,994	1,132,919	517,964
TOTAL ASSETS	2,913,350	1,170,989	2,918,041	1,124,168
DEFERRED OUTFLOWS OF RESOURCES (Note 20)	498,420	278,421	707,960	149,587
LIABILITIES				
Current liabilities:				
Accounts payable	251,505	216,459	267,125	77,007
Accrued payroll	36,875	19,820	47,476	9,768
Other payables	4,812	2,361	4,256	1,349
Accrued interest payable	10,323	1,948	44	689
Due to other funds (Note 15)	311,175	193,142	383,063	203,326
Advances from other funds (Note 15)	4,737	2,554	6,400	1,265
Advances payable	647	126	460	3
Current portion of long-term liabilities (Note 11)	158,682	61,698	92,369	42,731
Total current liabilities	778,756	498,108	801,193	336,138
Noncurrent liabilities:				
Accrued compensated absences (Note 11)	88,880	49,253	106,217	22,133
Bonds and notes (Note 11)	472,254	74,175	15,140	211,521
Lease liability (Note 9 and 11)	293	226	622	165
Subscription liability (Note 10 and 11)				
Workers' compensation (Notes 11 and 18)	111,463	45,612	166,037	32,299
Litigation and self-insurance (Notes 11 and 18)	2,381	469	8,760	93
Net pension liability (Notes 7 and 11)	551,648	311,487	750,195	164,789
Net OPEB liability (Notes 8 and 11)	1,110,588	636,610	1,656,132	342,651
Third party payor (Notes 11 and 14)	132,769	49,631	179,753	22,485
Total noncurrent liabilities	2,470,276	1,167,463	2,882,856	796,136
TOTAL LIABILITIES	3,249,032	1,665,571	3,684,049	1,132,274
DEFERRED INFLOWS OF RESOURCES (Note 20)	514,198	368,563	771,467	157,946
NET POSITION				
Net investment in capital assets	529,431	134,513	804,531	253,520
Restricted - Debt service	35,636	616	2,978	45,488
Unrestricted (deficit)	(916,527)	(719,853)	(1,637,024)	(315,473)
TOTAL NET POSITION (DEFICIT) (Note 3)	$ (351,460)	(584,724)	(829,515)	(16,465)

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)				
Operating	$ 143,925	12,695	$ 1,031,910	$ 56,703
Other	2,971		57,469	10,336
Total pooled cash and investments	146,896	12,695	1,089,379	67,039
Taxes receivable	864		864	
Accounts receivable - net (Note 14)	16,665	898	2,567,286	
Interest receivable	335	24	2,952	144
Lease receivable (Note 9)		847	847	
Other receivables (Note 14)	3,765	1	62,712	11,537
Due from other funds (Note 15)	2,073	291	1,164,427	123,741
Advances to other funds (Note 15)	1,260	272	1,532	
Inventories		535	38,376	10,382
Total current assets	171,858	15,563	4,928,375	212,843
Noncurrent assets:				
Restricted assets (Note 4)			98,056	1,599
Lease receivable (Note 9)		19,718	19,718	
Other receivables (Note 14)			741,232	
Capital assets: (Notes 1, 5, 9 and 10)				
Land and easements	13,506	134,692	168,174	
Buildings and improvements, equipment, and intangible software	124,031	44,009	3,463,216	266,236
Infrastructure	1,224,785	96,755	1,321,540	
Construction in progress	58,991	101	574,569	
Lease assets			2,090	1,224
Subscription assets				613
Less accumulated depreciation/amortization	(800,555)	(83,025)	(2,169,993)	(149,617)
Total capital assets - net	620,758	192,532	3,359,596	118,456
Total noncurrent assets	620,758	212,250	4,218,602	120,055
TOTAL ASSETS	792,616	227,813	9,146,977	332,898
DEFERRED OUTFLOWS OF RESOURCES (Note 20)			1,634,388	433,164
LIABILITIES				
Current liabilities:				
Accounts payable	4,500	1,179	817,775	8,805
Accrued payroll			113,939	25,191
Other payables		58	12,836	3,052
Accrued interest payable		16	13,020	16
Due to other funds (Note 15)	16,576	1,177	1,108,459	55,743
Advances from other funds (Note 15)			14,956	22,000
Advances payable	23		1,259	160
Current portion of long-term liabilities (Note 11)	305	116	355,901	13,197
Total current liabilities	21,404	2,546	2,438,145	128,164
Noncurrent liabilities:				
Accrued compensated absences (Note 11)			266,483	76,017
Bonds and notes (Note 11)	8,370	1,064	782,524	5,000
Lease liability (Note 9 and 11)			1,306	528
Subscription liability (Note 10 and 11)				80
Workers' compensation (Notes 11 and 18)			355,411	56,838
Litigation and self-insurance (Notes 11 and 18)	638		12,341	
Net pension liability (Notes 7 and 11)			1,778,119	442,156
Net OPEB liability (Notes 8 and 11)			3,745,981	921,774
Third party payor (Notes 11 and 14)			384,638	
Total noncurrent liabilities	9,008	1,064	7,326,803	1,502,393
TOTAL LIABILITIES	30,412	3,610	9,764,948	1,630,557
DEFERRED INFLOWS OF RESOURCES (Note 20)		20,565	1,832,739	345,840
NET POSITION				
Net investment in capital assets	612,083	191,352	2,525,430	113,971
Restricted - Debt service			84,718	
Unrestricted (deficit)	150,121	12,286	(3,426,470)	(1,324,306)
TOTAL NET POSITION (DEFICIT) (Note 3)	$ 762,204	203,638	(816,322)	$ (1,210,335)

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023 (in thousands)

	BUSINESS-TYPE ACTIVITIES -			
	Harbor-UCLA Medical Center	Olive View-UCLA Medical Center	Los Angeles General Medical Center	Rancho Los Amigos National Rehab Center
OPERATING REVENUES:				
Net patient service revenues (Note 14)	$ 1,588,405	960,280	2,052,830	311,380
Charges for services				
Other (Note 14)	70,497	23,777	80,751	6,363
TOTAL OPERATING REVENUES	1,658,902	984,057	2,133,581	317,743
OPERATING EXPENSES:				
Salaries and employee benefits	848,080	435,740	1,092,071	222,360
Services and supplies	261,591	125,798	292,387	46,945
Other professional services	361,083	192,400	538,318	77,102
Depreciation and amortization (Note 5)	28,094	11,544	30,901	13,456
Medical malpractice		2,340		218
TOTAL OPERATING EXPENSES	1,498,848	767,822	1,953,677	360,081
OPERATING INCOME (LOSS)	160,054	216,235	179,904	(42,338)
NONOPERATING REVENUES (EXPENSES):				
Taxes				
Investment income (loss)	5,019	2,715	10,585	1,592
Gain (loss) on disposal of property	(1,245)	(41)	(104)	(28)
Interest revenue				
Interest expense	(33,364)	(5,694)	(800)	(11,926)
Intergovernmental transfers expense (Note 14)	(234,129)	(226,036)	(364,617)	(100,970)
Intergovernmental revenues:				
State				
Federal				
Other				
TOTAL NONOPERATING REVENUES (EXPENSES)	(263,719)	(229,056)	(354,936)	(111,332)
LOSS BEFORE CONTRIBUTIONS AND TRANSFERS	(103,665)	(12,821)	(175,032)	(153,670)
Capital contributions	2,444		14,063	1,784
Transfers in (Note 15)	368,723	201,570	762,915	327,352
Transfers out (Note 15)	(199,955)	(34,383)	(212,661)	(114,574)
CHANGE IN NET POSITION	67,547	154,366	389,285	60,892
NET POSITION (DEFICIT), JULY 1, 2022	(419,007)	(739,090)	(1,218,800)	(77,357)
NET POSITION (DEFICIT), JUNE 30, 2023	$ (351,460)	(584,724)	(829,515)	(16,465)

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:				
Net patient service revenues (Note 14)	$		$ 4,912,895	$
Charges for services	90,902	4,261	95,163	740,566
Other (Note 14)	42	92	181,522	
TOTAL OPERATING REVENUES	90,944	4,353	5,189,580	740,566
OPERATING EXPENSES:				
Salaries and employee benefits			2,598,251	589,535
Services and supplies	86,327	13,749	826,797	59,853
Other professional services	2,640	2,258	1,173,801	77,050
Depreciation and amortization (Note 5)	23,850	3,632	111,477	19,212
Medical malpractice			2,558	
TOTAL OPERATING EXPENSES	112,817	19,639	4,712,884	745,650
OPERATING INCOME (LOSS)	(21,873)	(15,286)	476,696	(5,084)
NONOPERATING REVENUES (EXPENSES):				
Taxes	8,368		8,368	
Investment income (loss)	2,849	189	22,949	(2,086)
Gain (loss) on disposal of property	(95)		(1,513)	752
Interest revenue		10,894	10,894	2,182
Interest expense	(163)	(38)	(51,985)	(199)
Intergovernmental transfers expense (Note 14)			(925,752)	
Intergovernmental revenues:				
State	30	1,490	1,520	
Federal	350	718	1,068	
Other	84		84	
TOTAL NONOPERATING REVENUES (EXPENSES)	11,423	13,253	(934,367)	649
LOSS BEFORE CONTRIBUTIONS AND TRANSFERS	(10,450)	(2,033)	(457,671)	(4,435)
Capital contributions	1,188	5	19,484	
Transfers in (Note 15)	142		1,660,702	3,421
Transfers out (Note 15)		(3)	(561,576)	(8,727)
CHANGE IN NET POSITION	(9,120)	(2,031)	660,939	(9,741)
NET POSITION (DEFICIT), JULY 1, 2022	771,324	205,669		(1,200,594)
NET POSITION (DEFICIT), JUNE 30, 2023	$ 762,204	203,638		$ (1,210,335)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(2,541)	
CHANGE IN NET POSITION OF BUSINESS-TYPE ACTIVITIES (PAGE 31)			$ 658,398	

COUNTY OF LOS ANGELES
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023 (in thousands)

	BUSINESS-TYPE ACTIVITIES -			
	Harbor-UCLA Medical Center	Olive View-UCLA Medical Center	Los Angeles General Medical Center	Rancho Los Amigos National Rehab Center
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from patient services	$ 1,595,526	615,048	1,618,102	298,749
Cash received from charges for services				
Other operating revenues	70,497	23,777	80,751	6,363
Cash received for services provided to other funds	25,820	24,404	38,208	466
Cash paid for salaries and employee benefits	(862,734)	(176,519)	(1,116,842)	(228,816)
Cash (paid) returned for services and supplies	5,256	99,732	71,270	(56,743)
Other operating expenses	(372,488)	(478,107)	(552,962)	(77,118)
Cash (paid) returned for services from other funds	(86,589)	28,295	(200,648)	(751)
Net cash provided by (required for) operating activities	375,288	136,630	(62,121)	(57,850)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash advances received from other funds	10,244	154,954	305,816	
Cash advances paid to other funds	(10,244)	(154,847)	(306,515)	(12)
Interest paid on advances		(34)	(91)	
Intergovernmental transfers paid	(234,129)	(226,036)	(364,617)	(100,970)
Intergovernmental receipts				
Transfers in	368,723	153,378	527,377	327,352
Transfers out	(199,955)	(34,383)	(212,661)	(114,574)
Net cash provided by (required for) noncapital financing activities	(65,361)	(106,968)	(50,691)	111,796
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from taxes				
Capital contributions				
Proceeds from bonds and notes	77,361	9,892	1,699	26,524
Interest paid on capital borrowing	(34,068)	(5,750)	(745)	(12,246)
Interest revenue				
Principal payments on bonds and notes	(106,029)	(27,541)	(7,146)	(30,278)
Principal payments on financed purchase obligations		(11)		
Leases paid	(38)	(72)	(155)	(54)
Subscriptions paid				
Acquisition and construction of capital assets	(186,847)	(39,815)	(27,716)	(15,484)
Net cash provided by (required for) capital and related financing activities	(249,621)	(63,297)	(34,063)	(31,538)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income (loss)	3,462	2,461	10,696	1,471
Net increase (decrease) in cash and cash equivalents	63,768	(31,174)	(136,179)	23,879
Cash and cash equivalents, July 1, 2022	447,684	135,582	348,256	176,028
Cash and cash equivalents, June 30, 2023	$ 511,452	104,408	212,077	199,907

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
$		$ 4,127,425	$	Cash received from patient services
93,771	4,290	98,061	116,111	Cash received from charges for services
42	92	181,522		Other operating revenues
		88,898	651,725	Cash received for services provided to other funds
		(2,384,911)	(585,362)	Cash paid for salaries and employee benefits
(74,412)	(13,372)	31,731	(47,034)	Cash (paid) returned for services and supplies
(12,002)	(2,258)	(1,494,935)	(77,050)	Other operating expenses
		(259,693)		Cash (paid) returned for services from other funds
7,399	(11,248)	388,098	58,390	Net cash provided by (required for) operating activities
				CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES
120		471,134	130	Cash advances received from other funds
	(148)	(471,766)		Cash advances paid to other funds
		(125)		Interest paid on advances
		(925,752)		Intergovernmental transfers paid
464	2,208	2,672		Intergovernmental receipts
142		1,376,972	3,421	Transfers in
	(3)	(561,576)	(8,727)	Transfers out
726	2,057	(108,441)	(5,176)	Net cash provided by (required for) noncapital financing activities
				CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES
8,350		8,350		Proceeds from taxes
	5	5		Capital contributions
2,322		117,798	10,000	Proceeds from bonds and notes
(163)	(38)	(53,010)	(184)	Interest paid on capital borrowing
			2,182	Interest revenue
(417)	(113)	(171,524)	(5,245)	Principal payments on bonds and notes
		(11)		Principal payments on financed purchase obligations
		(319)	(247)	Leases paid
			(309)	Subscriptions paid
(10,058)	(28)	(279,948)	(14,248)	Acquisition and construction of capital assets
34	(174)	(378,659)	(8,051)	Net cash provided by (required for) capital and related financing activities
				CASH FLOWS FROM INVESTING ACTIVITIES
2,690	11,072	31,852	(2,220)	Investment income (loss)
10,849	1,707	(67,150)	42,943	Net increase (decrease) in cash and cash equivalents
136,047	10,988	1,254,585	25,695	Cash and cash equivalents, July 1, 2022
$ 146,896	12,695	$ 1,187,435	$ 68,638	Cash and cash equivalents, June 30, 2023

Continued…

FOR THE YEAR ENDED JUNE 30, 2023 (in thousands)

	BUSINESS-TYPE ACTIVITIES -			
	Harbor-UCLA Medical Center	Olive View-UCLA Medical Center	Los Angeles General Medical Center	Rancho Los Amigos National Rehab Center
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES:				
Operating income (loss)	$ 160,054	216,235	179,904	(42,338)
Adjustments to reconcile operating income (loss) to net cash provided by (required for) operating activities:				
Depreciation and amortization	28,094	11,544	30,901	13,456
(Increase) decrease in:				
Accounts receivable - net	(220,583)	(181,256)	(293,412)	(129,863)
Other receivables	220,619	(49,804)	(81,294)	240,907
Due from other funds	56,771	(94,471)	(75,728)	(117,639)
Inventories	(556)	(997)	932	(118)
Increase (decrease) in:				
Accounts payable	37,121	110,585	85,298	(57,620)
Accrued payroll	2,523	1,473	3,486	716
Other payables	(41)	(37)	(32)	(13)
Accrued compensated absences	5,701	3,293	6,423	1,321
Due to other funds	143,693	144,237	76,779	47,189
Advances payable	(1,990)	(1,117)	(2,136)	(446)
Workers' compensation	1,659	900	2,701	659
Litigation and self-insurance	(11,405)	1,348	(14,644)	202
Net pension liability and related changes in deferred outflows and inflows of resources	(15,501)	(12,612)	(21,662)	(4,788)
Net OPEB liability and related changes in deferred outflows and inflows of resources	(7,498)	(17,794)	(13,567)	(3,688)
Third party payor	(23,373)	5,103	53,930	(5,787)
TOTAL ADJUSTMENTS	215,234	(79,605)	(242,025)	(15,512)
NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES	$ 375,288	136,630	(62,121)	(57,850)
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
Contributions of capital assets	$ 2,444		14,063	1,784
Loss on disposal of capital assets	(1,245)	(41)	(104)	(28)
Lease asset acquisition	(422)		(480)	
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:				
Pooled cash and investments	$ 446,264	85,991	209,889	187,644
Restricted assets	65,188	18,417	2,188	12,263
TOTAL	$ 511,452	104,408	212,077	199,907

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 INCOME (LOSS) TO NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES:
$ (21,873)	(15,286)	$ 476,696	$ (5,084)	Operating income (loss)
				Adjustments to reconcile operating income (loss) to net cash provided by (required for) operating activities:
23,850	3,632	111,477	19,212	Depreciation and amortization
				(Increase) decrease in:
3,844	234	(821,036)		Accounts receivable - net
(15)		330,413	(123)	Other receivables
(960)	(205)	(232,232)	25,855	Due from other funds
	(535)	(1,274)	(1,323)	Inventories
				Increase (decrease) in:
1,985	934	178,303	1,292	Accounts payable
		8,198	1,822	Accrued payroll
	2	(121)	(22)	Other payables
		16,738	3,255	Accrued compensated absences
9,930	(24)	421,804	12,850	Due to other funds
		(5,689)		Advances payable
		5,919	1,112	Workers' compensation
(9,362)		(33,861)		Litigation and self-insurance
		(54,563)	(9,432)	Net pension liability and related changes in deferred outflows and inflows of resources
		(42,547)	8,976	Net OPEB liability and related changes in deferred outflows and inflows of resources
		29,873		Third party payor
29,272	4,038	(88,598)	63,474	TOTAL ADJUSTMENTS
$ 7,399	(11,248)	$ 388,098	$ 58,390	NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES
				SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:
$ 1,188		$ 19,479		Contributions of capital assets
(95)		(1,513)		Loss on disposal of capital assets
		(902)		Lease asset acquisition
				RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:
$ 146,896	12,695	$ 1,089,379	$ 67,039	Pooled cash and investments
		98,056	1,599	Restricted assets
$ 146,896	12,695	$ 1,187,435	$ 68,638	TOTAL

COUNTY OF LOS ANGELES
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023 (in thousands)

			CUSTODIAL	
	PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST	INVESTMENT TRUST	EXTERNAL INVESTMENT POOLS	OTHER CUSTODIAL
ASSETS				
Pooled cash and investments (Note 4)	$ 129,878	503,162	32,704,271	1,526,034
Other investments: (Note 4)			146,148	300
Short-term investments	2,289,958			
Equity	28,598,874			
Fixed income	19,162,790			
Private equity	13,894,495			
Real estate	5,421,420			
Real assets	2,514,132			
Hedge funds	4,890,856			
Cash collateral on loaned securities	1,869,433			
Taxes receivable				973,332
Interest receivable	221,251	1,109	51,720	
Other receivables	239,466			403,270
Due from other governments				429
TOTAL ASSETS	79,232,553	504,271	32,902,139	2,903,365
LIABILITIES				
Accounts payable	333,715			4,398
Other payables (Note 4)	1,955,112		26	1,000,526
Due to other governments				82,753
TOTAL LIABILITIES	2,288,827		26	1,087,677
NET POSITION				
Restricted for:				
Pension	73,851,886			
OPEB	3,091,840			
Individuals, organizations and other governments		504,271	32,902,113	1,815,688
TOTAL NET POSITION	$ 76,943,726	504,271	32,902,113	1,815,688

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, 2023 (in thousands)

			CUSTODIAL	
	PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST	INVESTMENT TRUST	EXTERNAL INVESTMENT POOLS	OTHER CUSTODIAL
ADDITIONS				
Contributions:				
Pension and OPEB trust contributions:				
Employer	$ 3,497,911			
Member	841,644			
Contributions to investment trust and custodial funds		121,663	67,317,145	25,585,553
Total contributions	4,339,555	121,663	67,317,145	25,585,553
Investment earnings:				
Investment income	3,114,572	26,968	126,675	
Net increase in the fair value of investments	2,165,702			
Securities lending income (Note 4)	63,652			
Total investment earnings	5,343,926	26,968	126,675	
Less - Investment expenses:				
Expense from investing activities	190,596			
Expense from securities lending activities (Note 4)	49,556			
Total net investment expense	240,152			
Net investment earnings	5,103,774	26,968	126,675	
Other additions				2,906,377
Miscellaneous	5,009			
TOTAL ADDITIONS	9,448,338	148,631	67,443,820	28,491,930
DEDUCTIONS				
Administrative expenses:				
Salaries and employee benefits	78,866			
Services and supplies	34,226			
Total administrative expenses	113,092			
Benefit payments	5,031,364			
Distributions from investment trust and custodial funds		458,388	61,131,451	25,594,245
Other deductions				2,815,988
Miscellaneous	43,870			
TOTAL DEDUCTIONS	5,188,326	458,388	61,131,451	28,410,233
CHANGE IN NET POSITION	4,260,012	(309,757)	6,312,369	81,697
NET POSITION, JULY 1, 2022	72,683,714	814,028	26,589,744	1,733,991
NET POSITION, JUNE 30, 2023	$ 76,943,726	504,271	32,902,113	1,815,688

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, 2023 (in thousands)

	LOS ANGELES COUNTY DEVELOPMENT AUTHORITY	FIRST 5 LA	TOTAL
ASSETS			
Pooled cash and investments-			
Operating (Notes 1 and 4)	$ 27,931	154,099	$ 182,030
Other investments (Note 4)	658,788	132,660	791,448
Accounts receivable - net	27,475		27,475
Interest receivable		1,209	1,209
Lease receivable	9,259		9,259
Other receivables	45,757	12,368	58,125
Inventories	10,942		10,942
Restricted assets (Note 4)	11,870		11,870
Capital assets: (Notes 1 and 5)			
Capital assets, not being depreciated/amortized	91,521	2,039	93,560
Capital assets, net of accumulated depreciation/amortization	92,496	11,426	103,922
Total capital assets	184,017	13,465	197,482
TOTAL ASSETS	976,039	313,801	1,289,840
DEFERRED OUTFLOWS OF RESOURCES	38,722		38,722
LIABILITIES			
Accounts payable	42,701	20,689	63,390
Other payables	9,328		9,328
Advances payable	4,606		4,606
Long-term liabilities: (Note 11)			
Due within one year	6,024	121	6,145
Due in more than one year	121,686	884	122,570
TOTAL LIABILITIES	184,345	21,694	206,039
DEFERRED INFLOWS OF RESOURCES	14,871		14,871
NET POSITION			
Net investment in capital assets	148,372	13,465	161,837
Restricted for:			
Community development	621,977		621,977
First 5 LA		278,642	278,642
Unrestricted	45,196		45,196
TOTAL NET POSITION	$ 815,545	292,107	$ 1,107,652

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, 2023 (in thousands)

	LOS ANGELES COUNTY DEVELOPMENT AUTHORITY	FIRST 5 LA	TOTAL
PROGRAM (EXPENSES) REVENUES:			
Expenses	$ (845,180)	(91,950)	$ (937,130)
Program revenues:			
Charges for services	35,570		35,570
Operating grants and contributions	890,064	70,397	960,461
Capital grants and contributions	13,142		13,142
Net program (expenses) revenues	93,596	(21,553)	72,043
GENERAL REVENUES:			
Investment income (loss)	(3,495)	13,091	9,596
Miscellaneous	2,004	2	2,006
Total general revenues	(1,491)	13,093	11,602
CHANGE IN NET POSITION	92,105	(8,460)	83,645
NET POSITION, JULY 1, 2022, AS RESTATED (Note 2)	723,440	300,567	1,024,007
NET POSITION, JUNE 30, 2023	$ 815,545	292,107	$ 1,107,652

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/home/about/agency-overview or by writing to the Los Angeles County Development Authority at 700 W. Main Street, Alhambra, California 91801.

Los Angeles County Children and Families First - Proposition 10 Commission

Los Angeles County Children and Families First - Proposition 10 Commission, also known as First 5 LA, was established by the County as a separate legal entity to administer the County's share of tobacco taxes levied by the State pursuant to Proposition 10. The Board established First 5 LA with nine voting members and four non-voting representatives. Of the nine voting members, one is a member of the Board of Supervisors, three are heads of County Departments (Public Health, Mental Health, and Children and Family Services), and five are public members appointed by the Board. The non-voting representatives are from other County commissions and planning groups.

First 5 LA services support programs and services for children ages prenatal through five, and their families, in the areas of health, safety, early education and literacy. First 5 LA is a discretely presented component unit of the County because the County's Board appoints the voting Commissioners and the County has the ability to impose its will by removing those Commissioners at will. First 5 LA hires its own employees, including an Executive Director and functions independent of the County. It is discretely presented because its governing body is not substantially the same as the County's governing body and it does not provide services entirely or exclusively to the County. The financial activity of First 5 LA is reported within the Discretely Presented Component Units column of the government-wide financial statements. First 5 LA issues a separate financial report that can be obtained at www.first5la.org/our-board/financials or by writing to First 5 LA at 750 N. Alameda Street, Suite 300, Los Angeles, California 90012.

Related Organization

Los Angeles County Office of Education (LACOE) is a legally separate entity from the County. LACOE is governed by a seven-member Board of Education appointed by the County Board. However, the County's accountability for LACOE does not extend beyond making appointments and no financial benefit/burden relationship exists between the County and LACOE. LACOE is deemed to be a related organization. LACOE issues a separate financial report that can be obtained by writing to the Los Angeles County Office of Education at 9300 Imperial Highway, Downey, California 90242-2890.

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, 2023, the restricted net position balances were $5.083 billion and $84.72 million for governmental activities and business-type activities, respectively. For governmental activities, $1.053 billion was restricted by enabling legislation.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements

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

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

The County reports the following major governmental funds:

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

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

Mental Health Services Act

The Mental Health Services Act (MHSA) Fund is used to account for the County's mental health delivery system for children, transition age youth, adults, older adults, and families. Revenues are derived primarily by the passage of State Proposition 63 in November 2004. Proposition 63 generates mental health revenue through a one percent income surcharge on individuals with State taxable incomes over $1.00 million.

The County's four Hospital Funds and Waterworks Fund are all considered major funds for presentation purposes. There is one nonmajor enterprise fund (Aviation Fund). The Hospital Enterprise funds provide health services to County residents. Revenues are principally patient service fees. Subsidies are also received from the General Fund. The Waterworks Enterprise Fund provides water services to County residents. Revenues are derived primarily from the sale of water and water service standby charges. The Aviation Enterprise Fund provides airport services for five County airports. Revenues are derived primarily from airport charges and lease payments. A description of each enterprise fund is provided below:

Harbor-UCLA Medical Center

The Harbor-UCLA Medical Center (H-UCLA) provides acute and intensive care unit medical/ surgical inpatient and outpatient services, trauma and emergency room services, acute psychiatric services, pediatric and obstetric services, and transplants.

Olive View-UCLA Medical Center

The Olive View-UCLA Medical Center (OV-UCLA) provides acute and intensive care, emergency services, medical/surgical inpatient and outpatient health care services, obstetric and gynecological services, and psychiatric services.

Los Angeles General Medical Center

The Los Angeles General Medical Center, formerly known as the LAC+USC Medical Center, provides acute and intensive care unit medical/surgical inpatient and outpatient services, trauma and emergency room services, a burn center, psychiatric services, renal dialysis, AIDS services, pediatric and obstetric services, and communicable disease services.

Rancho Los Amigos National Rehabilitation Center

The Rancho Los Amigos National Rehabilitation Center (Rancho) specializes in the rehabilitation for victims of spinal cord injuries and strokes, pathokinesiology and polio services, services for liver diseases, pediatrics, ortho diabetes, dentistry, and neuro-science.

Waterworks

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

Nonmajor Aviation

The Aviation Enterprise Fund is used to account for the administration, maintenance, operation and improvement of the five airports which are owned by the County.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

The following fund types have also been reported:

Internal Service Funds

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

Fiduciary Fund Types

Pension and Other Postemployment Benefit Trust

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

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

Investment Trust

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

Custodial

External Investment Pools

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

Other Custodial

The Other Custodial Funds include the property tax funds used to account for the fiduciary activities for the monies received from property and other taxes, which must be held pending authority for distribution. They also are used to account for funds which are held for other governmental agencies, including school districts and community college districts, 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, financed purchase obligations, lease liabilities, and subscription liabilities 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Basis of Accounting-Continued

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's four Hospital Enterprise Funds (Hospitals) are from patient services. The principal operating revenues for the Waterworks Enterprise Fund, Nonmajor Aviation Enterprise Fund and Internal Service Funds are charges for services. Operating expenses for all Enterprise Funds and the Internal Service Funds include the cost of sales and services, administrative expenses and depreciation and amortization on capital assets. Medical malpractice expenses, which are self-insured, are classified as operating expenses of the Hospitals. All other revenues and expenses not meeting this definition are reported as nonoperating items. As discussed in Note 14, 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 $46.323 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, 2023. The County prepares a separate budgetary document, the County Budget, which demonstrates legal compliance with budgetary control. This document is made available to the public on the County's website at https://ceo.lacounty.gov/budget, or can be obtained from the Auditor-Controller's office.

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

Note 16 describes the differences between the budgetary basis of accounting and GAAP. A reconciling schedule is also presented for the major governmental funds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Property Taxes

All jurisdictions within California derive their taxing authority from the State Constitution and various legislative provisions contained in the Government Code and Revenue and Taxation Code. Property is assessed at 100% of full cash or market value (with some exceptions) pursuant to Article XIIIA of the California State Constitution and statutory provisions by the County Assessor and State Board of Equalization. The total Fiscal Year (FY) 2022-2023 assessed valuation of the County approximated $1.911 trillion.

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

The County is divided into 13,016 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 2022-2023 property taxes by the deadline. The California Revenue and Taxation Code 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. The program ended in March 2023.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Legislation Dissolving Redevelopment Agencies and Affect on Property Taxes

State Assembly Bill (AB) x1 26, also referred to as the "Redevelopment Dissolution Act" was approved in 2011. Under AB x1 26, property tax revenues are allocated to pay enforceable legal obligations, pass-through payments and eligible administrative costs. Any remaining property tax revenues, otherwise known as "residual taxes," are distributed as property tax revenue to the appropriate local government agencies, including the County. In FY 2018-2019, 5 Oversight Boards were established in the County per Senate Bill 107. The Oversight Boards are required to evaluate and approve the successor agencies' remaining enforceable legal obligations. The County Auditor-Controller is responsible for disbursing property tax increment revenues in accordance with provisions of AB x1 26 and applicable amendments. For the year ended June 30, 2023, the County's share of residual property tax revenues was $473.40 million, of which $390.53 million was recognized in the County's General Fund.

Deposits and Investments

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

Pooled Cash and Investments

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

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

Operating Pooled Cash and Investments

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

Other Pooled Cash and Investments

This account represents amounts identified in various funds as of June 30, 2023, that were owed to or were more appropriately classified in County operating funds. Accordingly, certain cash balances have been reclassified from the custodial funds.

Other Investments

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Deposits and Investments-Continued

Restricted Assets

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

Lease Receivable

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

Inventories

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

Capital Assets

Capital assets, which include land and easements, buildings and improvements, equipment, intangible assets, infrastructure assets, lease assets, intangible right-to-use assets, and subscription 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. Intangible right-to-use assets are defined as lease assets and subscription assets with a useful life of more than one year and are recorded at the present value of future lease or subscription payments, including expenses to place the asset into service. In accordance with GASB Statement Nos. 87 and 96, the County has reported intangible right-to-use assets for land, buildings and improvements, equipment, and subscriptions. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Capital Assets-Continued

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

The County's capitalization thresholds are $5,000 for equipment, $100,000 for buildings and improvements, $1 million for software intangible assets, $100,000 for non-software intangible assets, $25,000 for infrastructure assets, $500,000 for lease assets, and $5,000 for subscription assets. Maintenance and repairs are charged to operations when incurred. Betterments and major improvements, which significantly increase values, change capacities, or extend useful lives are capitalized subject to the threshold in the affected asset category. Upon sale or retirement of capital assets, the cost and the related accumulated depreciation or amortization, as applicable, are removed from the respective accounts and any resulting gain or loss is included in the results of operations. Specific disclosures related to capital assets appear in Note 5. Amortization for software, other intangible assets, lease assets, and subscription 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
Lease assets	Shorter of the asset's useful life or the lease term
Subscription assets	Shorter of the asset's useful life or the agreement term

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

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Deferred Outflows and Inflows of Resources-Continued

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

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

Specific disclosures of items representing deferred outflows and inflows of resources appear in Note 20.

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 22 for additional information.

Compensated Absences

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

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

Lease Liability

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Subscription Liability

A subscription is defined as a contractual agreement that conveys control of the right-to-use another entity's information technology software, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. The County has entered into various subscription based information technology arrangements. The related subscription liabilities are presented in the amounts equal to the present value of subscription payments, payable during the remaining subscription term. A subscription liability, as discussed in Note 10, and the associated right-to-use subscription asset, as discussed in Note 5, is recognized on the government-wide Statement of Net Position.

Net Pension Liability and Related Balances

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

Valuation Date - June 30, 2021 rolled forward to June 30, 2022
Measurement Date - June 30, 2022
Measurement Period - July 1, 2021 to June 30, 2022

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, 2021 rolled forward to June 30, 2022
Measurement Date - June 30, 2022
Measurement Period - July 1, 2021 to June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Total OPEB Liability and Related Balances - Long-Term Disability

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

Valuation Date - June 30, 2021 rolled forward to June 30, 2022
Measurement Date - June 30, 2022
Measurement Period - July 1, 2021 to June 30, 2022

Long-term Debt

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

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

Fund Balances

In the fund financial statements, the governmental funds report the classification of fund balance in accordance with GASB 54. The reported fund balances are categorized as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Specific details related to Fund Balances appear in Note 21.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Balances-Continued

Committed Fund Balance - amounts that can only be used for the specific purposes determined by a formal action of the County's highest level of decision-making authority, the County's Board. Commitments may be changed or lifted only by the County taking the same formal action that imposed the constraint originally. The underlying action that imposed the limitation needs to occur no later than the close of the fiscal year.

Assigned Fund Balance - amounts intended to be used by the County for specific purposes that are neither restricted nor committed. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose. Authorization to assign fund balance rests with the County's Board through the budget process. The Board has also delegated authority to the Chief Executive Officer and County Department Heads for contracts and purchasing authority.

Unassigned Fund Balance - the residual classification for the County's General Fund that includes amounts not contained in other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The Board establishes, modifies, or rescinds fund balance commitments by passage of an ordinance or resolution. For its budget, the County utilizes the GASB 54 criteria and an ordinance or resolution that are equally binding, for purposes of establishing a fund balance commitment. This is done through the adoption of the budget and subsequent amendments that occur throughout the fiscal year.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

Cash Flows

For purposes of reporting cash flows, all amounts reported as "Pooled Cash and Investments," "Other Investments," and "Restricted Assets" are considered cash equivalents. Pooled cash and investment amounts represent funds held in the County Treasurer's cash management pool. Other investments and restricted assets are invested in money market mutual funds and U.S. Treasury securities 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. 91 - Statement No. 91, "Conduit Debt Obligations", provides a single method of reporting conduit debt obligations by issuer and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement is effective for reporting periods beginning after December 15, 2021. This statement did not have a material impact on the financial statements. See Note 13 for additional information.

GASB Statement No. 94 - Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements", improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The statement is effective for reporting periods beginning after June 15, 2022. See Note 6 for additional information.

GASB Statement No. 96 - Statement No. 96, "Subscription-Based Information Technology Arrangements" provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. This statement is effective for fiscal years beginning after June 15, 2022. See below for the restatement of Net Position, capital assets and long-term obligations due to implementation of this statement.

GASB Statement No. 99 - Statement No. 99, "Omnibus 2022", enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. GASB Statement No. 99, paragraphs 11-25 are effective for reporting periods beginning after June 15, 2022. This statement did not have a material impact to the financial statements.

2. NEW ACCOUNTING PRONOUNCEMENTS-Continued

Restatement of Net Position

GASB 96

The County implemented GASB 96 during the fiscal year, which resulted in a restatement of net position, capital assets and long-term obligations. LACDA's net position was also restated due to the acquisition of a prior year capital asset. Net position at July 1, 2022, as restated is shown in the table below.

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

	Government-wide
	Governmental Activities
Net position at July 1, 2022, as previously reported	$ (9,115,455)
Add capital assets, intangible asset - right-to-use subscription asset under GASB Statement No. 96 at July 1, 2022 (See Note 5)	55,802
Less subscription liabilities under GASB Statement No. 96 at July 1, 2022 (See Note 11)	(55,237)
Net position at July 1, 2022, as restated	$ (9,114,890)

	Internal Service Funds	Discretely Presented Component Units
	Public Works	LACDA
Net position at July 1, 2022, as previously reported	$ (1,207,154)	$ 719,671
Add capital assets, intangible asset - right-to-use subscription asset under GASB Statement No. 96 at July 1, 2022 (See Note 5)	613	271
Less subscription liabilities under GASB Statement No. 96 at July 1, 2022	(613)	
Prior year capital asset acquisition (See Note 5)		3,498
Net position at July 1, 2022, as restated	$ (1,207,154)	$ 723,440

Although the net position for the Internal Service Funds was not restated, it was included in the table above to show the impact of the implementation of GASB 96.

3. DEFICIT NET POSITION

The following activities/funds had a net deficit at June 30, 2023 (in thousands):

	Accumulated Deficit
Government-wide:	
Governmental Activities	$ 11,042,614
Business-type Activities	816,322
Enterprise Funds:	
Harbor-UCLA Medical Center	351,460
Olive View-UCLA Medical Center	584,724
Los Angeles General Medical Center	829,515
Rancho Los Amigos National Rehab Center	16,465
Internal Service Funds:	
Public Works	1,213,476

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, 2023 (in thousands):

			Restricted Assets		
	Pooled Cash and Investments	Other Investments	Pooled Cash and Investments	Other Investments	Total
Governmental Funds	$ 15,912,770	62,382			$ 15,975,152
Proprietary Funds	1,156,418		96,265	3,390	1,256,073
Fiduciary Funds (excluding Pension and OPEB)	34,733,467	146,448			34,879,915
Pension and OPEB Trust Funds	129,878	78,641,958			78,771,836
Discretely Presented Component Units	182,030	791,448		11,870	985,348
Total	$ 52,114,563	79,642,236	96,265	15,260	$ 131,868,324

A summary of cash and investments (by type) as of June 30, 2023 is as follows (in thousands):

Cash:	
County	
Imprest Cash	$ 6,099
Cash in Vault	188
Cash in Bank	256,436
Deposits in Transit	11,697
Held by Outside Trustees	1
LACDA	28,045
Total Cash	302,466
Investments:	
In Treasury Pool	51,936,404
In Specific Purpose Investment (SPI)	281,398
In Other Specific Investments	302
Held by Outside Trustees	63,183
In LACERA	78,641,958
In Discretely Presented Component Unit - LACDA	642,613
Total Investments	131,565,858
Total Cash and Investments	$ 131,868,324

Cash and investments are reported as follows:

Governmental Funds	$ 15,975,152
Proprietary Funds	1,256,073
Investment Trust Fund	503,162
Custodial Funds	34,376,753
Pension and OPEB Trust Funds (LACERA)	78,771,836
Discretely presented component units:	
First 5 LA	286,759
LACDA	698,589
Total Cash and Investments	$ 131,868,324

4. CASH AND INVESTMENTS-Continued

County Treasurer Cash

As of June 30, 2023, the County Treasurer (Treasurer) maintained accounts in six banks. The carrying amount of the Treasurer's total deposits in financial institutions was $256.44 million, deposits in transit were $11.70 million, and cash in the Treasurer's vault was $188 thousand.

Under California Government Code Section 53652, each financial institution in California is required to pledge a pool of securities as collateral against all of its public deposits. California Government Code Section 53651 and 53652 delineate the types of eligible securities and the required collateral percentage of at least 110%, respectively. However, for the letters of credit issued by the Federal Home Loan Bank of San Francisco, with the consent of the Treasurer, the California Government Code 53632 only requests the collateral percentage to be 105%. In addition, under California Government Code Section 53653, the Treasurer has discretion to waive security for the portion of any deposits as insured pursuant to federal law. Through contractual agreement, the Treasurer has opted to waive security for the portion of deposits that is federally insured.

The total balance of deposits in financial institutions was covered by federal depository insurance or collateralized with securities monitored by the Department of Financial Protection and Innovation (DFPI). DFPI confirmed that the pools of collateral related to the County Treasurer's deposits were maintained at required levels as of June 30, 2023.

County Investment Pool

California Government Code Sections 53601 and 53635 authorize the Treasurer to invest the External Investment Pool (Pool) and SPI funds in obligations of the United States Treasury, federal agencies, municipalities, asset-backed securities, bankers' acceptances, commercial paper, negotiable certificates of deposit, medium-term notes, corporate notes, repurchase agreements, reverse repurchase agreements, forwards, futures, options, shares of beneficial interest of a Joint Powers Authority (JPA) that invests in authorized securities, shares of beneficial interest issued by diversified management companies known as money market mutual funds (MMF) registered with the Securities and Exchange Commission (SEC), securities lending agreements, the State of California's Local Agency Investment Fund (LAIF), and supranational institutions. California Government Code Section 53534 authorizes the Treasurer to enter into interest rate swap agreements. However, these agreements are only used in conjunction with the sale of the bonds approved by the Board. As permitted by the California Government Code, the Treasurer developed, and the Board adopted, an Investment Policy that further defines and restricts the limits within which the Treasurer may invest. The investments are managed by the Treasurer, which reports investment activity to the Board on a monthly basis. In addition, the Treasurer's investment activity is subject to an annual investment policy review, compliance oversight, quarterly financial review, and annual financial reporting. The Treasurer also maintains Other Specific Investments, which are invested pursuant to Section 1300.76.1, Title 28, California Code of Regulations. The County has not provided nor obtained any legally binding guarantees during the year ended June 30, 2023, to support the value of shares in the Pool.

4. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

The School Districts and the Superior Court are required by legal provisions to participate in the County's investment pool. Sixty percent (59.87%) of the Treasurer's Pool consists of these involuntary participants. Voluntary participants in the County's Pool include the Sanitation Districts, Metropolitan Transportation Authority, the South Coast Air Quality Management District and other special districts with independent governing boards. The deposits held for both involuntary and voluntary entities are included in either the Investment Trust Fund or the External Investment Pool (Custodial Fund). Certain SPI have been made by the County as directed by external depositors. This investment activity occurs separately from the County's Pool and is reported in the External Specific Investment Pool (Custodial Fund) in the amount of $146.15 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, 2023, the total amount invested by all California local governments and special districts in LAIF was $25.680 billion. LAIF is part of the State of California's Pooled Money Investment Account (PMIA), which as of June 30, 2023 had a balance of $178.383 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 $4.960 billion at June 30, 2023. Collectively, these represent 2.78% of the PMIA balance of $178.383 billion. The SPI holdings in the LAIF investment pool as of June 30, 2023, were $40.63 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, 2023 (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	$ 13,701,956	$	$ 13,701,956	$	$
Corporate and Deposit Notes	10,480		10,480		
Los Angeles County Securities	4,725			4,725	
Negotiable Certificates of Deposit	2,948,935		2,948,935		
U.S. Agency Securities	25,342,975		25,342,975		
U.S. Treasury Securities:					
U.S. Treasury Notes	2,544,684		2,544,684		
U.S. Treasury Bills	7,360,319		7,360,319		
Municipals	22,330		22,330		
Total Investments	$ 51,936,404	$	$ 51,931,679	$ 4,725	$
SPI					
Local Agency Investment Fund	$ 40,634	$	$	$	$ 40,634
Los Angeles County Securities	2,588			2,588	
U.S. Agency Securities	199,199		199,199		
U.S. Treasury Securities:					
U.S. Treasury Notes	38,977		38,977		
Total Investments	$ 281,398	$	$ 238,176	$ 2,588	$ 40,634
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, 2023 is as follows (dollars in thousands):

Pool	Fair Value	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity In Years
Commercial Paper	$ 13,701,956	$ 13,704,557	4.77% - 5.50%	07/03/23 - 11/03/23	0.12
Corporate and Deposit Notes	10,480	10,996	0.50%	06/18/24	0.97
Los Angeles County Securities	4,725	5,000	5.83%	06/30/25	2.00
Negotiable Certificates of Deposit	2,948,935	2,950,000	4.95% - 5.91%	07/03/23 - 04/01/24	0.23
Municipals	22,330	23,462	2.96%	08/01/24	1.09
U.S. Agency Securities	25,342,975	27,673,715	0.50% - 6.00%	07/03/23 - 01/05/34	3.32
U.S. Treasury Securities:					
U.S. Treasury Notes	2,544,684	2,842,726	0.25% - 1.13%	05/15/24 - 11/15/30	3.14
U.S. Treasury Bills	7,360,319	7,363,691	4.33% - 5.26%	07/05/23 - 06/13/24	0.29
Total	$ 51,936,404	$ 54,574,147			1.86

The unrealized loss on investments held in the Pool was $2.638 billion as of June 30, 2023. 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, 2023 relative to the County Pool balances. A separate financial report is issued for the Pool for the year ended June 30, 2023 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, 2023 is as follows (dollars in thousands):

SPI	Fair Value	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity In Years
Local Agency Investment Fund	$ 40,634	$ 41,260			
Los Angeles County Securities	2,588	2,475	5.00%	12/02/27	4.43
U.S. Agency Securities	199,199	222,542	2.00% - 5.21%	11/15/23 - 08/27/43	6.26
U.S. Treasury Notes	38,977	39,940	1.50%	02/29/24	0.67
Total	$ 281,398	$ 306,217			4.46

Other Specific Investments	Fair Value	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity In Years
U.S. Treasury Bills	$ 302	$ 302	5.07%	11/24/23	0.40

4. CASH AND INVESTMENTS-Continued

Interest Rate Risk

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

Historically, the Treasurer manages the Pool's exposure to declines in fair value by limiting its weighted average maturity target to a range between 1.0 and 2.0 years, in accordance with the Investment Policy. However, due to increased fluctuations of the Pool size and market activity resulting from COVID-19, the Treasurer increased the weighted average maturity target to between 1.0 and 3.0 years in FY 2020-2021 as permitted under the Investment Policy. Due to continued fluctuations in the Pool size and market activity resulting from COVID-19, the Treasurer further increased the weighted average maturity target to between 1.0 and 4.0 years on August 30, 2021. For purposes of computing weighted average maturity, the maturity date of variable-rate notes is the stated maturity.

The balance of the Pool's investments at June 30, 2023, is $51.936 billion, of which 61.38% will mature in six months or less. Of the remainder, 35.44% have a maturity of more than one year. At June 30, 2023, the weighted average maturity in years for the Pool was 1.86 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, 2023, 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.

At June 30, 2023, 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 (RPV Bond), Bond Anticipation Notes (BANS) and LAIF, were held by the custodian bank in the name of the Treasurer. The RPV Bond and 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, 2023 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, 2023, 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, 2023 (dollars in thousands):

Issuer	Pool		SPI	
	Fair Value	% of Portfolio	Fair Value	% of Portfolio
Federal Home Loan Bank	$ 9,613,104	18.51%	$ 104,718	37.21%
Federal Home Loan Mortgage Corporation	6,581,349	12.67%	55,223	19.63%
Federal Farm Credit Bank	6,496,390	12.51%	39,258	13.95%
Federal National Mortgage Association	2,652,132	5.11%		

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, 2023:

Pool	S&P	Moody's	Fitch	% of Portfolio
Commercial Paper	Not Rated	Not Rated	Not Rated	26.38 %
Corporate and Deposit Notes	A+	A1	A+	0.02 %
Los Angeles County Securities	Not Rated	Not Rated	Not Rated	0.01 %
Municipals	AA	Not Rated	AA	0.04 %
Negotiable Certificates of Deposits	Not Rated	Not Rated	Not Rated	5.68 %
U.S. Agency Securities	AA+	Aaa	AAA	17.53 %
	AA+	Not Rated	AAA	0.05 %
	AA+	Aaa	Not Rated	8.74 %
	AA+	WR	AAA	0.26 %
	Not Rated	Aaa	A+	0.09 %
	Not Rated	Aaa	AAA	5.59 %
	Not Rated	Aaa	Not Rated	0.05 %
	Not Rated	Not Rated	Not Rated	16.49 %
U.S. Treasury Securities*				19.07 %
				100.00 %
SPI				
Local Agency Investment Fund	Not Rated	Not Rated	Not Rated	14.44 %
Los Angeles County Securities	Not Rated	Not Rated	Not Rated	0.92 %
U.S. Agency Securities	AA+	Aaa	AAA	19.76 %
	AA+	Aaa	Not Rated	30.01 %
	Not Rated	Aaa	AAA	1.39 %
	Not Rated	Aaa	Not Rated	2.07 %
	Not Rated	Not Rated	Not Rated	17.56 %
U.S. Treasury Securities*				13.85 %
				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.

4. CASH AND INVESTMENTS-Continued

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.

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, 2023, 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, 2023 were $626. A total of $72.29 million of investments held by outside trustees are invested in the Pool. In addition, the outside trustees invested $63.18 million outside of the Pool.

The following is a summary of investments held by outside trustees as of June 30, 2023 (dollars in thousands):

	Fair Value	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity (Years)
U.S. Treasury Securities:					
U.S. Treasury Bonds	$ 19,943	$ 19,943		11/15/26 - 11/15/28	4.56
U.S. Treasury Notes	2,955	2,955	0.41% - 2.99%	11/30/23 - 05/31/26	0.22

	Net Asset Value
Money Market Mutual Funds	$ 40,285

4. CASH AND INVESTMENTS-Continued

The following is a summary of the credit quality distribution and concentration of credit risk as of June 30, 2023:

Other Investments	S&P	Moody's	Fitch	% of Portfolio
Money Market Mutual Funds	Not Rated	Not Rated	Not Rated	63.76%
U.S. Treasury Securities *				36.24%
				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.

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, 2023 (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 and 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, 2023, (in thousands) and are as follows:

	Fair Value
Cash Collateral on Loaned Securities	$ 1,869,433
Short-term Investments	2,289,958
Domestic and International Equity	28,598,874
Fixed Income	19,162,790
Real Estate*	5,421,420
Real Assets	2,514,132
Private Equity	13,894,495
Hedge Funds	4,890,856
Total	$ 78,641,958

* Refer to Note J of LACERA's ACFR for the year ended June 30, 2023, for additional discussion on special purpose entities.

The Pension and OPEB Trust Funds also had deposits with the Pool at June 30, 2023 totaling $129.88 million.

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Investment Risks

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

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

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 plan 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. LACERA invests with Core investment grade bond managers. 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 contain almost 100% of bonds rated investment grade by the major credit rating agencies: Moody's, S&P, and Fitch.

High Yield Bonds

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

The credit portfolios allow for the assumption of more credit risk than Investment Grade portfolios by investing in securities that include unrated bonds, bonds rated below investment grade issued by corporations undergoing financial stress or distress, junior tranches of structured securities backed by residential and commercial mortgages, bank loans, illiquid credit, and emerging market debt. LACERA utilizes specific investment manager guidelines for these portfolios that may include limiting 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, 2023 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 $9.89 million are excluded from this presentation.

Credit Quality Ratings of Investments in Fixed Income Securities - Pension Plan
As of June 30, 2023
(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	$ 5,565,802	809,069		130,970	1,293,657	1,030	91,385	$ 7,891,913	44.06 %
Aa			5,129	21,880	61,540	635	21,854	111,038	0.62 %
A			1,112	285,590	336,059	29,900	31,502	684,163	3.82 %
Baa				310,753	359,095	23,429	50,271	743,548	4.15 %
Ba			1,900	167,781	7,786	23,355	280,349	481,171	2.69 %
B				868,205		90,284	507,379	1,465,868	8.18 %
Caa				185,790		6,745	155,347	347,882	1.94 %
Ca				5,995			2,183	8,178	0.05 %
C				987		101	2,680	3,768	0.02 %
Not Rated		464		209,735	5,773,745	48,102	142,088	6,174,134	34.47 %
Total Investment in Fixed Income Securities - Pension Plan	$ 5,565,802	809,533	8,141	2,187,686	7,831,882	223,581	1,285,038	$17,911,663	100.00 %

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

Credit Quality Ratings of Investments in Fixed Income Securities - OPEB Trust
As of June 30, 2023 (dollars in thousands)

Quality Ratings	U.S. Treasuries	Pooled Investments	Total	Percentage of Portfolio
Aaa	$ 75,346	$	$ 75,346	6.07 %
Not Rated		1,165,887	1,165,887	93.93 %
Total Investment in Fixed Income Securities - OPEB Trust	$ 75,346	$ 1,165,887	$ 1,241,233	100.00 %

Note: Pooled Investments included with the Not Rated Quality represents investments in commingled funds. For FY 2022-2023, the OPEB Trust held fixed income securities.

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Custodial Credit Risk

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

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

Counterparty Risk

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

Concentration of Credit Risk

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

As of June 30, 2023, 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, investment manager guidelines require that the duration of all investment grade bond portfolios must remain within a range centered around the duration of the benchmark index. This range is currently +/- 10.00% of the benchmark duration. The investment manager guidelines require that the duration of the U.S. long-term government bonds portfolio must remain within +/- 0.30 years of the duration of its benchmark index. 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, 2023 presents the duration by investment type. Whole loan mortgages included in the Pension Plan Portfolio of $9.89 million are excluded from this presentation.

Duration in Fixed Income Securities - Pension Plan
As of June 30, 2023
(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	$ 5,565,802	11.82
U.S. Government Agency	809,533	4.29
Municipal / Revenue Bonds	8,141	10.47
Subtotal U.S. Treasuries, U.S. Government Agency, and Municipal Instruments	6,383,476	
Corporate Bonds and Credit Securities:		
Asset-Backed Securities	196,008	2.03
Corporate and Other Credit	1,991,678	2.13
Pooled Funds	7,831,882	1.70
Subtotal Corporate Bonds and Credit Securities	10,019,568	
Non-U.S. Fixed Income	223,581	1.64
Private Placement Fixed Income	1,285,038	3.37
Subtotal Non-U.S. and Private Placement Securities	1,508,619	
Total Fixed Income Securities - Pension Plan	$ 17,911,663	

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

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

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Interest Rate Risk-Continued

Duration in Fixed Income Securities - OPEB Trust
As of June 30, 2023 (dollars in thousands)

Investment Type		Fair Value	Portfolio Weighted Average Effective Duration*
U.S. Treasuries Instruments:			
U.S. Treasuries	$	75,346	16.12
Corporate Bonds and Credit Securities:			
Pooled Investments		1,165,887	3.32
Total Fixed Income Securities - OPEB Trust	$	1,241,233	

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

Foreign Currency Risk

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

The following schedule represents LACERA's exposure to foreign currency risk in U.S. dollars. Most of the exposure is from separately managed accounts with the remaining exposure from non-U.S. commingled funds that are denominated in foreign currency. For the commingled funds, LACERA owns units, and the fund holds the actual securities and/or currencies. The values shown include LACERA's separately managed account holdings and the pro-rata portion of non-U.S. commingled fund holdings. The OPEB Trust did not hold any non-U.S. investment securities as of June 30, 2023.

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Non-U.S. Investment Securities at Fair Value - Pension Plan
As of June 30, 2023
(in thousands)

Currency	Equity	Fixed Income	Foreign Currency	Real Estate	Real Assets	Private Equity Investments	Forward Contracts	Total
AFRICA								
South African Rand	$ 79,420		1,346					$ 80,766
AMERICAS								
Brazilian Real	137,294		2,195					139,489
Canadian Dollar	975,906	2,676	5,384		150,149		(9,163)	1,124,952
Chilean Peso	9,280		1,129					10,409
Colombian Peso	2,288		415					2,703
Mexican Peso	59,152		1,521					60,673
ASIA								
Australian Dollar	485,905		3,183			11,013	1,020	501,121
Chinese Renminbi	96,786		1,641					98,427
Hong Kong Dollar	663,581		2,826				183	666,590
Indonesian Rupiah	53,459		3,702					57,161
Japanese Yen	1,297,919		13,606				63,747	1,375,272
Malaysian Ringgit	31,769		1,859					33,628
New Zealand Dollar	11,375		497				133	12,005
Pakistan Rupee			28					28
Philippine Peso	13,232		406					13,638
Singapore Dollar	85,120		675				373	86,168
South Korean Won	275,212		3,092					278,304
Taiwan Dollar	327,583		7,229					334,812
Thai Baht	47,002		(165)					46,837
EUROPE								
British Pound Sterling	1,253,582	13,785	15,218	68		173,007	(16,208)	1,439,452
Czech Republic Koruna	4,069		421					4,490
Danish Krone	269,940		1,144				(114)	270,970
Euro	2,448,886	44,322	21,511	310,590	383,847	1,263,178	(2,674)	4,469,660
Hungarian Forint	4,643		343					4,986
Norwegian Krone	74,432		893				233	75,558
Polish Zloty	28,567		935					29,502
Russian Ruble			1,906					1,906
Swedish Krona	231,093		720				4,364	236,177
Swiss Franc	574,640		1,548				245	576,433
MIDDLE EAST								
Egyptian Pound	3,438		123					3,561
Israeli New Shekel	39,465		876				417	40,758
Kuwaiti Dinar	23,827		792					24,619
Qatari Rial	30,922		1,747					32,669
Saudi Riyal	6,220							6,220
Turkish Lira	19,948		438					20,386
UAE Dirham	40,609		201					40,810
Total Investment Securities Subject to Foreign Currency Risk - Pension Plan	$ 9,706,564	60,783	99,385	310,658	533,996	1,447,198	42,556	$12,201,140

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.

Bank is the sole manager of LACERA's securities lending program. Collateralization is set on non-U.S. loans at 105% minimum and on U.S. loans at 102% minimum of the fair value of the securities on loan.

State Street Global Advisors invests the collateral received from the lending programs. The collateral is invested in short-term highly liquid instruments. The maturities of the investments made with cash collateral typically do not match the maturities of their securities loans. Loans are marked-to-market daily, so that if the fair value of a security on loan rises, LACERA receives additional collateral. Conversely, if the fair value of a security on loan declines, then the borrower receives a partial return of the collateral. Earnings generated in excess of the interest paid to the borrowers represent net income to LACERA who 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, 2023.

As of June 30, 2023, the fair value of securities on loan was $3.759 billion, with a value of cash collateral received of $1.869 billion, which is included in Other payables on the financial statements, and non-cash collateral of $2.042 billion. LACERA’s investment income, net of expenses from securities lending, was $14.10 million for the year ended June 30, 2023.

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Securities Lending Program-Continued

Securities Lending
As of June 30, 2023
(in thousands)

Securities on Loan	Fair Value of Securities on Loan	Cash Collateral Received	Non-Cash Collateral Received	Calculated Mark (1)	Collateral Percent (2)
U.S. Equity	$ 2,332,066	$ 1,561,245	$ 840,301	$ 18,375	103.77 %
U.S. Fixed Income	927,308	233,202	743,620	4,685	105.84 %
Non-U.S. Equity	499,246	74,986	457,963	3,673	107.49 %
Total	$ 3,758,620	$ 1,869,433	$ 2,041,884	$ 26,733	

(1) Calculated Mark is performed daily. It is the amount LACERA will collect from the borrower (if the amount is positive), or payment to the borrower (if the amount is negative) to bring the collateralization to appropriate levels based on fair value.
(2) Collateral percent is the total collateral received divided by the fair value of securities on loan. U.S. loans are collateralized at 102% minimum of the fair value of the securities on loan while non-U.S. loans are collateralized at 105% minimum.

Hedge Funds

LACERA's Investment Policy Statement establishes the portfolio framework for and role of the hedge funds program. Diversified hedge funds comprise a variety of hedged investments, such as relative value, arbitrage, and long/short strategies within a diversified portfolio.

The status of LACERA's hedge fund program as of June 30, 2023 is as follows:

- LACERA is invested in eight hedge fund managers in the core hedge funds portfolio.
- LACERA is invested in a total of seven hedge fund emerging managers in the hedge funds emerging manager portfolio. LACERA's discretionary hedge funds emerging manager separate account manager, Stable Asset Management, selected two new emerging managers during Fiscal Year 2022-2023.
- LACERA continues to have exposure with one hedge fund of funds manager, Grosvenor Capital Management (GCM). In 2019, LACERA initiated the full redemption of the GCM hedge fund of funds' portfolio. This portfolio began returning cash during Fiscal Year 2019-2020 and will continue to distribute cash in alignment with the liquidity terms of the portfolio or underlying managers. GCM is managing the redemption process of the GCM portfolio.

The investment performance for this strategy is measured separately from other asset classes. The fair value of assets invested in hedge funds as of June 30, 2023 was $4.891 billion.

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

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

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 holdings. The fair value hierarchy includes three levels and one additional category.

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 other 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. The table below illustrates investments classified by their fair value hierarchy (Levels 1, 2, and 3) as well as investments measured at NAV.

Equity and Fixed Income Securities

Equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets issued by pricing vendors for these securities.

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

Fixed income and equity securities classified in Level 3 are securities whose stated market price is unobservable by the marketplace; many of these securities are priced by the issuers or industry groups for these securities. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the Bank.

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

Investments in hedge funds, private equity, real assets, real estate, equity and fixed income funds are valued at estimated net asset value (NAV) based upon the fair value of the underlying investments, 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.

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Fair Value-Continued

Real Estate Separate Account Investments

Real estate investments are valued at NAV, based upon 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 annually.

Investments and Derivative Instruments Measured at Fair Value - Pension Plan
As of June 30, 2023
(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	$ 196,008	$	$ 196,008	$
Corporate and Other Credit	1,991,678		1,932,426	59,252
Municipal/Revenue Bonds	8,141		8,141	
Non-U.S. Fixed Income	223,581		179,595	43,986
Private Placement Fixed Income	1,285,038		1,280,928	4,110
U.S. Government Agency	809,533		809,533	
U.S. Treasuries	5,565,802		5,565,802	
Whole Loan Mortgages	9,893			9,893
Total Fixed Income Securities	10,089,674		9,972,433	117,241
Equity Securities				
Non-U.S. Equity	10,285,307	10,280,730	519	4,058
Pooled Investments	414,172	414,172		
U.S. Equity	15,976,842	15,967,901	1,770	7,171
Total Equity Securities	26,676,321	26,662,803	2,289	11,229
Collateral from Securities Lending	1,869,433		1,869,433	
Total Investments by Fair Value Level	$ 38,635,428	$ 26,662,803	$ 11,844,155	$ 128,470
Investments Measured at NAV				
Fixed Income	$ 7,831,883			
Equity	453,239			
Hedge Funds	4,890,856			
Private Equity	13,894,495			
Real Estate	5,109,454			
Real Assets	2,514,132			
Total Investments Measured at NAV	34,694,059			
Total Investments	$ 73,329,487			
Derivatives				
Foreign Exchange Contracts	$ 42,556	$	$ 42,556	$
Foreign Equity Derivatives	562	562		
Total Derivatives	$ 43,118	$ 562	$ 42,556	$

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, 2023
(dollars in thousands)

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Fixed Income Funds [1]	$ 7,831,883	$ 1,834,547	Daily, Monthly or Not Eligible	1-60 days or N/A
Commingled Equity Funds [2]	453,239		Daily, Monthly or Not Eligible	1-60 days or N/A
Hedge Funds [3]	4,890,856	181,598	Daily, Monthly, Quarterly, Semi-Annual, Annual, Self-Liquidating	5-180 days
Private Equity [4]	13,894,495	5,299,231	Not Eligible	N/A
Real Estate [4]	5,109,454	1,289,323	Quarterly or Not Eligible	30 days+ or N/A
Real Assets [4]	2,514,132	913,268	Not Eligible	N/A
Total Investments Measured at the NAV	$ 34,694,059			

(1) Fixed Income Funds: 11 fixed income funds are valued at the NAV of units held at the end of the period based upon the fair value of the underlying investments. Approximately 60% of assets are available within 12 months; these funds provide daily, monthly or quarterly liquidity. Approximately 40% of the fund assets have liquidity beyond 12 months.

(2) Commingled Equity Funds: 1 equity fund is considered commingled in nature. The fund is valued at the NAV of units held at the end of the period based upon the fair value of the underlying investments. The fund represents 2% of the equity assets and is subject to a lock up period that limits redemptions for the next year.

(3) Hedge Funds: This portfolio consists of 15 current funds and 1 fund of funds. Hedge Fund investments are valued at NAV per share. When considering liquidity terms of the current funds, 70% of the fund assets are available within 12 months; these funds provide daily, monthly, quarterly, semi-annual, or annual liquidity. Some of these funds are subject to redemption notices that extend the time frame to receive redemptions beyond the next 12 months. Approximately 30% of fund assets are in funds that offer periodic liquidity that extends beyond the next 12 months.

LACERA's Hedge Funds portfolio invests in the following strategies:

(a) Macro and Tactical Trading: This strategy makes investments based on analyses and forecasts of macroeconomic trends, including governmental and central bank policies, fiscal trends, trade imbalances, interest rate trends, inter-country relations, and economic and technical analysis.
(b) Equity Long/Short: This strategy purchases and/or sells equities based on fundamental and/or quantitative analysis and other factors.
(c) Credit: This strategy includes long-biased credit, long/short credit, structured credit, and mortgage credit.
(d) Relative Value: This strategy's focus is to benefit from valuation discrepancies that may be present in related financial instruments by purchasing and/or shorting these instruments.
(e) Multi-Strategy: This strategy aims to pursue varying strategies to diversify risks and reduce volatility.
(f) Event Driven: This strategy seeks to gain an advantage from pricing inefficiencies that may occur in the onset or aftermath of a corporate action or related event.

(4) Private Equity, Real Assets, and Real Estate Funds: LACERA's Private Equity portfolio consists of 296 funds, investing primarily in buyout funds, with some exposure to venture capital, special situations, fund of funds, and co-investments. Due to contractual limitations, none of the funds are currently eligible for redemption. The Real Assets portfolio consists of 24 funds, investing primarily in infrastructure and natural resources. 4 of the funds are eligible for redemption after an initial lock-up period, and the other 20 of the funds are not eligible for redemption as the lock-up period is typically from 10-15 years. The Real Estate portfolio, composed of 25 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. 5 out of 25 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, 2023
(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	$ 293,690	$ 293,690	$	$
U.S. Treasuries	75,346		75,346	
Total Fixed Income Securities	369,036	293,690	75,346	
Total Investments by Fair Value Level	$ 369,036	$ 293,690	$ 75,346	$
Investments Measured at Net Asset Value (NAV)				
Fixed Income	$ 872,197			
Equity	1,468,752			
Real Estate Investment Trust (REIT)	311,966			
Total Investments Measured at NAV	2,652,915			
Total Investments	$ 3,021,951			

Investments Measured at Net Asset Value - OPEB Trust
As of June 30, 2023
(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	$ 872,197	$	Daily, Monthly	1-30 days or N/A
Commingled Equity Fund	1,468,752		Daily, Monthly	1-30 days or N/A
Real Estate Investment Trust (REIT)	311,966		Daily, Monthly	1-30 days or N/A
Total Investments Measured at NAV [1]	$ 2,652,915			

(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

As a result of the implementation of GASB 96, the reclassification of certain lease asset types, and LACDA's recognition of a prior year capital asset acquisition, the capital asset balances as of July 1, 2022 were restated as follows (in thousands):

	Balance July 1, 2022, as previously reported	Restatement Amounts	Balance July 1, 2022, as restated
Governmental Activities			
Capital assets, being depreciated/amortized:			
Subscription assets	$	$ 55,802	$ 55,802
Lease land	9,081	684	9,765
Lease buildings and improvements	1,504,371	(684)	1,503,687
Accumulated depreciation/amortization:			
Lease land	(3,406)	(81)	(3,487)
Lease buildings and improvements	(124,118)	81	(124,037)
Total governmental activities capital assets restatement		$ 55,802	
LACDA:			
Capital assets, being depreciated/amortized:			
Buildings and improvements	$ 254,644	$ 3,498	$ 258,142
Subscription assets		271	271

5. CAPITAL ASSETS-Continued

Capital assets activity for the year ended June 30, 2023 is as follows (in thousands):

Governmental Activities	Balance July 1, 2022, as restated	Additions	Deletions	Balance June 30, 2023
Capital assets, not being depreciated/ amortized:				
Land	$ 2,506,545	75,139	(9,563)	$ 2,572,121
Easements	5,038,570	36,226		5,074,796
Software in progress	64,652	17,884	(1,258)	81,278
Construction in progress-buildings and improvements	1,185,181	353,107	(85,444)	1,452,844
Construction in progress-infrastructure	604,166	174,583	(18,784)	759,965
Subscription assets in progress		8,250		8,250
Subtotal	9,399,114	665,189	(115,049)	9,949,254
Capital assets, being depreciated/amortized:				
Buildings and improvements	6,952,548	76,615	(22,654)	7,006,509
Equipment	1,871,749	105,690	(75,897)	1,901,542
Software	608,122			608,122
Infrastructure	8,190,431	17,188		8,207,619
Lease land	9,765	372		10,137
Lease buildings and improvements	1,503,687	276,087	(30,176)	1,749,598
Lease equipment	9,690	7,905	(198)	17,397
Subscription assets	55,802	52,788		108,590
Subtotal	19,201,794	536,645	(128,925)	19,609,514
Less accumulated depreciation/amortization for:				
Buildings and improvements	(2,620,078)	(140,529)	3,350	(2,757,257)
Equipment	(1,408,850)	(111,081)	73,477	(1,446,454)
Software	(408,139)	(35,542)		(443,681)
Infrastructure	(4,776,123)	(152,136)		(4,928,259)
Lease land	(3,487)	(3,631)		(7,118)
Lease buildings and improvements	(124,037)	(116,190)		(240,227)
Lease equipment	(1,722)	(3,014)		(4,736)
Subscription assets		(21,651)		(21,651)
Subtotal	(9,342,436)	(583,774)	76,827	(9,849,383)
Total capital assets, being depreciated/ amortized, net	9,859,358	(47,129)	(52,098)	9,760,131
Governmental activities capital assets, net	$19,258,472	$ 618,060	$ (167,147)	$ 19,709,385

5. CAPITAL ASSETS-Continued

Business-type Activities	Balance July 1, 2022, as restated	Additions	Deletions	Balance June 30, 2023
Capital assets, not being depreciated/ amortized:				
Land	$ 134,932			$ 134,932
Easements	32,054	1,188		33,242
Construction in progress-buildings and improvements	316,099	241,378	(42,000)	515,477
Construction in progress-infrastructure	63,417	10,365	(14,690)	59,092
Subtotal	546,502	252,931	(56,690)	742,743
Capital assets, being depreciated/ amortized:				
Buildings and improvements	2,897,025	53,143		2,950,168
Equipment	455,582	35,355	(36,811)	454,126
Software	58,922			58,922
Infrastructure	1,307,277	14,263		1,321,540
Lease equipment	1,188	902		2,090
Subtotal	4,719,994	103,663	(36,811)	4,786,846
Less accumulated depreciation/ amortization for:				
Buildings and improvements	(1,005,720)	(52,361)		(1,058,081)
Equipment	(315,050)	(30,668)	35,701	(310,017)
Software	(53,393)	(3,359)		(56,752)
Infrastructure	(719,947)	(24,692)		(744,639)
Lease equipment	(107)	(397)		(504)
Subtotal	(2,094,217)	(111,477)	35,701	(2,169,993)
Total capital assets, being depreciated/ amortized, net	2,625,777	(7,814)	(1,110)	2,616,853
Business-type activities capital assets, net	3,172,279	245,117	(57,800)	3,359,596
Total capital assets, net	$ 22,430,751	832,803	(194,573)	$ 23,068,981

5. CAPITAL ASSETS-Continued

Depreciation/Amortization Expense

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

Governmental activities:		
General government	$	63,082
Public protection		179,299
Public ways and facilities		91,261
Health and sanitation		110,919
Public assistance		67,591
Education		6,361
Recreation and cultural services		46,049
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets		19,212
Total depreciation/amortization expense, governmental activities	$	583,774
Business-type activities:		
Hospitals	$	83,995
Waterworks		23,850
Aviation		3,632
Total depreciation/amortization expense, business-type activities	$	111,477

5. CAPITAL ASSETS-Continued

Discretely Presented Component Units

LACDA

Capital assets activity for the LACDA component unit for the year ended June 30, 2023, was as follows (in thousands):

	Balance July 1, 2022, as restated	Additions	Deletions	Balance June 30, 2023
Capital assets, not being depreciated/ amortized:				
Land	$ 88,791	84	(3,532)	$ 85,343
Construction in progress-buildings and improvements	5,310	4,912	(4,044)	6,178
Subtotal	94,101	4,996	(7,576)	91,521
Capital assets, being depreciated/amortized:				
Buildings and improvements	258,142	13,793		271,935
Equipment	8,908	491	(374)	9,025
Software	1,025			1,025
Lease buildings and improvements	1,267		(1,267)	
Lease equipment	431		(171)	260
Subscription assets	271	2,808		3,079
Subtotal	270,044	17,092	(1,812)	285,324
Less accumulated depreciation/amortization for:				
Buildings and improvements	(176,768)	(6,118)		(182,886)
Equipment	(7,957)	(401)	373	(7,985)
Software	(333)	(103)		(436)
Lease buildings and improvements	(206)	(34)	240	
Lease equipment	(250)	(108)	171	(187)
Subscription assets		(1,334)		(1,334)
Subtotal	(185,514)	(8,098)	784	(192,828)
Total capital assets being depreciated/ amortized, net	84,530	8,994	(1,028)	92,496
LACDA capital assets, net	$ 178,631	13,990	(8,604)	$ 184,017

5. CAPITAL ASSETS-Continued

First 5 LA

Capital assets activity for the First 5 LA component unit for the year ended June 30, 2023, was as follows (in thousands):

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets, not being depreciated-				
Land	$ 2,039			$ 2,039
Capital assets, being depreciated:				
Buildings and improvements	14,933	889		15,822
Equipment	3,103	134		3,237
Subtotal	18,036	1,023		19,059
Less accumulated depreciation for:				
Buildings and improvements	(4,217)	(353)		(4,570)
Equipment	(2,978)	(85)		(3,063)
Subtotal	(7,195)	(438)		(7,633)
Total capital assets being depreciated,net	10,841	585		11,426
First 5 LA capital assets, net	$ 12,880	585		$ 13,465

6. PUBLIC-PRIVATE AND PUBLIC-PUBLIC PARTNERSHIPS AND AVAILABILITY AGREEMENTS

GASB 94, “Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)" (GASB 94) defines a PPP as an arrangement in which the government (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction type of public-private or public-public partnership. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The County determined that golf courses met the criteria set forth in GASB 94 (where the County is the transferor) and therefore included these SCAs in the County’s financial statements as deferred inflows of resources. GASB 94 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.

6. PUBLIC-PRIVATE AND PUBLIC-PUBLIC PARTNERSHIPS AND AVAILABILITY AGREEMENTS-Continued

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, 2023, the present value of the installment payments under contract is estimated to be $85.00 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%, 1.87% and 4.20% for the term of the agreement for each SCA. The lease terms for the twenty golf courses cover remaining periods ranging from 0 to 16 years as of June 30, 2023. The FY 2022-2023 total monthly installment payments are approximately $908,000. 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 $22.84 million as of June 30, 2023.

7. PENSION PLAN

Plan Description

The County pension plan is administered by LACERA, which was established under the CERL. LACERA is a cost-sharing, multi-employer defined benefit plan. It provides benefits to employees of the County and the following additional entities that are not part of the County's reporting entity:

Los Angeles Superior Court
Little Lake Cemetery District
Local Agency Formation Commission
Los Angeles County Office of Education (LACOE)
South Coast Air Quality Management District (SCAQMD)

New employees of LACOE hired on or after July 1971 and new employees of SCAQMD hired after December 31, 1979 are not eligible for LACERA benefits.

LACERA issues a stand-alone financial report, which is available at its offices located at Gateway Plaza, 300 N. Lake Avenue, Pasadena, California 91101-4199 or at www.LACERA.com.

Benefits Provided

Benefits are authorized in accordance with the California Constitution, the CERL, the bylaws, and procedures and policies adopted by LACERA's Boards of Retirement and Investments. The County Board may also adopt resolutions, as permitted by CERL, which may affect the benefits of LACERA members.

7. PENSION PLAN-Continued

Benefits Provided-Continued

LACERA provides retirement, disability, death benefits and cost of living adjustments to eligible members. Vesting occurs when a member accumulates 5 years of creditable service under contributory plans or accumulates 10 years of creditable service under the general service non-contributory plan. Benefits are based upon 12 or 36 months' average compensation, depending on the plan, as well as age at retirement and length of service as of the retirement date, according to applicable statutory formula. Vested members who terminate employment before retirement age are considered terminated vested (deferred) members. Service-connected disability benefits may be granted regardless of length of service consideration. Five years of service are required for nonservice-connected disability eligibility according to applicable statutory formula. Members of the non-contributory plan, who are covered under separate long-term disability provisions not administered by LACERA, are not eligible for disability benefits provided by LACERA.

Contributions

LACERA has nine benefit tiers known as A, B, C, D, E and G, and Safety A, B and C. All tiers except E are employee contributory. Tier E is employee non-contributory. Prior to December 31, 2012, new general members were only eligible for tier D or E and new safety members were only eligible for Safety B. As of January 1, 2013, new general employees are only eligible for tier G and new safety members are only eligible for Safety C. These new tiers were added as a result of the California Public Employees' Pension Reform Act of 2013 (PEPRA) and became effective January 1, 2013. Rates for the tiers are established in accordance with State law by LACERA's Boards of Retirement and Investments and the County Board.

The following employer rates were in effect for FY 2022-2023:

July 1, 2022 - June 30, 2023	A	B	C	D	E	G
General Members	31.11%	24.13%	21.23%	22.75%	24.3%	22.66%
Safety Members	39.93%	34.79%	27.91%			

The rates were determined by the actuarial valuations performed as of June 30, 2021. The investment rate of return assumption used in the valuation performed as of June 30, 2021 remained at 7.00%. The employer contribution rates used in FY 2022-2023 increased from (0.29)% to 0.20% over the rates used in FY 2021-2022 and may increase again during the following fiscal year. The most significant factors causing the increase were increases to the normal cost rate and deferred recognition of new assumptions.

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

During FY 2022-2023, the County contributed the full amount of the Actuarial Determined Contribution, as determined by the actuarial valuations, in the form of semi-monthly cash payments in the amount of $2.216 billion.

7. PENSION PLAN-Continued

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

At June 30, 2023, the County reported a liability of $13.161 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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, 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, 2022, the County's proportionate share was 96.47%, which was an increase of 0.06% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the County recognized negative pension expense of $(318.83) million which is reported as $(264.27) million for governmental activities and $(54.56) 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, 2023, 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	$ 187,758	$
Change in assumptions		2,326,220
Change in experience	64,162	1,602,848
Change in proportion and differences between County contributions and proportionate share of contributions	295,286	325,013
Contributions made subsequent to measurement date		2,216,111
Total	$ 547,206	$ 6,470,192

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner. Investment gains or losses are recognized in pension expense over a 5 year period and economic/demographic gains or losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members, which is 8 years as of June 30, 2022.

7. PENSION PLAN-Continued

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

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

Year Ending June 30:	Deferred Outflows/(Inflows) of Resources
2024	$ 760,458
2025	629,051
2026	(283,817)
2027	1,893,880
2028	536,210
Thereafter	171,093

Deferred outflows of $2.216 billion related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than the current fiscal period.

As of the measurement date of June 30, 2023, the Pension Plan's fiduciary net position increased approximately $3.562 billion due to significant increases in the fair value of the Pension Plan's investments. Overall, the increase in the fiduciary net position and increase in the total pension liability of $4.538 billion from interest and service costs, resulted in an increase in net pension liability from $13.642 billion to $14.618 billion. The County's proportionate share of the Pension Plan's net pension liability was 96.47% as of June 30, 2022 and is historically above 96%.

Actuarial Assumptions

Valuation Timing	June 30, 2021, rolled forward to June 30, 2022
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.75%
General Wage Growth	3.25%
Projected Salary Increases	3.66% 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, 2021 actuarial valuation for details. It can be found at www.LACERA.com.
Experience Study	Covers the 3 year period ended June 30, 2022.

7. PENSION PLAN-Continued

Actuarial Assumptions-Continued

The long-term expected rate of return on pension plan investments (7.00%, net of all expenses) was determined using a building block method in which a median, or expected, geometric rate of return was developed for each major asset class. The median rates were combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentages.

For the year ended June 30, 2022:

Asset Class	Target Allocation		Weighted Average Long-Term Expected Rate of Return (After Expected 2.75% Inflation Rate) (Geometric)	
Growth	51.00%		5.50 %	
Global Equity		34.00 %		4.30 %
Private Equity		14.00 %		6.90 %
Non-Core Private Real Estate		3.00 %		6.70 %
Credit	11.00%		2.20 %	
Liquid Credit		6.00 %		1.50 %
Illiquid Credit		5.00 %		2.80 %
Real Assets and Inflation Hedges	17.00%		3.60 %	
Core Private Real Estate		6.00 %		3.30 %
Natural Resources and Commodities		4.00 %		3.70 %
Infrastructure		4.00 %		4.80 %
TIPS		3.00 %		(0.30)%
Risk Reduction and Mitigation	21.00%		0.20 %	
Investment Grade Bonds		13.00 %		(0.30)%
Diversified Hedge Fund Portfolio		5.00 %		1.60 %
Long-Term Government Bonds		2.00 %		
Cash Equivalents		1.00 %		(1.00)%

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.

7. PENSION PLAN-Continued

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following represents the County's proportionate share of the net pension liability calculated using the discount rate of 7.13%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.13%) or 1-percentage point higher (8.13%) than the current rate (in thousands):

	1% Decrease (6.13%)	Discount Rate (7.13%)	1% Increase (8.13%)
Net Pension Liability/(Asset)	$ 24,145,685	$ 13,160,560	$ 4,089,111

Pension Plan Fiduciary Net Position

Detailed information about pension plan fiduciary net position as of June 30, 2022 is available in the separately issued LACERA financial report, which can be found at www.LACERA.com.

Deferred Compensation Plans

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

Plan Description and Funding Policy

The Deferred Compensation and Thrift Plan was established as a Section 457 defined contribution plan covering employees who have achieved full time and permanent employment status. The plan is designed to permit these employees to voluntarily defer a portion of their compensation and provide for retirement and death benefits. The plan is funded by employer and employee contributions. As of June 30, 2023, the County provided up to a 4% matching contribution per pay period of the employee's voluntary contribution. Employer and employee contributions are deposited into the participant accounts and invested based on participant selected options. Total employer contributions for the year ended June 30, 2023, were $305.67 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, 2023, the County provided up to a 4% matching contribution per pay period of the employee's voluntary contribution. Employer and employee contributions are deposited into the participant accounts and invested based on participant selected options. Total employer contributions for the year ended June 30, 2023, were $83.29 million.

7. PENSION PLAN-Continued

Deferred Compensation Plans-Continued

Plan Description and Funding Policy-Continued

The Pension Savings Plan is a Section 457 defined contribution plan covering part-time, temporary and seasonal County employees who are not eligible to participate in the retirement programs provided through the LACERA. The plan was established in lieu of employee coverage under Social Security. Participation in the plan is mandatory and employees must contribute a minimum of 4.5% of their eligible earnings and the County makes a contribution equal to 3% of compensation. Participants may contribute additional amounts beyond the required 4.5%. Total employer contributions for the year ended June 30, 2023, were $9.62 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, multiple-employer plan. The agent plan structure determines program liabilities and costs directly by employer and allocates shared expenses. The measurement date for the RHC OPEB program is June 30, 2022.

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.

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Plan Description-Continued

Pursuant to the 1982, 1994, and 2014 Agreements between the County and LACERA, the parties agreed to the continuation of the health insurance benefits then in existence. The County agreed to subsidize a portion of the insurance premiums of certain retired members and their eligible dependents based on the member's length of service. The County further agreed to maintain the status quo of existing benefits provided to participants. As part of the 2014 Agreement, the County modified the existing healthcare benefit plan, which created a new benefit structure, Tier 2, for all employees hired after June 30, 2014. LACERA agreed not to change retired members' contributions toward insurance premiums or modify medical benefit levels without the County's prior consent. Active employees are not required to make contributions to the plan.

Pursuant to the California Government Code, the County established an irrevocable OPEB Trust for the purpose of holding and investing assets to pre-fund the RHP, which LACERA administers. On May 15, 2012, the County Board entered into a trust and investment services agreement with the LACERA Board of Investments to act as trustee and investment manager. The OPEB Trust does not modify the County's benefit programs.

LACERA issues a stand-alone financial report that includes the required information for the OPEB plan. The report is available at its offices located at Gateway Plaza, 300 North Lake Avenue, Pasadena, California 91101-4199 or www.LACERA.com.

Benefits Provided

Health care benefits earned by County employees are dependent on the number of completed years of retirement service credited to the retiree by LACERA upon retirement; it does not include reciprocal service in another retirement system. Service includes all service on which the member's retirement allowance was based.

The RHC OPEB Program offers members an extensive choice of medical plans as well as two dental/vision plans. The medical plans are either HMOs or indemnity plans, and some are designed to work with Medicare benefits, such as the Medicare Supplement or Medicare HMO plans. Coverage is available regardless of preexisting medical conditions. Under Tier 2, retirees who are eligible for Medicare are required to enroll in that program. Medicare-eligible retirees and their covered dependents must enroll in Medicare Parts A and B and in a Medicare HMO plan or Medicare Supplement plan under Tier 2.

Medical and Dental/Vision - Program benefits are provided through third party insurance carriers with the participant's cost for medical and dental/vision insurance varying according to the years of retirement service credit with LACERA, the plan selected, and the number of persons covered. The County contribution subsidizing the participant's cost starts at 10 years of service credit in the amount of 40% of the lesser of the benchmark plan rate or the premium of the plan in which the retiree is enrolled. For each year of retirement service credit earned beyond 10 years, the County contributes 4% per year, up to a maximum of 100% for a member with 25 years of service credit. The County contribution can never exceed the premium of the benchmark plans. Members are responsible for premium amounts above the benchmark plans, including those with 25 or more years of service credit.

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Benefits Provided-Continued

Under Tier 1, the County subsidy is based on the coverage elected by the retiree. The benchmark plans are Anthem Blue Cross Plans I and II for medical and Cigna Indemnity Dental/Vision for dental and vision. Under Tier 2, the County subsidy is based on retiree only coverage. Tier 2 medical benchmark plans are Anthem Blue Cross Plans I and II for Medicare-ineligible members, Anthem Blue Cross Plan III for Medicare-eligible members, and Cigna Indemnity Dental/Vision for dental and vision plans.

Medicare Part B - The County reimburses the member’s Medicare Part B standard rate premiums paid by member to Social Security for Part B coverage, subject to annual approval by the County Board of Supervisors. Eligible members and their dependents must be enrolled in both Medicare Part A and Medicare Part B and enrolled in a LACERA- administered Medicare HMO Plan or Medicare Supplement Plan and meet all of the qualifications. Under Tier 2, the County reimburses for Medicare Part B (at the standard rate) for eligible members or eligible survivors only.

Disability - If a member is granted a service-connected disability retirement and has less than 13 years of service, the County contributes the lesser of 50% of the benchmark plan rate or the premium of the plan in which the retiree is enrolled. Under Tier 2, the benchmark plan rate is based on retiree-only premiums. A member with 13 years of service credit receives a 52% subsidy. This percentage increases 4% for each additional completed year of service, up to a maximum of 100%.

Death/Burial Benefit - There is a one-time lump-sum $5,000 death/burial benefit payable to the designated beneficiary upon the death of a retiree, reimbursed to LACERA by the County. Active and vested terminated (deferred) members are eligible for this benefit once they retire. Spouses and dependents are not eligible for this death benefit.

Employees Covered by Benefit Terms

Medical and Dental/Vision Benefits

	2022	
	Medical	Dental/ Vision
Retired Participants		
Retired Members and Survivors	54,065	55,772
Spouses and Dependents	27,684	31,811
Total Retired	81,749	87,583
Inactive Members - Vested	9,250	9,250
Active Members - Vested	74,796	74,796
Total Membership Eligible for Benefits	165,795	171,629

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Employees Covered by Benefit Terms-Continued

Death Benefits

	2022
Retired with Eligibility for Death Benefits	61,931
Active Members - Vested	74,796
Inactive Members - Vested	9,250
Total Membership Eligible for Benefits	145,977

Contributions

The current funding policy requires the County to contribute on a pay-as-you-go basis. During FY 2022-2023, the County made payments to LACERA totaling $713.03 million for retiree healthcare benefits. Included in this amount was $97.50 million for Medicare Part B reimbursements and $9.80 million in death benefits. Additionally, $48.40 million was paid by member participants. During FY 2022-2023, the County also contributed $441.45 million in excess of the pay-as-you-go amounts.

Net OPEB Liability

At June 30, 2023, the County reported a net RHC OPEB liability of $23.451 billion. The net RHC OPEB liability was measured as of June 30, 2022, and the total RHC OPEB liability used to calculate the net RHC OPEB liability was determined by an actuarial valuation as July 1, 2021, 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, 2021, rolled forward to June 30, 2022
Actuarial Cost Method	Individual Entry Age Normal, Level Percent of Pay
Asset Valuation Method	Fair Value
Inflation	2.75%
Salary Increases	3.25% general wage increase and merit according to Table A-5 of the July 1, 2021 actuarial valuation of retirement benefits. It can be found at: www.LACERA.com.
Mortality	Various rates based on the RP-2014 Healthy and Disabled Annuitant mortality tables and including projection for expected future mortality improvement using the MO Healthcare Cost Trend Rates MP-2014 Ultimate Projection Scale.
Experience Study	Covers the three year period ended June 30, 2020.
Discount Rate	4.85%
Long-term expected rate of return, net of investment expenses	6.00%
20 Year Tax-Exempt Municipal Bond Yield	3.54%

Healthcare Cost Trend rates:

	Initial Year	Ultimate
LACERA Medical Under 65	8.50%	4.20%
LACERA Medical Over 65	3.70%	4.20%
Part B Premiums	8.50%	4.00%
Dental/Vision	3.70%	3.60%
Weighted Average Trend	5.92%	4.13%

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, 2022.

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Investments-Continued

Asset Class	Target Allocation	
Growth	50.00%	
Global Equity		50.00 %
Credit	20.00%	
High Yield Bonds		6.00 %
Bank Loans		10.00 %
EM Local Currency Bonds		4.00 %
Risk Reduction and Mitigation	10.00%	
Cash Equivalents		2.00 %
Investment Grade Bonds		8.00 %
Inflation Hedges	20.00%	
TIPS		6.00 %
Real Estate (REITs)		10.00 %
Commodities		4.00 %

Money-Weighted Rate of Return

As of the measurement date, June 30, 2022, 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, 2021, the annual money-weighted rate of return was also 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 3.54% as of June 30, 2022. For 2021, the long-term expected rate of return of 2.16% was applied to projected benefit payments from 2021 to 2068. 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, 2022 was 4.85%, an increase of 0.57% from the rate as of June 30, 2021.

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, 2021	$ 27,760,135	2,235,814	$ 25,524,321
Service cost	1,024,895		1,024,895
Interest on Total OPEB Liability	1,217,398		1,217,398
Effect of economic/demographic gains or losses	(168,643)		(168,643)
Effect of assumption changes or inputs	(3,365,579)		(3,365,579)
Benefit payments	(689,511)	(689,511)	
Employer contributions		1,071,024	(1,071,024)
Net investment income		(280,358)	280,358
Administrative expenses		(9,534)	9,534
Balance as of June 30, 2022	$ 25,778,695	2,327,435	$ 23,451,260

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

The following represents the County's net RHC OPEB liability calculated using the discount rate of 4.85%, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.85%) or 1-percentage point higher (5.85%) than the current rate (in thousands):

	1% Decrease (3.85%)	Discount Rate (4.85%)	1% Increase (5.85%)
Net RHC OPEB Liability	$ 27,974,578	$ 23,451,260	$ 19,837,784

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	$ 19,150,590	$ 23,451,260	$ 29,075,261

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, 2023, the County recognized OPEB expense of $91.67 million which is reported as $136.38 million for governmental activities and $(44.71) 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, 2023, 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	$	$ 165,499
Change of assumptions	7,216,505	2,873,651
Change in experience	1,021,102	251,246
Change in proportion and differences between contributions and the proportionate share of contributions	1,133,238	1,133,238
Contributions made subsequent to measurement date		1,154,487
Total	$ 9,370,845	$ 5,578,121

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 8 years as of June 30, 2022. The change in proportion and differences between the contributions and the proportionate share of contributions represents the changes in allocation percentages to the individual funds, including the proprietary funds, of the total OPEB RHC liability from the prior measurement date to the current measurement date.

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

Year ending June 30:	Deferred Outflows/(Inflows) of Resources
2024	$ (849,540)
2025	(849,772)
2026	(864,316)
2027	(609,814)
2028	(345,818)
Thereafter	(1,427,951)

Deferred outflows of resources of $1.154 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, 2022, the following employees were covered by the benefit terms:

LTD Income and Survivor Benefit Plans:	
Inactive employees or beneficiaries currently receiving benefit payments	2,502
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	80,591
LTD Health Plans	
Inactive employees or beneficiaries currently receiving benefit payments	623
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	77,551

Total LTD OPEB Liability

At June 30, 2023, the County reported a total LTD OPEB liability of $1.289 billion. The total LTD OPEB liability was determined by an actuarial valuation as of July 1, 2021, rolled forward to June 30, 2022.

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability-Continued

Actuarial Methods and Assumptions

Valuation Timing	June 30, 2021, rolled forward to June 30, 2022
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, 2021 RHC OPEB Program's actuarial valuation report which can be found at www.LACERA.com.
Mortality	Various rates based on the RP-2014 Healthy and Disabled Annuitant mortality tables and including projection for expected future mortality improvement using the MO Healthcare Cost Trend Rates - MP-2014 Ultimate Projection Scale.
Discount Rate	Equal to the municipal bond rate based on the 20-year Bond Buyer GO index (municipal bond rate), which was 2.16% as of June 30, 2021, and 3.54% as of June 30, 2022.

Healthcare Cost Trend rates:

Year	Rate (pre Medicare/ post Medicare)	Year	Rate (pre Medicare/ post Medicare)
2022-2023	-0.40%/0.30%	2061-2062	4.60%/4.60%
2023-2024	8.50%/3.70%	2071-2072	4.30%/4.30%
2024-2025	6.80%/6.50%	2081+	4.20%/4.20%
2025-2026	6.60%/6.50%		
2026-2027	6.00%/6.00%		
2027-2028	5.50%/5.50%		
2028-2029	5.10%/5.10%		
2029-2030	5.00%/5.00%		
2030-2031	4.90%/4.90%		
2041-2042	4.50%/4.50%		
2051-2052	4.60%/4.60%		

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability-Continued

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

Total LTD OPEB Liability at 6/30/2021	$	1,473,239
Service cost		68,827
Interest		32,594
Differences between expected and actual experience		(512)
Changes of assumptions or other inputs		(218,398)
Benefit payments		(66,425)
Net Changes		(183,914)
Total LTD OPEB Liability at 6/30/2022	$	1,289,325

Changes of assumptions or other inputs reflect a change in the discount rate from 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022.

Sensitivity of the Total LTD OPEB Liability to Changes in the Discount Rate

The following represents the County's total LTD OPEB liability calculated using the discount rate of 3.54%, as well as what the County's total LTD OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.54%) or 1-percentage point higher (4.54%) than the current rate (in thousands):

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total LTD OPEB Liability	$ 1,454,655	$ 1,289,325	$ 1,142,786

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	$ 1,273,562	$ 1,289,325	$ 1,309,555

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, 2023, the County recognized LTD OPEB expense of $35.15 million which is reported as $32.98 million for governmental activities and $2.17 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, 2023, 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	$ 35,571	$ 100,029
Change of assumptions	278,715	204,617
Change in proportionate share	90,433	90,433
Total	$ 404,719	$ 395,079

The deferred inflows of resources and deferred outflows of resources above represent the unamortized portion of changes to the total LTD OPEB liability to be recognized in future periods in a systematic and rational manner. Economic/demographic gains or losses, assumption changes or inputs, and change in proportion are recognized over the average remaining service life of all active and inactive members, which is 12 years. The change in proportionate share represents the changes in allocation percentages to the individual funds, including the proprietary funds, of the total OPEB LTD liability from the prior measurement date to the current measurement date.

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

Year Ending June 30:	Deferred Outflows/(Inflows) of Resources
2024	$ 151
2025	151
2026	151
2027	151
2028	151
Thereafter	(10,395)

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	$ 23,451,260	$ 1,289,325	$ 24,740,585
Deferred Outflows of Resources	5,578,121	395,079	5,973,200
Deferred Inflows of Resources	9,370,845	404,719	9,775,564
OPEB Expense	91,666	35,146	126,812

9. LEASES

Lease Liabilities

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

9. LEASES-Continued

Lease Liabilities-Continued

The following is a schedule of future minimum lease payments for the lease liabilities as of June 30, 2023 (in thousands):

	Governmental Activities		Business-type Activities	
Year Ending June 30	Principal	Interest	Principal	Interest
2024	$ 117,184	$ 44,836	$ 425	$ 59
2025	112,197	41,554	445	42
2026	112,736	38,339	462	25
2027	106,909	35,170	399	7
2028	102,814	32,157		
2029-2033	414,951	120,515		
2034-2038	287,824	70,005		
2039-2043	154,228	37,967		
2044-2048	80,177	19,570		
2049-2053	43,194	10,241		
2054-2058	39,975	3,612		
2059-2063	5,797	228		
2064-2068	206	12		
Total	$ 1,578,192	$ 454,206	$ 1,731	$ 133

Rent expenses related to leases for governmental activities were $110.33 million and $318 thousand for business-type activities, for the year ended June 30, 2023. Variable payments not previously included in the measurement of the lease liability were $5.31 million for the year ended June 30, 2023.

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

The following is a schedule of right-to-use lease assets by major classes at June 30, 2023, (in thousands):

	Governmental Activities	Business-type Activities
Lease land	$ 10,137	$
Lease buildings and improvements	1,749,598	
Lease equipment	17,397	2,090
Lease asset accumulated amortization	(252,081)	(504)
Total	$ 1,525,051	$ 1,586

9. LEASES-Continued

Lease Receivables

As the lessor, the County leases County-owned properties such as land and buildings. The County has entered into long-term leases relative to the Marina del Rey Project area, asset development projects, regional parks, roads, Martin Luther King, Jr. Community Hospital (MLK Hospital), Flood Control District property, and County airports (Brackett Field, San Gabriel Valley, Whiteman, and General Wm. J. Fox Airfield). Substantially all the Marina's land and harbor facilities are leased to others. The asset development projects, which include the Marina del Rey Project area, are ground leases and development agreements entered into by the County for private sector development of commercial, industrial, residential, and cultural uses on vacant or underutilized County-owned property. Certain regional parks are leased under agreements which provide for activities such as food and beverage concessions, and recreational vehicle camping. Certain roads are leased under franchise agreements for electrical transmission system operations. The MLK Hospital is leased to the Martin Luther King, Jr. - Los Angeles Healthcare Corporation (MLK-LA) and is further discussed in Note 14. Flood Control District leases are for parking lots, and ingress and egress in connection with various commercial centers. The airport leases are for hanger space, vehicle parking, aircraft tiedowns and storage facilities, and are currently the only leases within the Business-type activities category. The asset development leases covering remaining periods ranging generally from 1 to 91 years, regional parks leases covering remaining periods from 5 to 16 years, roads leases with remaining periods of 34 years, and the MLK Hospital lease with a remaining period of 61 years are all accounted for in the General Fund. The Flood Control District leases cover remaining periods ranging from 12 to 67 years and are accounted for in the Flood Control District Fund. The airport leases cover remaining periods from 8 to 36 years and are accounted for in the Aviation Enterprise Fund.

The land carrying value of the asset development project ground leases that include the Marina del Rey Project area and the Flood Control District totals $730.20 million. The carrying value of the capital assets associated with the regional park, roads, MLK Hospital, and County airports leases is not determinable.

9. LEASES-Continued

Lease Receivables-Continued

The following is a schedule of future minimum lease payment receipts on noncancelable leases as of June 30, 2023 (in thousands):

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	$ 33,652	$ 34,290	$ 847	$ 369
2025	34,195	33,668	862	354
2026	34,672	33,037	878	338
2027	34,932	32,397	895	321
2028	33,373	31,768	911	305
2029-2033	172,661	149,531	4,092	1,278
2034-2038	184,836	133,151	2,960	974
2039-2043	192,737	115,791	3,243	691
2044-2048	185,614	98,615	2,835	404
2049-2053	196,572	81,116	1,848	181
2054-2058	196,818	62,990	991	64
2059-2063	175,124	45,182	203	2
2064-2068	102,838	33,110		
2069-2073	79,832	25,066		
2074-2078	87,406	17,463		
2079-2083	94,575	9,167		
2084-2088	20,081	3,066		
2089-2093	4,294	2,050		
2094-2098	4,277	1,398		
2099-2103	3,726	528		
2104-2108	549	85		
2109-2113	602	32		
2114	42			
Total	$ 1,873,408	$ 943,501	$ 20,565	$ 5,281

The following is a schedule of lease payment income for leases for the year ended June 30, 2023 (in thousands):

	Governmental Activities	Business-type Activities
Minimum lease payments	$ 35,686	$ 831
Variable lease payments	33,231	893
Total	$ 68,917	$ 1,724

9. LEASES-Continued

Lease Receivables-Continued

The minimum lease income is a fixed amount based on the lease agreements. The variable lease income is a percentage of revenue above a certain base for the asset development leases or a calculated percentage of the gross revenue less the minimum rent payment for the other leases.

The interest revenue received for leases of County-owned property for the year ended June 30, 2023 is $34.92 million.

10. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The County has entered into various Subscription-Based Information Technology Arrangements (SBITAs) as a lessee. These leases are for software as a service, platform as a service or infrastructure as a service and vary in terms and conditions. Beginning with FY 2022-2023, SBITA leases are presented in the financial statements and accompanying footnotes in accordance with GASB 96. GASB 96 requires that SBITA leases be categorized as either short-term (12 months or less in length, including options) or long-term. In determining the future minimum subscription lease payments, the County will include the right to extend option terms in the non-cancelable lease term if it is reasonably certain that the option will be exercised. Variable payments based on a per seat subscription or based on transaction volumes are not included in the measurement of the subscription liability. Short-term lease financial transactions are reflected in the government-wide Statement of Activities and in the fund financial statements.

SBITA Lease Liabilities

The following is a schedule of future minimum lease payments for the SBITA lease liabilities as of June 30, 2023 (in thousands):

	Governmental Activities	
Year Ending June 30,	Principal	Interest
2024	$ 19,223	$ 3,486
2025	14,299	2,751
2026	9,169	2,211
2027	8,719	1,798
2028	8,405	1,403
2029-2033	24,850	2,478
2034-2038	1,260	56
Total	$ 85,925	$ 14,183

10. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS-Continued

SBITA variable payments not included in the measurement of the subscription liability for governmental activities were $84.54 million for the year ended June 30, 2023. There were no SBITA leases for business-type activities during the period. Additionally, there were no payments for termination penalties during the reporting period.

The following is a schedule of the right-to-use (RTU) assets and accumulated amortization for subscription leases at June 30, 2023, (in thousands):

	Governmental Activities
Subscription asset	$ 108,590
Subscription asset accumulated amortization	(21,651)
Total	$ 86,939

The development in progress for SBITAs that are not yet in production as of June 30, 2023 is $8.25 million.

11. LONG-TERM OBLIGATIONS

Long-term obligations of the County consist of bonds, notes and loans from direct borrowings and direct placements, financed purchase obligations from direct borrowing, pension (see Note 7), OPEB (see Note 8), lease (see Note 9), subscription (see Note 10) and other liabilities, which are payable from the General, Special Revenue, Debt Service, Enterprise and Internal Service Funds.

A summary of bonds, and notes and loans from direct borrowings and direct placements recorded within governmental activities follows (in thousands):

	Original Par Amount of Debt	Balance June 30, 2023
NPC Bonds, 5.83%	$ 5,000	$ 5,000
Public Buildings Bonds and Notes, 0.32% to 7.62%	2,066,006	2,058,815
Los Angeles County Securitization Corporation Tobacco Settlement Asset-Backed Bonds, 0.71% to 5.35%	349,584	343,338
Marina del Rey Loans, 4.50% to 4.70%	23,500	7,967
Lease Revenue Obligation Notes, 0.85% to 5.35%	135,467	135,467
Total	$ 2,579,557	$ 2,550,587

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, 2023
Public Buildings Bonds and Notes, 2.00% to 7.62%	$ 820,783	$ 794,574
Lease Revenue Obligation Notes, 0.85% to 5.35%	115,476	115,476
Waterworks District Loans, 1.40% to 2.28%	12,619	8,675
Aviation Loan, 2.95%	2,000	1,180
Total	$ 950,878	$ 919,905

11. LONG-TERM OBLIGATIONS-Continued

Certificates of Participation and Bonds

The County has issued lease revenue bonds through various financing entities that have been established and are component units of the County. The debt proceeds have been used to finance the acquisition of County facilities and equipment. The County makes annual payments to the financing entities for the use of the property and the debt is secured by the underlying capital assets that have been financed. The County has pledged a total of 16 County-owned properties as collateral for various bonds. During FY 2022-2023, the County did not issue new bonds.

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
2024	$ 49,931	$ 88,043	$ 20,729	$ 43,677
2025	52,336	85,403	21,690	42,373
2026	54,967	82,511	22,748	40,926
2027	57,747	79,444	23,878	39,401
2028	60,681	76,216	25,069	37,791
2029-2033	329,073	328,493	145,366	161,826
2034-2038	361,175	235,402	185,645	107,232
2039-2043	374,061	136,483	170,479	42,349
2044-2048	281,700	58,148	60,265	14,596
2049-2052	177,420	12,183	33,300	1,711
Subtotal	1,799,091	$ 1,182,326	709,169	$ 531,882
Add: Unamortized bond premiums	259,724		85,405	
Total certificates of participation and bonds	$ 2,058,815		$ 794,574	

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 2023 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.

11. 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
2024	$ 6,280	$ 9,558
2025	6,240	9,244
2026	6,445	8,932
2027	6,775	8,609
2028	7,070	8,271
2029-2033	37,015	35,926
2034-2038	38,885	27,355
2039-2043	40,505	19,194
2044-2048	37,795	11,416
2049-2052	29,110	1,379
2054-2055	83,629	446,441
Subtotal	299,749	586,325
Add: Accretions	14,227	(14,227)
Add: Unamortized bond premiums	29,362	
Total tobacco settlement asset-backed bonds	$ 343,338	$ 572,098

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 3 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 LACCAL and a pledge of the purchased equipment. During FY 2022-2023, LACCAL, an Internal Service Fund, issued additional BANs in the amount of $10.00 million as reflected in governmental activities. As of June 30, 2023, the note balance is $5.00 million for governmental activities only.

11. 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, 2023, the balance is $7.97 million for governmental activities.

In June 2010, the Board approved a resolution authorizing the Waterworks Districts to obtain Safe Drinking Water State Revolving loans in the amount of $3.41 million and $5.47 million from the California Department of Public Health to fund the Sepulveda Feeder Interconnection project (Malibu) and the Marina del Rey Waterline Replacement project (Marina), respectively. The loans will be repaid over 20 years and are secured by revenues from surcharges collected for capital improvements. Annual principal and interest payments of the loans are expected to require less than 46.73% of the annual surcharge revenues. The funding agreements contain a provision that in an event of default, obligations may be immediately due and payable, and further disbursements may be terminated. As of June 30, 2023, 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, 2023, the balance is $5.31 million for business-type activities.

In July 2014, the Board approved the Whiteman Airport Leasehold Interest Acquisition Project, with a total Project cost of $4.02 million. To partially finance the acquisition, the Aviation Enterprise Fund obtained an Airport Development Loan from the State of California Department of Transportation, Aeronautics Program for $2.00 million with an annual interest rate of 2.95%. The Airport Development Loan will be repaid over 17 years with revenue generated by lease payment income. The loan agreement contains a provision that if the County fails to comply with or perform any term or condition in the agreement, or fails to pay the annual loan payment, the entire outstanding principal amount of the loan and all accrued interest may be immediately due and payable. In addition, the County may be ineligible for future financing under the program. During FY 2022-2023, the County did not obtain any additional airport development loans. As of June 30, 2023, the balance is $1.18 million for business-type activities.

In September 2020, the Board approved a resolution authorizing the Waterworks Districts to obtain Safe Drinking Water State Revolving loans in the amount of $3.75 million from the California State Water Resources Control Board to fund the Del Valle Road Water Main Replacement Project. The loan will be repaid over 20 years and is secured by revenues from surcharges collected for capital improvements. Annual principal and interest payments of the loans are expected to require approximately 36% of the annual surcharge revenues. The funding agreement contains a provision that in an event of default, obligations may be immediately due and payable, and further disbursements may be terminated. During FY 2022-2023, the County drew down $2.32 million in loans. As of June 30, 2023, the balance is $3.37 million for business-type activities.

11. LONG-TERM OBLIGATIONS-Continued

Notes, Loans, and Lease Revenue Obligation Notes-Continued

Lease Revenue Obligation Notes from Direct Borrowings

LRON provide the County with a flexible and cost-effective source of financing to provide interim funding during the initial construction phase of a capital project and fund tenant improvements costs on certain leases, which may be refinanced with the issuance of long-term bonds upon completion. Repayment of LRON is secured by four irrevocable direct-pay letters of credit (LOC) from separate banks supporting the issuance of LRON. This program is secured by fifteen County-owned properties pledged as collateral in a lease-revenue financing structure with LACCAL.

The LOCs were issued for a five-year period and have a termination date of April 30, 2024. The County has the option to extend the LOCs for an additional one-year period or to some other term mutually agreed to with the participating banks.

The aggregate maximum principal amount of the four LOCs is $600.00 million, which consists of $100.00 million of Series A (Bank of the West), $200.00 million of Series B (U.S. Bank), $200.00 million of Series C (Wells Fargo Bank), and $100.00 million of Series D (State Street Bank). The County is responsible for the payment of a non-refundable letter of credit fee for each LOC on a quarterly basis in an amount equal to the rate per annum corresponding to the lowest long-term unenhanced debt ratings assigned by any of Moody's, S&P, or Fitch to any Lease Obligation Debt of the County. The letter of credit fee for all four series of LOCs is equal to 0.35% of the maximum principal amount of the LOC. As of June 30, 2023, $250.94 million of LRON issued under the program were outstanding, including $18.53 million of Series A, $76.13 million of Series B, $99.21 million of Series C, and $57.07 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 2022-2023, the County reissued $99.24 million for governmental activities and $151.10 million for business-type activities, representing the total amounts outstanding at the beginning of the year. These reissues, along with new County LRON of $36.62 million for governmental activities and $184.38 million for business-type activities, totaling $221.00 million, and redemptions of $400 thousand for governmental activities and $220.00 million for business-type activities, totaling $220.40 million, are reflected as notes payable. The total outstanding LRON as of June 30, 2023 is $250.94 million, which is reported as $135.46 million for governmental activities and $115.48 million for business-type activities. The average interest rate on LRON issued in FY 2022-2023 was 2.41%.

11. LONG-TERM OBLIGATIONS-Continued

Notes, Loans, and Lease Revenue Obligation Notes-Continued

Lease Revenue Obligation Notes from Direct Borrowings-Continued

Principal and interest requirements on NPC BANS, Marina del Rey Loans and LRON for governmental activities and NPC BANS, Waterworks District Loans, Aviation Loan and LRON for business-type activities are as follows (in thousands):

Year Ending June 30	Governmental Activities Principal	Governmental Activities Interest	Business-type Activities Principal	Business-type Activities Interest
2024	$ 136,653	$ 359	$ 115,896	$ 143
2025	6,239	305	648	191
2026	1,295	249	662	176
2027	1,354	191	677	161
2028	1,414	130	692	146
2029-2033	1,479	67	3,555	482
2034-2038			1,343	172
2039-2043			577	114
2044-2048			618	73
2049-2053			663	27
Total notes, loans, and LRON	$ 148,434	$ 1,301	$ 125,331	$ 1,685

Financed Purchase Obligations-Direct Borrowings

Principal and interest requirements on financed purchase obligations for governmental activities are as follows (in thousands):

Year Ending June 30	Governmental Activities Principal	Governmental Activities Interest
2024	$ 7,177	$ 397
2025	2,906	255
2026	2,687	199
2027	2,667	147
2028	2,616	96
2029-2031	4,697	67
Total financed purchase obligations	$ 22,750	$ 1,161

11. LONG-TERM OBLIGATIONS-Continued

Summary-All Future Principal, Interest and Accretions

The following summarizes total future principal and interest requirements for the various debt issues referenced above (in thousands):

	Governmental Activities		Business-type Activities	
Debt Type	Principal	Interest	Principal	Interest
Certificates of participation and bonds	$ 1,799,091	$ 1,182,326	$ 709,169	$ 531,882
Tobacco settlement asset-backed bonds	299,749	586,325		
Notes, Loans, and LRON from direct borrowings and placements	148,434	1,301	125,331	1,685
Subtotal	2,247,274	$ 1,769,952	834,500	$ 533,567
Add: Accretions	14,227			
Unamortized premiums on bonds payable	289,086		85,405	
Total bonds and notes	$ 2,550,587		$ 919,905	

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, 2023, there were no outstanding bonds and certificates of participation considered defeased.

Changes in Long-term Liabilities

The following is a summary of the restatement of beginning balances as a result of the implementation of GASB 96, as described in Note 2 (in thousands):

	Balance at July 1, 2022, as previously reported	Adjustment	Balance at July 1, 2022, as restated
Governmental activities:			
Subscription liability (Note 10)	$	55,237	$ 55,237

11. LONG-TERM OBLIGATIONS-Continued

Changes in Long-term Liabilities-Continued

The following is a summary of long-term liabilities and corresponding activity for the year ended June 30, 2023 (in thousands):

	Balance July 1, 2022 as restated	Additions/ Accretions	Transfers/ Maturities	Balance June 30, 2023	Due Within One Year
Governmental activities:					
Bonds payable	$ 2,184,272		85,432	$ 2,098,840	$ 56,211
Notes, loans, and LRON from direct borrowings and placements	108,346	135,467	100,379	143,434	136,653
	2,292,618	135,467	185,811	2,242,274	192,864
ISF bonds payable and notes from direct placements	245	10,000	5,245	5,000	
Total bonds payable, notes, loans and LRON	2,292,863	145,467	191,056	2,247,274	192,864
Interest accretion on capital appreciation bonds payable	9,192	5,035		14,227	
Unamortized premium on bonds payable	294,346		5,260	289,086	6,258
Other long-term liabilities:					
Lease liability (Note 9)	1,419,492	284,364	125,664	1,578,192	117,184
Subscription liability (Note 10)	55,237	61,038	30,350	85,925	19,223
Financed purchase obligations	29,816		7,066	22,750	7,177
Accrued compensated absences	2,040,862	271,686	138,227	2,174,321	126,226
Workers' compensation (Note 18)	3,014,106	720,646	622,795	3,111,957	626,398
Litigation and self-insurance (Note 18)	546,007	3,409,421	223,265	3,732,163	261,775
Pollution remediation obligation (Note 19)	38,032	1,759	2,625	37,166	2,815
Net pension liability (Note 7)	6,073,131	5,309,310		11,382,441	
Net OPEB liability (Note 8)	22,862,738		1,868,134	20,994,604	
Third party payor	408,097	216,621	292,197	332,521	195,898
Total governmental activities	$ 39,083,919	10,425,347	3,506,639	$ 46,002,627	$ 1,555,818
Business-type activities:					
Bonds payable	$ 729,059		19,890	$ 709,169	$ 20,729
Add: Unamortized premium on bonds payable	85,907		502	85,405	756
Notes, loans, and LRON from direct borrowings and placements	159,167	117,798	151,634	125,331	115,896
Total bonds payable, notes, loans and LRON	974,133	117,798	172,026	919,905	137,381
Other long-term liabilities:					
Lease liability (Note 9)	1,148	902	319	1,731	425
Financed purchase obligations	11		11		
Accrued compensated absences	267,130	35,938	19,200	283,868	17,385
Workers' compensation (Note 18)	386,357	39,723	33,804	392,276	36,865
Litigation and self-insurance (Note 18)	67,911	1,433	35,294	34,050	21,709
Net pension liability (Note 7)	957,332	820,787		1,778,119	
Net OPEB liability (Note 8)	4,134,822		388,841	3,745,981	
Third party payor (Note 14)	496,901	146,925	117,052	526,774	142,136
Total business-type activities	$ 7,285,745	1,163,506	766,547	$ 7,682,704	$ 355,901

11. LONG-TERM OBLIGATIONS-Continued

Changes in Long-term Liabilities-Continued

For governmental activities, the General Fund, the Fire Protection District Special Revenue Fund and the LA County Library Special Revenue Fund have typically been used to liquidate workers' compensation, accrued compensated absences, pension, OPEB, lease, financed purchase, subscription, litigation and self-insurance.

Bond interest accretions for deep discount bonds have been included in the amounts reported for Bonds. Accretions increased during FY 2022-2023, thereby increasing liabilities for Bonds by $5.04 million for governmental activities. Note 18 contains information about changes in the combined current and long-term liabilities for workers' compensation and litigation and self-insurance.

Discretely Presented Component Unit

Long-term debt obligations and corresponding activity for the LACDA and First 5 LA discretely presented component units for the year ended June 30, 2023, were as follows (in thousands):

	Balance July 1, 2022	Additions	Maturities	Balance June 30, 2023	Due Within One Year
LACDA					
Governmental activities:					
Bonds payable	$ 31,140		35	$ 31,105	$ 675
Unamortized premium on bonds payable	3,631		23	3,608	
Notes from direct borrowing	5,882	10,300	2,736	13,446	1,083
Compensated absences	1,848	1,752	1,668	1,932	1,739
Lease liability	186		110	76	70
Subscription liability		2,489	1,197	1,292	490
Claims payable	3,525	7,251	3,862	6,914	691
Net pension liability	11,032	32,098	3,814	39,316	
Net OPEB liability		2,409	1,132	1,277	
Total governmental activities	$ 57,244	56,299	14,577	$ 98,966	$ 4,748
Business-type activities:					
Lease liability	1,059		1,059		
Subscription liability		319	76	243	53
Notes from direct borrowing	2,200			2,200	
Compensated absences	1,467	1,273	1,382	1,358	1,223
Net pension liability	2,597	25,128	2,984	24,741	
Net OPEB liability		556	354	202	
Total business-type activities	$ 7,323	27,276	5,855	$ 28,744	$ 1,276
Total long-term obligations-LACDA	$ 64,567	83,575	20,432	$ 127,710	$ 6,024
First 5 LA					
Compensated absences	$ 1,057	700	752	$ 1,005	$ 121
Total long-term obligations-First 5 LA	$ 1,057	700	752	$ 1,005	$ 121
Total long-term obligations-Discretely presented component units	$ 65,624	84,275	21,184	$ 128,715	$ 6,145

12. SHORT-TERM DEBT

On July 1, 2022, the County issued $900.00 million of short-term Tax and Revenue Anticipation Notes at an effective interest rate of 1.65%. 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 2022. The notes matured and were redeemed on June 30, 2023.

13. CONDUIT DEBT OBLIGATIONS

Community Facilities and Improvement District Bonds

As of June 30, 2023, various community facilities and improvement districts established by the County had outstanding special tax bonds payable totaling $64.95 million and limited obligation improvement bonds totaling $573 thousand. 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. The County has limited commitments for these 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. All industrial development bonds were paid during the year and no amount was outstanding as of June 30, 2023.

Redevelopment Refunding Bonds

The County of Los Angeles Redevelopment Refunding Authority, a JPA between the County and the Los Angeles County 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. The County has limited commitment for these bonds. Accordingly, no liability has been recorded in the accompanying basic financial statements.

As of June 30, 2023, the amount of redevelopment refunding bonds outstanding was $421.17 million.

14. HOSPITAL AND OTHER PROGRAM REVENUES

Net patient service revenues are reported at the estimated net realizable amounts from patients, third party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

California Advancing and Innovating Medi-Cal

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

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

CalAIM revenues include (among other sources):

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

Global Payment Program

The Global Payment Program (GPP) originated under the Medi-Cal 2020 Waiver and was approved to continue under the CalAIM Section 1115 demonstration. GPP is a payment reform program that aims to change the way county-owned and operated Public Hospital Systems (PHS) in California are compensated for providing care to the remaining uninsured. The program encourages a shift away from cost-based, hospital-centric models of care, through financial incentives to provide cost-effective primary and specialty care.

The GPP lifts restrictions that have historically impeded providing services for the remaining uninsured in the most appropriate setting for each patient, and now includes non-traditional methods of care delivery that have not been covered under either program. The shift from volume to value is done through a value-based point methodology, which takes into account both the value of care to the patient, and the recognition of costs to the health care system.

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

California Advancing and Innovating Medi-Cal-Continued

Global Payment Program-Continued

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

Each GPP (PHS) participant has an opportunity to earn a global budget for care to the remaining uninsured and must meet service thresholds to receive full funding. Points are assigned to services in the following categories:

- Traditional Outpatient (e.g., primary or specialty care visit, dental, ER/urgent care, mental health visit).
- Non-Traditional Outpatient (e.g., health coaching, care navigation, community wellness encounters).
- Technology-Based Outpatient (e.g., nurse advice line, email consultation, provider-to-provider eConsult for specialty care).
- Inpatient and Facility Stays (e.g., trauma care, ICU stays, recuperative care, respite care, sober center stays, skilled nursing facility stays).

The County provides funding for the State of California's (State) share of the program by using "intergovernmental transfers" (IGTs) to draw down federal matching funds.

The estimated GPP revenues and related IGTs recorded in FY 2022-2023 were as follows (in thousands):

	GPP Revenues	Intergovernmental Transfers Expense
Harbor-UCLA Medical Center	$ 273,373	$ 135,399
Olive View-UCLA Medical Center	133,786	65,958
Los Angeles General Medical Center	384,750	230,925
Rancho Los Amigos National Rehab Center	120,812	95,684
Total	$ 912,721	$ 527,966

The General Fund received $347.63 million for GPP and paid $92.52 million of related IGTs, which were recorded as “Charges for Services” revenue and "Health and Sanitation" expenditures, respectively, on the governmental funds statement.

Providing Access and Transforming Health

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

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

California Advancing and Innovating Medi-Cal-Continued

Providing Access and Transforming Health-Continued

- Whole Person Care Services and Transition to Managed Care Mitigation Initiative
  PATH will fund services provided by former Whole Person Care Pilot Lead Entities until the services transition to managed care coverage under CalAIM. This funding will end by January 1, 2024. The County must provide local match funding in the form of an IGT, based on actual expenditures, to receive reimbursement from the Department of Health Care Services (DHCS).

- Capacity and Infrastructure Transition, Expansion and Development (CITED) Initiative
  PATH will provide direct funding to support the transition, expansion, and development of Enhanced Care Management and Community Support services. Funds will be made available from DHCS directly to recipients in several rounds, with the first round being up to $100 million statewide. DHS is in the process of applying for this competitive pool of funds. The non-federal share will be provided with State general fund resources. DHS applied for funds in Round 1 and was authorized for $8.59 million. Currently, DHS is in the process of applying for funds in Round 2.

- Justice-Involved Capacity Building Program
  Starting in 2023, PATH funding will be available from DHCS to support DHS pre-release capacity building activities to support the ability to claim for certain health services provided in jail 90 days before release. CMS authorized payment for these services in a waiver amendment approved January 26, 2023. DHS is working with DHCS to determine how much funding will be available for pre-release capacity building.

In FY 2022-2023, the General Fund accrued $49.08 million for PATH and $20.87 million of related IGTs, which were recorded as “Charges for Services” revenue and "Health and Sanitation" expenditures, respectively, on the governmental funds statement.

Enhanced Care Management

Enhanced Care Management (ECM) is a new Medi-Cal managed care benefit that supports a whole person-focused, interdisciplinary approach to intensive care management intended to improve care coordination and address the physical, behavioral health, and social needs of the highest cost, highest need Medi-Cal beneficiaries. It is designed to replace similar services that were previously provided under Whole Person Care and Health Homes Program. DHS has contracted with LA Care and Health Net to provide ECM services to certain high-need members assigned to DHS for primary care, and beginning in January 2024 it will add a contract with Molina.

In FY 2022-2023, an estimated $2.88 million of ECM revenues were recorded as part of net patient service revenues.

The General Fund received an estimated $3.52 million for ECM, which were recorded as "Charges for Services" revenue on the governmental funds statement.

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

California Advancing and Innovating Medi-Cal-Continued

Community Support

Community Support (CS) covers a variety of managed care services that address complex barriers to health and drivers of health care costs, such as homelessness and unstable or unsafe housing, and food insecurity. CS is focused on addressing specific medical and social needs of the high-risk clients, in order to reduce utilization of higher-cost services. The services are voluntary for the managed care plan to offer, and for the patients to opt in to receiving. DHS has contracted with six Medi-Cal managed care plans to launch and offer the following CS services in 2022 and 2023: recuperative care, housing navigation and tenancy sustaining services. Additional services for newly eligible populations are scheduled to roll out through 2024. The General Fund received an estimated $66.36 million for CS, which were recorded as "Charges for Services" revenue on the governmental funds statement. It is expected that these amounts will decline in future years due to health plans limiting the duration of housing benefits to periods that are shorter than the time during which a person receives housing services from the County. While current year revenues reflect coverage for a substantial share of current clients, in future years, only newly housed individuals will be reimbursed.

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 2022-2023, Program Years 2010-2011 and 2014-2015 are still pending State's final reconciliation.

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 2022-2023, an estimated $153.58 million of SPD revenues were recorded as part of net patient service revenues.

The General Fund received $16.45 million for SPD, which were recorded as "Charges for Services" revenue on the governmental funds statement.

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

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.

The County contracts with LA Care Health Plan (LA Care) and Health Net Community Solutions, Inc. (Health Net) to provide services for their Medi-Cal managed care members. During FY 2022-2023, LA Care paid the County managed care capitation payments based on the CY 2022 contract rates, while Health Net paid contracted rates effective January 2022.

In FY 2022-2023, 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	$ 402,102	$
MCRS - MCE	157,814	27,461
Total	$ 559,916	$ 27,461

The General Fund received $90.69 million for MCE which was recorded as "Charges for Services" revenue. The IGTs recorded under "Health and Sanitation" expenditures on the governmental funds statement are related to prior year IGT reconciliations.

On September 1, 2023, the County received a Civil Investigative Demand (“CID”) from the United States Department of Justice (“DOJ”). The demand seeks records and information related to managed care and the expansion of Medicaid to adult expansion under the Affordable Care Act. The County is cooperating with the investigation and has made an initial production of documents responsive to the CID. Potential penalties are contingent on a number of factors and too speculative to reasonably estimate at this time.

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs

Medi-Cal Fee-For-Service

The Medi-Cal Demonstration Project restructured the financing method by which the State draws down federal matching funds for the inpatient hospital FFS to cost based reimbursement. The non-federal share of the Medi-Cal FFS is provided by the hospitals primarily through certified public expenditures (CPE) whereby the hospital expends its local funding for services to draw down the federal financing participation (FFP), currently provided at a 56.20% match which incorporates a 6.20% increase in the FFP rate as authorized by the Families First Coronavirus Response Act (FFCRA). For FY 2022-2023, an estimated $456.31 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 $73.57 million were recognized and recorded as part of net patient service revenue during FY 2022-2023.

Cost Based Reimbursement Clinics

Cost Based Reimbursement Clinics (CBRC) reimburse 100% of allowable costs for outpatient services provided to Medi-Cal FFS beneficiaries at the County's hospital-based clinics, outpatient centers and Ambulatory Care Network health centers (excluding clinics that provide predominately public health services). In FY 2022-2023, CBRC revenues were $231.70 million for the enterprise funds and were recorded as net patient services revenue.

As of June 30, 2023, the County estimated that approximately $27.64 million of CBRC accounts receivable would not be collectible within 12 months and this amount is classified as a noncurrent asset in the enterprise fund statements of net position for each hospital.

The General Fund received $42.92 million for CBRC, which was recorded as "Charges for Services" revenue on the governmental funds statement. As of June 30, 2023, the County estimated that approximately $8.56 million of CBRC accounts receivable would not be collectible within 12 months.

Medi-Cal Cost Report Settlements

In FY 2022-2023, the County recognized final inpatient hospital FFS settlements of $29.48 million related to the FY 2011-2012. In addition, the County received CBRC audit settlements of $68.35 million related to FY 2019-2020 and FY 2020-2021. The County’s appeal of certain CBRC audit adjustments at various levels to the Office of Administrative Appeals have been favorably resolved resulting in $7.32 million of final settlement revenues.

The State is in the process of auditing the FY 2020-2021 non-hospital CBRC and FY 2021-2022 hospital cost reports. Settlements are expected by the 4th quarter of FY 2023-2024.

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Medi-Cal Managed Care Graduate Medical Education

On March 19, 2020, the State executed State Plan Amendment (SPA) Transmittal Number 17-009 that allows for graduate medical education (GME) payments to certain governmental hospitals for Medi-Cal managed care services effective January 1, 2017. The Medi-Cal managed care plans do not include GME payments within the capitation rates.

These supplemental GME payments are funded by voluntary IGTs made by the County pursuant to Welfare and Institutions Code (WIC) sections 14164 and 14105.29(c), that is used solely as the source for the non-federal share of GME payments made to the eligible providers of the Governmental Funding Entity pursuant to WIC section 14105.29 and Supplement 6 to Attachment 4.19-A of the SPA. The funds transferred qualify for FFP pursuant to 42 Code of Federal Regulations part 433 subpart B.

Under the SPA, the County is required by Welfare and Institutions Code Section 14105.29, to pay the State a 5% administrative fee that is assessed on the full amount of the IGTs. This amount is also recorded as part of the IGT.

In FY 2022-2023, the County recorded the GME supplemental gross revenue payments as listed below and recorded the corresponding IGT expense as follows (in thousands):

	GME Revenues	Intergovernmental Transfers Expense
Harbor-UCLA Medical Center	$ 62,537	$ 7,764
Olive View-UCLA Medical Center	28,506	1,971
Los Angeles General Medical Center	108,501	11,951
Rancho Los Amigos National Rehab Center	2,342	281
Total	$ 201,886	$ 21,967

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 2023. The supplements are funded by IGTs made by the County. The County does not receive the supplemental payments directly from the State; rather, the State contracts with LA Care and Health Net, which then subcontract for services with various provider networks.

In addition, in order to receive the supplemental payments, the County is required by Welfare and Institutions Code Section 14301.4, to pay the State a 20% administrative fee that is assessed on the full amount of the IGTs. This amount is also recorded as part of the IGT.

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Medi-Cal Managed Care Rate Supplements-Continued

The total estimated managed care rate supplement revenues and related estimated IGTs recorded in FY 2022-2023, including prior year over/under realization, were as follows (in thousands):

	MCRS Revenues	Intergovernmental Transfers Expense
Harbor-UCLA Medical Center	$ 1,230	$ (705)
Olive View-UCLA Medical Center	216,060	117,058
Rancho Los Amigos National Rehab Center	(7,529)	(6,487)
Total	$ 209,761	$ 109,866

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

Managed Care Rule

On April 25 2016, CMS published the Medicaid and Children's Health Insurance Program (CHIP) Managed Care Final Rule. The rule, many provisions of which went into effect July 1, 2017, is an update to the regulatory framework for Medicaid, aligning it as much as possible with Medicare and other commercial insurance requirements for issues like rate setting, access standards, grievances and appeals, and quality.

The managed care rule limits the ability of states to direct payments to health care providers, unless certain conditions are met. Among the allowable exceptions are payments tied to performance, and payments that provide a uniform payment increase which includes a pre-determined increase over contracted rates. The previous SPD-SB208 and AB85 MCE-to-Cost programs did not meet these conditions. In order to retain this critical funding, the following two programs were introduced:

1. Enhanced Payment Program
2. Quality Incentive Program

Enhanced Payment Program

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

The mechanism for delivering EPP payments to public health care systems depends largely on those systems’ existing payment arrangements with their managed care plans. Under the proposed structure, health plans would receive an add-on to their managed care rates and would provide interim payments to providers throughout the year. Payments would be reconciled at the end of the year, protecting health plans from any risk associated with payment.

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Programs-Continued

Managed Care Rule-Continued

Enhanced Payment Program-Continued

The estimated EPP revenues and related IGTs reported in FY 2022-2023 are as follows (in thousands):

	EPP Revenues	Intergovernmental Transfers Expense
Harbor-UCLA Medical Center	$ 301,653	$ 60,791
Olive View-UCLA Medical Center	133,803	26,825
Los Angeles General Medical Center	327,440	67,121
Rancho Los Amigos National Rehab Center	29,342	5,657
Total	$ 792,238	$ 160,394

The General Fund received $249.42 million for EPP and paid $50.51 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 pay for performance program for California’s public health care systems that uses a value-based structure. QIP payments are tied to the achievement of performance on a set of clinically established quality measures for Medi-Cal managed care enrollees.

At FY 2022-2023 year-end, the estimated QIP revenues, which were recorded as patient service revenues, and related IGTs, including prior year over/under realization, are as follows (in thousands):

	QIP Revenues	Intergovernmental Transfers Expense
Harbor-UCLA Medical Center	$ 119,085	$ 26,513
Olive View-UCLA Medical Center	63,979	14,224
Los Angeles General Medical Center	145,914	32,397
Rancho Los Amigos National Rehab Center	22,304	4,964
Total	$ 351,282	$ 78,098

The General Fund received $34.09 million for QIP and paid $7.72 million of related IGTs, which were recorded as "Intergovernmental Revenues - Federal" and "Health and Sanitation" expenditures, respectively, on the governmental funds statement.

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Third Party Payor Liability

The County's Hospitals reported third party payor liabilities of $526.77 million (see Note 11) as of June 30, 2023, as reported on the statement of net position for proprietary funds. The current liabilities for amounts due within one year are $142.13 million.

The noncurrent liabilities for third party payors related to enterprise funds are $384.64 million. The primary programs associated with third party payors liabilities include DSH ($113.09 million), Medi-Cal ($56.33 million), SNCP ($26.64 million), Medicare ($46.97 million), SPD ($16.27 million), MCE ($69.79 million), AB 915 ($30.70 million), In-home Supportive Services (IHSS) ($14.42 million), Medi-Cal Physician SPA ($9.57 million), and other miscellaneous programs ($853 thousand).

Accounts Receivable-Net

The following is a summary, by hospital, of accounts receivable and allowances for uncollectible amounts as of June 30, 2023 (in thousands):

	H-UCLA	OV-UCLA	Los Angeles General	Rancho	Total
Accounts receivable	$ 2,680,967	1,483,593	3,530,850	692,579	$ 8,387,989
Less: Allowance for uncollectible amounts	1,876,091	1,021,312	2,473,495	467,368	5,838,266
Accounts receivable - net	$ 804,876	462,281	1,057,355	225,211	$ 2,549,723

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, 2023 was $797.01 million. The total amount of such charity care provided by the hospitals for the year ended June 30, 2023 is as follows (in thousands):

Charity care at established rates	$ 1,485,340
GPP reimbursements	160,537
Charges forgone	$ 1,324,803

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Realignment

As a result of the ACA, the State adopted and passed Assembly Bill 85 (AB85), as amended by Senate Bill 98, which lays out the process by which a portion of the 1991 County Health Realignment funds will be redirected to support Social Services programs based on a formula. The redirection is based on the assumption that the counties will decrease their cost for healthcare for the indigent population. These savings will be shared between the counties' health departments and the State. The sharing ratio is 80% to the State and 20% to the County. This ratio has been in place since FY 2014-2015. AB85, as amended, provides a unique formula for the County to determine the amount to be redirected.

In FY 2022-2023, 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 2022-2023 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 2021-2022, the State did not withhold any of the County's Health Realignment funds. Based on updated revenues realized for FY 2021-2022 services in FY 2022-2023, the projected redirection amount remains at $0.00.

In FY 2020-2021, the State did not withhold any of the County's Health Realignment funds. However, based on updated revenues realized for FY 2020-2021 services in FY 2022-2023, the projected redirection amount is $71.10 million. As a result, the "Intergovernmental Revenues - State" has been reduced by $71.10 million in the County's General Fund in FY 2022-2023.

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. As of June 30, 2023, the 30-year loan has an outstanding balance of $37.50 million. In May 2023, MLK-LA drew down $20 million from the revolving line of credit. MLK-LA will make interest only payments due in May and November and plans to pay back the revolving line of credit in the early part of 2024. In addition, the DHS has committed to make ongoing annual payments of $18.00 million for indigent care support, and $50.00 million of intergovernmental transfers for the benefit of the MLK Hospital. Under the terms of the agreement, the lease is for a period of forty (40) years with three options to extend the term by an additional ten years. The County established a lease receivable to lease the MLK facility to MLK-LA which has a balance of $656.88 million as of June 30, 2023 and is reflected in governmental activities and the governmental funds.

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Coronavirus Disease (COVID-19)

Provider Relief Funds

The Provider Relief Funds (PRF) are administered by the Health Resources and Services Administration and supports eligible health care providers in the battle against the COVID-19 pandemic. PRF provides relief funds to eligible providers of health care services and support for health care related expenses or lost revenues attributable to COVID-19. PRF recipients are restricted for eligible services rendered related to expenditures/expenses and lost revenues during the period of availability.

As of June 30, 2023, the County PRF allocation is $322.67 million. Under the fund statements, the General Fund recognized the PRF as “Intergovernmental revenues-Federal” and the Hospital enterprise funds recognized revenue as operating revenues “Net patient service revenues”. The government-wide financial statements recorded the PRF revenue as “Operating Grants and Contributions” as reflected below (in thousands):

	PRF Allocation	FY 2022-2023 Revenues
Harbor-UCLA Medical Center	$ 79,987	$ 4,684
Olive View-UCLA Medical Center	58,963	1,679
Los Angeles General Medical Center	150,915	1,281
Rancho Los Amigos National Rehab Center	25,505	182
General Fund	7,301	
Total	$ 322,671	$ 7,826

The PRF Allocation above does not include interest collected or accrued, which is subject to the same restrictions related to expenditures/expenses and lost revenue during the period of availability. In September 2022, the Office of Inspector General initiated an audit of DHS' compliance with the PRF requirements. The outcome of the audit is not determinable at this time.

Harbor-UCLA Medical Center Accreditation

In June of 2023, the Accreditation Council for Graduate Medical Education (ACGME) Institutional Review Committee (IRC) placed Harbor-UCLA Medical Center on probationary status. Leadership is actively working to resolve the issue. Institutions on probationary status remain accredited to sponsor all currently accredited residency and fellowship programs, but they may not apply for accreditation of new programs. Harbor-UCLA did not have plans to do so. There are no direct adverse financial consequences associated with the hospital’s probationary status and indirect consequences are too speculative to estimate at this time.

15. INTERFUND TRANSACTIONS

Interfund Receivables/Payables

Interfund receivables and payables have been eliminated in the government-wide financial statements, except for “internal balances” that are reflected between the governmental and business-type activities. The majority of the interfund balances resulted from the time lag between the time that (1) goods and services were provided; (2) the recording of those transactions in the accounting system; and (3) payments between the funds were made. Interfund receivables and payables have been recorded in the fund financial statements. Such amounts arise due to the exchange of goods or services (or subsidy transfers) between funds that were pending the transfer of cash as of June 30, 2023.

15. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

Cash transfers related to interfund receivables/payables are generally made within 30 days after year-end. Amounts due to/from other funds at June 30, 2023 are as follows (in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Fire Protection District	$ 36,283
	Flood Control District	4,351
	LA County Library	6,049
	Regional Park and Open Space District	1,960
	Mental Health Services Act	218,840
	Nonmajor Governmental Funds	289,133
	Harbor-UCLA Medical Center	101,338
	Olive View-UCLA Medical Center	50,571
	Los Angeles General Medical Center	12,204
	Rancho Los Amigos Nat'l Rehab Center	93,946
	Waterworks	10,472
	Nonmajor Aviation	163
	Internal Service Funds	11,623
		836,933
Fire Protection District	General Fund	1,011
	Nonmajor Governmental Funds	848
	Internal Service Funds	13
		1,872
Flood Control District	General Fund	980
	Fire Protection District	2
	Nonmajor Governmental Funds	2,275
	Waterworks	375
	Nonmajor Aviation	26
	Internal Service Funds	19,282
		22,940
LA County Library	General Fund	7,554
	Nonmajor Governmental Funds	373
		7,927

15. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental Funds	General Fund	$ 52,712
	Fire Protection District	11,119
	Flood Control District	65
	LA County Library	5
	Nonmajor Governmental Funds	37,544
	Internal Service Funds	22,548
		123,993
Harbor-UCLA Medical Center	General Fund	63,418
	Nonmajor Governmental Funds	26,838
	Olive View-UCLA Medical Center	15,173
	Los Angeles General Medical Center	210,089
	Rancho Los Amigos Nat'l Rehab Center	405
		315,923
Olive View-UCLA Medical Center	General Fund	43,374
	Fire Protection District	71
	Nonmajor Governmental Funds	12,782
	Harbor-UCLA Medical Center	108
	Los Angeles General Medical Center	127,407
	Rancho Los Amigos Nat’l Rehab Center	266
	Internal Service Funds	2
		184,010
Los Angeles General Medical Center	General Fund	134,041
	Fire Protection District	33
	Nonmajor Governmental Funds	48,571
	Harbor-UCLA Medical Center	184,421
	Olive View-UCLA Medical Center	3
	Rancho Los Amigos Nat’l Rehab Center	108,677
		475,746

15. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

Receivable Fund	Payable Fund	Amount
Rancho Los Amigos Nat'l Rehab Center	General Fund	$ 4,477
	Harbor-UCLA Medical Center	24,725
	Olive View-UCLA Medical Center	127,081
	Los Angeles General Medical Center	30,101
		186,384
Waterworks	General Fund	36
	Flood Control District	5
	Nonmajor Governmental Funds	6
	Internal Service Funds	2,026
		2,073
Nonmajor Aviation	General Fund	26
	Fire Protection District	4
	Nonmajor Governmental Funds	11
	Waterworks	1
	Internal Service Funds	249
		291
Internal Service Funds	General Fund	37,526
	Fire Protection District	631
	Flood Control District	30,428
	Nonmajor Governmental Funds	44,249
	Harbor-UCLA Medical Center	583
	Olive View-UCLA Medical Center	314
	Los Angeles General Medical Center	3,262
	Rancho Los Amigos Nat'l Rehab Center	32
	Waterworks	5,728
	Nonmajor Aviation	988
		123,741
Total Interfund Receivables/Payables		$ 2,281,833

Interfund Transfers

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

15. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

Interfund transfers to/from other funds for the year ended June 30, 2023 are as follows (in thousands):

Transfer From	Transfer To	Amount
General Fund	Fire Protection District	$ 83,319
	LA County Library	60,953
	Nonmajor Governmental Funds	228,803
	Harbor-UCLA Medical Center	311,903
	Olive View-UCLA Medical Center	91,036
	Los Angeles General Medical Center	360,371
	Rancho Los Amigos Nat'l Rehab Center	142,643
	Internal Service Funds	29
		1,279,057
Fire Protection District	Nonmajor Governmental Funds	22,284
		22,284
Flood Control District	General Fund	2,300
	Internal Service Funds	2
		2,302
LA County Library	General Fund	1,069
	Nonmajor Governmental Funds	765
		1,834
Mental Health Services Act	General Fund	657,350
Nonmajor Governmental Funds	General Fund	530,057
	Fire Protection District	4,882
	LA County Library	884
	Nonmajor Governmental Funds	32,145
	Harbor-UCLA Medical Center	52,808
	Olive View-UCLA Medical Center	29,651
	Los Angeles General Medical Center	109,998
	Rancho Los Amigos Nat'l Rehab Center	3,035
	Internal Service Funds	3,387
		766,847
Harbor-UCLA Medical Center	Nonmajor Governmental Funds	902
	Los Angeles General Medical Center	184,418
	Rancho Los Amigos Nat'l Rehab Center	14,635
		199,955

15. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

Transfer From	Transfer To	Amount
Olive View-UCLA Medical Center	Rancho Los Amigos Nat'l Rehab Center	34,383
Los Angeles General Medical Center	Nonmajor Governmental Funds	1
	Olive View-UCLA Medical Center	80,004
	Rancho Los Amigos Nat'l Rehab Center	132,656
		212,661
Rancho Los Amigos Nat'l Rehab Center	Nonmajor Governmental Funds	1,555
	Harbor-UCLA Medical Center	4,012
	Olive View-UCLA Medical Center	879
	Los Angeles General Medical Center	108,128
		114,574
Nonmajor Aviation Funds	Internal Service Funds	3
Internal Service Funds	General Fund	3,611
	Flood Control District	2,392
	Nonmajor Governmental Funds	2,582
	Waterworks	142
		8,727
Total Interfund Transfers		$ 3,299,977

Interfund Advances

The General Fund, along with other funds that receive services from the Public Works Internal Service Fund, makes short-term advances to ensure sufficient cash is available to fund operations. In addition, the General Fund makes short-term advances to assist the Hospital Funds in meeting their cash flow requirements.

15. INTERFUND TRANSACTIONS-Continued

Interfund Advances-Continued

Advances from/to other funds at June 30, 2023 are as follows (in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Harbor-UCLA Medical Center	$ 4,737
	Olive View-UCLA Medical Center	2,554
	Los Angeles General Medical Center	6,400
	Rancho Los Amigos Nat'l Rehab Center	1,265
	Internal Service Funds	2,782
		17,738
Flood Control District	Internal Service Funds	6,672
Nonmajor Governmental Funds	Internal Service Funds	11,014
Waterworks	Internal Service Funds	1,260
Nonmajor Aviation	Internal Service Funds	272
Total Interfund Advances		$ 36,956

16. BUDGETARY ACCOUNTING DIFFERENCES/RECONCILIATIONS BETWEEN THE BUDGETARY BASIS AND GAAP

The County's statement of revenues, expenditures and changes in fund balances-budget and actual on budgetary basis for the major governmental funds has been prepared on the budgetary basis of accounting, which is different from GAAP.

The amounts presented for the governmental funds statements are based on the modified accrual basis of accounting and differ from the amounts presented on a budgetary basis of accounting. The major areas of difference are as follows:

– For budgetary purposes, nonspendable, restricted, committed and assigned fund balances and the portion of unassigned fund balance reserved for the "Rainy Day" fund are recorded as other financing uses at the time they are established. The County recognizes them as uses of budgetary fund balance. The nonspendable, restricted, committed and assigned fund balances that are subsequently canceled or otherwise made available are recorded as changes in fund balance in other financing sources.

– Under the budgetary basis, revenues (primarily intergovernmental) are recognized at the time encumbrances are established for certain programs and capital improvements. The intent of the budgetary policy is to match the use of budgetary resources (for amounts encumbered, but not yet expended) with funding sources that will materialize as revenues when actual expenditures are incurred. Under the modified accrual basis, revenues are not recognized until the qualifying expenditures are incurred and amounts are collected within the County's availability period.

16. BUDGETARY ACCOUNTING DIFFERENCES/RECONCILIATIONS BETWEEN THE BUDGETARY BASIS AND GAAP-Continued

- For the General Fund, obligations for accrued compensated absences and estimated liabilities for litigation and self-insurance are recorded as budgetary expenditures to the extent that they are estimated to be payable within one year after year-end. Under the modified accrual basis of accounting, such expenditures are not recognized until they become due and payable in accordance with GASB Interpretation 6.

- In conjunction with the sale of Tobacco Settlement Asset-Backed bonds in FY 2005-2006, the County sold 25.9% of its future tobacco settlement revenues. Under the budgetary basis, the proceeds were recognized as revenues. Under the modified accrual basis, the proceeds were recorded as deferred inflows of resources and are being recognized over the duration of the sale agreement, in accordance with GASB 48 and 65. This matter is also discussed in Note 11, under the caption, “Tobacco Settlement Asset-Backed Bonds.”

- Under the budgetary basis, property tax revenues are recognized to the extent that they are collectible within one year after year-end. Under the modified accrual basis, property tax revenues are recognized only to the extent that they are collectible within 60 days.

- For budgetary purposes, investment income is recognized prior to the effect of changes in the fair value of investments. Under the modified accrual basis, the effects of such fair value changes have been recognized.

- The County determined that certain assets were held by LACERA (the OPEB administrator) in an OPEB 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, 2023.

16. BUDGETARY ACCOUNTING DIFFERENCES/RECONCILIATIONS BETWEEN THE BUDGETARY BASIS AND GAAP-Continued

The following schedule is a reconciliation of the budgetary and GAAP fund balances for the major governmental funds (in thousands):

	General Fund	Fire Protection District	Flood Control District	LA County Library	Regional Park and Open Space District	Mental Health Services Act
Fund balance - budgetary basis	$ 3,764,489	$ 70,854	$ 69,148	$ 79,020	$ 471,490	$ 155,070
Budgetary fund balances	3,056,258	162,781	321,567	99,152	237,775	1,150,660
Subtotal	6,820,747	233,635	390,715	178,172	709,265	1,305,730
Adjustments:						
Accrual of estimated liability for litigation and self-insurance claims	328,909	1,858		564		
Accrual of compensated absences	105,873					
Unamortized balance of sale of tobacco settlement revenue	(183,207)					
Change in revenue accruals	(820,815)	(33,306)	(26,391)	(11,329)	(33,542)	(72,857)
Change in OPEB Custodial Fund	231,550	14,250		1,988		
Subtotal	(337,690)	(17,198)	(26,391)	(8,777)	(33,542)	(72,857)
Fund balance - GAAP basis	$ 6,483,057	$ 216,437	$364,324	$169,395	$ 675,723	$1,232,873

17. OTHER COMMITMENTS AND CONTINGENCIES

Construction and Other Significant Commitments

At June 30, 2023, there were contractual commitments of approximately $12.38 million for various governmental construction projects and approximately $1.102 billion for various hospital construction projects that were financed by bonds and lease revenue obligation notes.

LACERA Capital Commitments

At June 30, 2023, LACERA had outstanding capital commitments to various investment managers, approximating $9.500 billion.

17. OTHER COMMITMENTS AND CONTINGENCIES-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, 2023, the encumbrance balances for the governmental funds (in thousands) are reported as follows:

	Restricted	Committed	Assigned	Total
General Fund	$		1,027,396	$ 1,027,396
Fire Protection District	63,861			63,861
Flood Control District	148,686			148,686
LA County Library			16,953	16,953
Regional Park and Open Space District	71,824			71,824
Nonmajor Governmental Funds	239,861	20,793		260,654
Total Encumbrances	$ 524,232	20,793	1,044,349	$ 1,589,374

Contingent Gain

During FY 2020-2021, the State of California and its political subdivisions participated in obtaining final settlement agreements and judgments against multiple companies to resolve legal claims related to the companies’ role in the opioid crisis. Currently, California's allocation is approximately 9.92% of the national settlement funds. The State of California Department of Health Care Services (DHCS) oversees and administers the settlement funds that are received as follows: 15 percent allocated to the State of California and used for future opioid remediation activities, 70 percent allocated to the Participating Subdivisions (i.e., counties and cities) and used for opioid remediation activities, and 15 percent allocated to the Plaintiff Subdivisions that are Initial Participating Subdivisions (which includes the County). DHCS will also oversee all activities funded by the settlements including, but not limited to, designating additional high-impact abatement activities, conducting related stakeholder engagement, monitoring the California participating subdivisions for compliance, and preparing annual reports. Future opioid litigation may result in additional settlement agreements or judgments, or suspension and reduction of payments, and each agreement or judgment may have unique terms governing payment timing and duration. The County reported Opioid settlement revenues of $33.35 million in FY 2022-2023 under the nonmajor health and sanitation funds, as reflected in the government-wide governmental activities and governmental fund statements. Because of the uncertainty of future revenues to be received from the State, no receivable has been established for the opioid settlements.

18. RISK MANAGEMENT

The County purchases insurance for certain risk exposures such as property, aviation, employee fidelity, boiler and machinery, cyber, catastrophic workers' compensation, art objects, volunteers, special events, public official bonds, crime, safety reserve employee death and disability, and fiduciary liability for the deferred compensation plans. There have been settlements related to these programs that exceeded self-insured retention in the last three years. Losses did not exceed coverage in FY 2020-2021, FY 2021-2022 or FY 2022-2023.

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, 2023 was approximately $3.504 billion. This amount is undiscounted and is based on an actuarial study of the County's self-insured program as of June 30, 2023. Approximately $154.72 million of the total liabilities pertain to salary continuation payments and other related costs mandated by the State Labor Code.

As of June 30, 2023, the County's estimate of these liabilities is $7.270 billion. Changes in the reported liability since July 1, 2022 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
2021-2022				
Workers' Compensation	$ 3,306,645	698,471	(604,653)	$ 3,400,463
Other	249,859	444,497	(80,438)	613,918
Total	$ 3,556,504	1,142,968	(685,091)	$ 4,014,381
2022-2023				
Workers' Compensation	$ 3,400,463	760,369	(656,599)	$ 3,504,233
Other	613,918	3,410,854	(258,559)	3,766,213
Total	$ 4,014,381	4,171,223	(915,158)	$ 7,270,446

In addition to the above estimated liabilities, the County has determined that claims seeking damages of approximately $348.09 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.

18. RISK MANAGEMENT-Continued

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

19. POLLUTION REMEDIATION

The County is involved in several remediation actions to clean up pollution sites within its boundaries. These matters generally coincide with the County's ownership of land, buildings and infrastructure assets. In some cases, regulatory agencies (e.g., Regional Water Quality Board, State Department of Toxic Control, California Coastal Commission) notified the County of the need for remedial action. In addition, the County conducts its own environmental monitoring and this activity identifies pollution sites and matters requiring further investigation and possible remediation. Once the County is aware of these conditions, it commences monitoring, assessment, testing and/or cleanup activities, and recognizes a pollution remediation obligation when estimates can reasonably be determined. The pollution remediation obligation is an estimate and is subject to revision because of price increases or reductions, changes in technology, or changes in applicable laws or regulations. The types of pollution that have been identified include leaking underground storage tanks, water, groundwater and soil contamination, asbestos and lead paint contamination, methane gas detection and excessive levels of other contaminants. Remediation efforts include developing remediation and feasibility studies, source identification studies, site testing, sampling and analysis, ground water cleanup, and removal of storage tanks, asbestos tiles and other hazardous materials.

As of June 30, 2023, the County's estimated pollution remediation obligation totaled $37.17 million. This obligation was associated with the County's governmental activities. Obligations of enterprise and internal service funds were immaterial. The estimated liability was determined by project managers, based on historical cost information for projects of the same type, size and complexity and measured at their current value. In subsequent periods, the County will adjust the estimated obligation when new information indicates that such changes are required. At this time, the County has determined there are no estimated recoveries reducing the obligation.

20. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows and inflows of resources balances in the government-wide and the proprietary funds statement of net position as of June 30, 2023 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.

20. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES-Continued

– The deferred inflows of resources, included on the government-wide statement of net position, relate to the future installment payments of public-private and public-public partnerships as discussed in Note 6, from changes in the lease receivable as discussed in Note 9, from changes in the net pension liability as discussed in Note 7, and from changes in the net OPEB liability as discussed in Note 8.

Government-wide
Statement of Net Position (in thousands)

	Governmental Activities	Business-type Activities	Total
Deferred outflows of resources:			
Unamortized losses on refunding of debt	$ 7,999		$ 7,999
Pension	5,619,576	850,616	6,470,192
OPEB	5,189,428	783,772	5,973,200
Total government-wide deferred outflows of resources	$ 10,817,003	1,634,388	$ 12,451,391
Deferred inflows of resources:			
Unamortized gain on refunding of debt	$ 10,920	10,586	$ 21,506
Public-private partnerships	84,995		84,995
Leases	1,873,408	20,565	1,893,973
Pension	436,051	111,155	547,206
OPEB	8,085,131	1,690,433	9,775,564
Total government-wide deferred inflows of resources	$ 10,490,505	1,832,739	$ 12,323,244

Proprietary Funds

Statement of Net Position (in thousands):

	H-UCLA	OV-UCLA	LA GEN	Rancho	Aviation	Total	ISF Funds
Deferred outflows of resources:							
Pension	$ 263,773	149,080	359,503	78,260		$ 850,616	$ 217,511
OPEB	234,647	129,341	348,457	71,327		783,772	215,653
Total proprietary funds deferred outflows of resources	$ 498,420	278,421	707,960	149,587		$ 1,634,388	$ 433,164
Deferred inflows of resources:							
Unamortized gain on refunding of debt	$ 10,586					$ 10,586	$
Leases					20,565	20,565	
Pension	31,065	30,824	42,047	7,219		111,155	11,614
OPEB	472,547	337,739	729,420	150,727		1,690,433	334,226
Total proprietary funds deferred inflows of resources	$ 514,198	368,563	771,467	157,946	20,565	$ 1,832,739	$ 345,840

20. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES-Continued

Deferred outflows and inflows of resources balances in the governmental funds balance sheet as of June 30, 2023 are described as follows:

– The intra-entity sales of future tobacco settlement revenues are reported as deferred inflows of resources in the General Fund and deferred outflows of resources in the nonmajor governmental funds.

– Under the modified accrual basis of accounting, earning revenues during the current period is not sufficient for revenue recognition in the current period. Revenue must also be susceptible to accrual (i.e., measurable and available to finance expenditures of the current period). Governmental funds report revenues not susceptible to accrual as deferred inflows of resources. The County has included three such items, which are property tax revenues to be collected beyond the 60 day accrual period, lease receivables measured at the present value or expected to be received during the lease term in a future period, plus other long-term receivables, related mostly to SB90 claims, expected to be collected beyond the 12 month accrual period.

Governmental Funds
Balance Sheet (in thousands):

	General Fund	Fire Protection District	Flood Control District	LA County Library	Regional Park and Open Space District	Nonmajor Funds	Total
Deferred outflows of resources -							
Tobacco settlement revenues	$					183,207	$ 183,207
Deferred inflows of resources:							
Tobacco settlement revenues	$ 183,207						$ 183,207
Leases	1,833,620		34,781			5,007	1,873,408
Property tax revenues	186,132	38,192	9,876	5,857	1,638	15,217	256,912
Other long-term receivables	259,251	12,952					272,203
Total governmental funds deferred inflows of resources	$2,462,210	51,144	44,657	5,857	1,638	20,224	$2,585,730

21. FUND BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned as described in Note 1. A detailed schedule of fund balances for all the major and nonmajor governmental funds at June 30, 2023 (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	$ 137,240	$ 12,780	$ 200	$ 146	$	$	$ 1
Long-term receivables	126,127						27
Permanent fund principal							2,109
Total Nonspendable	263,367	12,780	200	146			2,137
Restricted for:							
Purpose of fund		203,657	364,025	82,037	675,723	1,232,873	2,355,475
Purpose of utility users tax	73,367						
Sheriff Pitchess landfill	2,262						
La Alameda project	2,000						
Capital projects							44,920
Debt service							270,193
Endowments and annuities							36
Total Restricted	77,629	203,657	364,025	82,037	675,723	1,232,873	2,670,624
Committed to:							
Purpose of fund							72,045
Capital projects and extraordinary maintenance	72,689						69,855
Affordable housing	5,254						
Board budget policies and priorities	3,334						
Budget uncertainties	94,052						
Capital assets	16,575						
Department of Children and Family Services	8,840						
DPSS building purchase	33,944						
Financial system (eCAPS)	26,000						
Health services future financial requirements	600						
Health services-tobacco settlement	174,372						
Alternatives to incarceration-Facilities and Programs	110,975						
Information technology enhancements	52,160						
Library services	1,496						

21. FUND BALANCES-Continued

	General Fund	Fire Protection District	Flood Control District	LA County Library	Regional Park and Open Space District	Mental Health Services Act	Nonmajor Governmental Funds
Live scan	2,000						
Office of Diversion and Re-Entry Permanent Supportive Housing	112,777						
Public works-permit tracking system	3,151						
Services to unincorporated areas	4,320						
Sheriff unincorporated patrol	90						
TTC client asset and management system	500						
TTC remittance processing and mailroom equipment	500						
TTC unsecured property tax system	51,664						
Youth justice reimagined development	29,430						
Woolsey fire recovery efforts	28,069						
Total Committed	832,792						141,900
Assigned to:							
Purpose of fund			99	87,212			152,106
Future purchases	1,028,770						
Capital projects							46,107
Total Assigned	1,028,770		99	87,212			198,213
Unassigned	4,280,499						
Total Fund Balances	$6,483,057	$ 216,437	$364,324	$169,395	$675,723	$1,232,873	$ 3,012,874

Reserve for “Rainy Day” Fund

On June 22, 2009, the Board established a Reserve for “Rainy Day” fund. The Reserve for “Rainy Day” fund was established and maintained to protect essential County programs against unforeseen emergencies and economic downturns. On May 3, 2022, the Board adopted an updated "Rainy Day" Fund amount of 17.00% of on-going locally generated revenue from the previous 10.00% amount. Transfers, at a minimum of ten percent (10.00%) of excess fund balance, less Board approved carryovers, will be set aside in the "Rainy Day" Fund each year until the 17.00% cap is met. Excess fund balance is defined as the difference between the actual year-end fund balance amount as determined by the Auditor-Controller, less the estimated fund balance amount included in the Adopted Budget. Board approved carryover is defined as unspent funding that was previously approved by the Board for critical programs and/or uncompleted projects.

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

21. FUND BALANCES-Continued

Reserve for "Rainy Day" Fund-Continued

The County's "Rainy Day" fund does not meet the criteria for a stabilization arrangement for reporting the funds as either restricted or committed. As such, the Reserve for "Rainy Day" funds in the amount of $854.92 million is reported as unassigned fund balance in the General Fund.

22. CORONAVIRUS DISEASE 2019 (COVID-19)

On March 13, 2020, a presidential emergency was declared for all states, tribes, territories, and the District of Columbia due to the ongoing Coronavirus Disease 2019 (COVID-19) pandemic. The declaration made federal disaster assistance available; through the Coronavirus Aid, Relief, and Economic Security (CARES) Act to the County and to the State of California to supplement the County's local recovery efforts. To assist in the efforts to respond to COVID-19, the County received significant fiscal stimulus in federal funds as described below. In FY 2022-2023, the County spent all of the remaining federal and State CARES Act funds and no advances payable were recorded.

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 2022-2023, the County recorded $64.48 million as revenue on the fund and government-wide financial statements and $14.91 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. For ERA1, the County recorded $0.28 million of revenue and the corresponding expenditures on the fund and government-wide financial statements. All of ERA1 funds have been expended. For ERA2, $2.16 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

22. CORONAVIRUS DISEASE 2019 (COVID-19)-Continued

American Rescue Plan Act of 2021-Continued

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. In December 2022, Congress amended the ARP program through the Consolidated Appropriations Act, 2023, providing additional flexibility for recipients to use ARP funds to respond to natural disasters, build critical infrastructure, and support community development.

On May 16, 2021, the County received the first tranche of $974.99 million of ARP funds from the U.S. Department of Treasury and on June 9, 2022, the County received the second tranche of $974.99 million. There is uncertainty on the timing of the revenue recognition since these ARP funds are subject to be returned to the U. S. Department of Treasury. The ARP funds must be obligated between March 3, 2021 and December 31, 2024, and expended to cover such obligations by December 31, 2026. For FY 2022-2023, the County recorded $515.57 million as revenue on the fund and government-wide financial statements and $1.173 billion is reported as advances payable.

Local Assistance and Tribal Consistency Funds

On November 17, 2022, the County received $1.66 million from the Local Assistance and Tribal Consistency Fund (LATCF). The LATCF was established by Section 605 of the Social Security Act, as added by Section 9901 of the American Rescue Plan Act of 2021. The purpose of the LATCF program is to serve as a general revenue enhancement program and is designed, in part, to supplement existing federal programs that augment and stabilize revenues. For FY 2022-2023, $1.66 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
FEMA	$ 64,480	$ 14,910
ERA		2,160
ARP	515,570	1,173,000
LATCF		1,660
Total	$ 580,050	$ 1,191,730

23. SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes (TRANS)

On July 3, 2023, the County issued $700.00 million in FY 2023-2024 TRANS, which will mature on June 28, 2024. The TRANS are collateralized by taxes and other revenues attributable to FY 2023-2024 and were issued in the form of Fixed Rate Notes at an effective interest rate of 3.14%.

Lease Revenue Obligation Notes (LRON)

On July 24, 2023, LACCAL issued an additional $24.00 million in tax exempt LRON with an interest rate of 3.4%. On September 13, 2023, LACCAL issued an additional $30.00 million in tax exempt LRON with an interest rate of 3.2%. On October 19, 2023, LACCAL issued an additional $42.00 million in tax exempt LRON which consisted of an interest rate of 3.37% for $19.50 million, 3.4% for $1.50 million, and 3.5% for $21.00 million. On September 27, 2023, LACCAL redeemed $400 thousand in taxable LRON. The proceeds are being used to fund capital requirements of various capital projects. LRON issuances are supported and secured by four separate series of letters of credit and pledged County properties.

Homelessness Response

On September 28, 2023, a federal court approved Los Angeles County’s settlement with Plaintiff LA Alliance for Human Rights and six individual plaintiffs that commits additional resources for people experiencing homelessness. The settlement commits the County to $1.24 billion worth of resources and services over the next four years and includes 3,000 mental health and substance use disorder beds, 450 new subsidies for enriched residential care for adult residential facilities and residential care facilities for the elderly beds (also known as board and care beds) serving the most vulnerable, an increase from 27.5 to 44 the number of specialized outreached teams in the City of Los Angeles, and provide a comprehensive suite of supportive services to the more than 13,000 permanent supportive housing and interim housing beds financed by the City of Los Angeles as part of the City’s settlement with the plaintiffs. A federal monitor will assist the court in overseeing the County’s settlement. On September 29, 2023, the court dismissed the plaintiffs' claims against the County. The settlement agreement is effective September 29, 2023, the date of the dismissal Order, and terminates on June 30, 2027.

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)

	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	06/30/2014
Pension Plan's fiduciary net position as percentage of total pension liability	83.750 %	90.920 %	76.400 %	82.910 %	83.960 %	82.370 %	81.749 %	86.296 %	86.804 %
County's proportionate share of the collective net pension liability	$13,160,560	$ 7,030,463	$17,394,887	$11,560,668	$10,345,209	$10,849,931	$10,272,671	$ 7,448,374	$ 6,957,082
County's proportion as percentage of the collective net pension liability	96.472 %	96.415 %	96.268 %	96.223 %	96.169 %	96.119 %	96.170 %	96.081 %	95.897 %
Covered payroll	$ 8,756,990	$ 8,714,969	$ 8,377,352	$ 8,031,454	$ 7,631,381	$ 7,320,575	$ 6,986,004	$ 6,948,738	$ 6,672,228
County's proportionate share of the collective net pension liability as a percentage of its covered payroll	150.286 %	80.671 %	207.642 %	143.942 %	135.561 %	148.211 %	147.046 %	107.190 %	104.269 %

Schedule of County's Pension Contributions
Last 10 Fiscal Years[1,3]
(Dollar amounts in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution (ADC)	$ 2,216,111	$ 2,122,282	$ 1,940,715	$ 1,732,960	$ 1,605,150	$ 1,466,411	$ 1,300,711	$ 1,389,628	$ 1,437,555
Less: Contributions in relation to the ADC	2,216,111	2,122,282	1,940,715	1,732,960	1,605,150	1,466,411	1,300,711	1,389,628	1,437,555
Contribution Deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered payroll	$ 9,050,122	$ 8,756,990	$ 8,714,969	$ 8,377,352	$ 8,031,454	$ 7,631,381	$ 7,320,575	$ 6,986,004	$ 6,948,738
Contributions as a percentage of total covered payroll	24.487 %	24.235 %	22.269 %	20.686 %	19.986 %	19.216 %	17.768 %	19.892 %	20.688 %

(1) Historical information is required only for measurement periods for which GASB 68 is applicable. Eventually, 10 years of data will be shown.
(2) Reflects data as of the measurement date.
(3) Reflects data as of the reporting date.

Los Angeles County Employees Retirement Association
Notes to Required Supplementary Information

Changes of benefit terms

There were no plan changes after June 30, 2013.

Changes of assumptions

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

There were no changes of assumptions in determining the ADC since FY 2014-2015.

COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Los Angeles County Employees Retirement Association
Schedule of Changes in Net RHC OPEB Liability and Related Ratios
Last 10 Fiscal Years [1,2,3]
(Dollar amounts in thousands)

	06/30/2022	06/30/2021	06/30/2020	06/30/2019
Total OPEB Liability				
Effect of Change from Cost Sharing to Agent Plan	$	$	$	$ (2,204,743)
Service cost	1,024,895	1,166,558	967,482	779,965
Interest on Total OPEB Liability	1,217,398	1,147,426	1,250,934	1,197,607
Effect of economic/demographic gains or losses	(168,643)	323,030	(432,634)	
Effect of assumption changes or inputs	(3,365,579)	(3,729,953)	2,346,920	2,356,270
Benefit payments	(689,511)	(664,932)	(631,917)	(601,985)
Net change in Total OPEB Liability	(1,981,440)	(1,757,871)	3,500,785	1,527,114
Total OPEB Liability, beginning	27,760,135	29,518,006	26,017,221	24,490,107
Total OPEB liability, ending (a)	25,778,695	27,760,135	29,518,006	26,017,221
Fiduciary Net Position				
Employer contributions	1,071,024	1,031,058	886,821	840,965
Net Investment income	(280,358)	437,417	5,918	59,606
Benefit payments	(689,511)	(664,932)	(631,917)	(601,985)
Administrative expenses	(9,534)	(9,127)	(8,830)	(8,601)
Net change in plan Fiduciary Net Position	91,621	794,416	251,992	289,985
Fiduciary Net Position, beginning	2,235,814	1,441,398	1,189,406	899,421
Fiduciary Net Position, ending (b)	2,327,435	2,235,814	1,441,398	1,189,406
Net OPEB Liability, ending = (a) - (b)	$ 23,451,260	$ 25,524,321	$ 28,076,608	$ 24,827,815
Fiduciary Net Position as a % of Total OPEB Liability	9.03 %	8.05 %	4.88 %	4.57 %
Covered employee payroll	$ 9,864,653	$ 9,653,678	$ 9,404,208	$ 9,071,329
Net OPEB Liability as a % of covered employee payroll	237.73 %	264.40 %	298.55 %	273.70 %

Notes to Schedule:
Changes of benefit terms: No changes to benefit terms

Changes of Assumptions:
The discount rate increased from 4.28% as of June 30, 2021 to 4.85% as of June 30, 2022.

(1) Historical information is required only for measurement periods for which GASB 75 is applicable. Eventually, 10 years of data will be shown.
(2) Reflects data as of the measurement date.
(3) As of July 1, 2018, LACERA transitioned from a cost-sharing, multiple employer plan to an agent plan structure. Therefore, this schedule only reflects three years of data.

COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Schedule of County's RHC OPEB Contributions

Last 10 Fiscal Years[1,2]

(Dollar amounts in thousands)

	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	$ 1,559,600	$ 1,437,900	$ 1,508,400	$ 1,482,200	$ 1,549,500	$ 1,901,000
Less: Contributions in relation to the ADC	1,154,487	1,064,859	1,025,851	880,949	787,366	679,872
Contribution Deficiency (excess)	$ 405,113	$ 373,041	$ 482,549	$ 601,251	$ 762,134	$ 1,221,128
Covered-employee payroll	$ 10,332,418	$ 9,864,653	$ 9,653,678	$ 9,404,208	$ 9,071,329	$ 8,571,345
Contributions as a percentage of total covered-employee payroll	11.173%	10.795%	10.627%	9.368%	8.680%	6.523%

(1) Historical information is required only for measurement periods for which GASB 75 is applicable. Eventually, 10 years of data will be shown.
(2) Reflects data as of the reporting date.

Actuarial Methods and Assumptions

Valuation Timing	July 1, 2021, rolled forward to June 30, 2022
Actuarial Cost Method	Individual Entry Age Normal, Level Percent of Pay
Asset Valuation Method	Fair Value
Inflation	2.75%
Salary Increases	3.25% general wage increase and merit according to Table A-5 of the June 30, 2020 actuarial valuation of retirement benefits. It can be found at www.LACERA.com.
Mortality	Various rates based on the RP-2014 Healthy and Disabled Annuitant mortality tables and including projection for expected future mortality improvement using the MO Healthcare Cost Trend Rates MP-2014 Ultimate Projection Scale.
Experience Study	Covers the three year period ended June 30, 2020.
Discount Rate	4.85%
Long-term expected rate of return, net of investment expenses	6.00%
20 Year Tax-Exempt Municipal Bond Yield	3.54%

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)

	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Total OPEB Liability						
Service cost	$ 68,827	$ 62,563	$ 47,316	$ 41,832	$ 43,162	$ 49,068
Interest	32,594	29,275	38,779	41,028	38,818	33,546
Differences between expected and actual experience	(512)	111,863	8,067	(55,159)	1,111	589
Changes of assumptions or other inputs	(218,398)	37,166	170,346	78,190	(43,574)	(106,200)
Benefit payments	(66,425)	(59,149)	(66,671)	(60,451)	(64,313)	(63,430)
Net Change in Total OPEB Liability	(183,914)	181,718	197,837	45,440	(24,796)	(86,427)
Total LTD OPEB Liability - beginning	1,473,239	1,291,521	1,093,684	1,048,244	1,073,040	1,159,467
Total LTD OPEB Liability - ending	$ 1,289,325	$ 1,473,239	$ 1,291,521	$ 1,093,684	$ 1,048,244	$ 1,073,040
Covered-employee payroll	$ 9,864,653	$ 9,653,678	$ 9,404,208	$ 9,071,329	$ 8,571,345	$ 8,176,831
Total LTD OPEB Liability as a percentage of covered-employee payroll	13.070 %	15.261 %	13.733 %	12.056 %	12.230 %	13.123 %

Notes to schedule:

Changes of benefit terms: No changes to benefit terms

Changes of assumptions:

Changes of Assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

As of June 30, 2017	3.58 %
As of June 30, 2018	3.87 %
As of June 30, 2019	3.50 %
As of June 30, 2020	2.21 %
As of June 30, 2021	2.16 %
As of June 30, 2022	3.54 %

(1) Historical information is required only for measurement periods for which GASB 75 is applicable. Eventually, 10 years of data will be shown.

Total LTD OPEB Liability
Notes to Required Supplementary Information

Changes of benefit terms

None

Changes of assumptions

The discount rate increased from 2.16% as of June 30, 2022 to 3.54% as of June 30, 2023.

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

COUNTY OF LOS ANGELES

CALIFORNIA

APPENDIX C

PROPOSED FORM OF APPROVING OPINION OF BOND COUNSEL

COUNTY OF LOS ANGELES
CALIFORNIA

PROPOSED FORM OF APPROVING OPINION OF BOND COUNSEL

Upon delivery of the Notes, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County, proposes to render its final approving opinion with respect to the Notes in substantially the following form:

[Date of Delivery]

County of Los Angeles
Los Angeles, California

County of Los Angeles
2024-25 Tax and Revenue Anticipation Notes
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the County of Los Angeles (the "County") in connection with the issuance of $700,000,000 aggregate principal amount of County of Los Angeles 2024-25 Tax and Revenue Anticipation Notes (the "Notes"), issued pursuant to a resolution of the Board of Supervisors of the County adopted on May 21, 2024 (the "Resolution") and the Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2024-25 Tax and Revenue Anticipation Notes, dated July 1, 2024, executed by the County (the "Financing Certificate"), and Article 7.6, Chapter 4, Part 1, Division 2 of Title 5 (commencing with Section 53850) of the California Government Code. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Financing Certificate.

In such connection, we have reviewed the Resolution, the Financing Certificate, the Tax Certificate of the County, dated the date hereof (the "Tax Certificate"), an opinion of County Counsel of the County, certificates of the County and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Notes on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Notes on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Notes has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the County. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution, the Financing Certificate and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Notes to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Notes, the Resolution, the Financing Certificate and the Tax Certificate and their enforceability, may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against governmental entities such as the County in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute 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 property described in or as subject to the lien of the Financing Certificate 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 Notes, and express no view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Notes constitute the valid and binding obligations of the County.

2. The Financing Certificate has been duly executed and delivered by, and constitutes the valid and binding obligation of, the County.

3. Interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. The amount treated as interest and excluded from gross income may depend upon the taxpayer's election under Internal Revenue Notice 94-84. Interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

COUNTY OF LOS ANGELES
CALIFORNIA

The information in this Appendix D concerning The Depository Trust Company ("DTC"), New York, New York, and DTC's book-entry system has been obtained from DTC, and the County and the Underwriters take no responsibility for the completeness or accuracy thereof. The County and the Underwriters cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Notes, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Notes, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Notes, or that they will do so on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company, New York, NY, will act as securities depository for the Notes (the "Notes"). The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Notes in the aggregate principal amount thereof and will be deposited with DTC.

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information on this website is not incorporated herein by reference.

3. Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

4. To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

7. Distributions and other payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the County or its agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and other payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

8. DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

9. The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates representing the Notes will be printed and delivered to DTC and the requirements of the Resolution and Financing Certificate with respect to certificated Notes will apply.

10. The information in this Appendix D concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

NEITHER THE COUNTY NOR ANY OF THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OF THE NOTES OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.

COUNTY OF LOS ANGELES
CALIFORNIA

APPENDIX E

FORM OF DISCLOSURE CERTIFICATE

COUNTY OF LOS ANGELES
CALIFORNIA

$700,000,000
COUNTY OF LOS ANGELES
2024-25 TAX AND REVENUE ANTICIPATION NOTES

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this **"Disclosure Certificate"**) is executed and delivered by the County of Los Angeles (the **"County"**) in connection with the issuance of $700,000,000 aggregate principal amount of the County's 2024-25 Tax and Revenue Anticipation Notes (the **"Notes"**). The Notes are being issued pursuant to a Resolution adopted by the County on May 21, 2024 (the **"Resolution"**), and a Financing Certificate executed by the Treasurer on July 1, 2024 (the **"Certificate"**). The County covenants and agrees as follows:

Section 1. <u>**Purpose of this Disclosure Certificate**</u>. This Disclosure Certificate is being executed and delivered by the County for the benefit of the Holders and Beneficial Owners of the Notes and in order to assist the Participating Underwriters in complying with the Rule.

Section 2. <u>**Definitions**</u>. In addition to the definitions set forth in the Certificate, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Beneficial Owner" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Notes (including persons holding Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Notes for federal income tax purposes.

"Dissemination Agent" shall initially mean the County, or any successor Dissemination Agent designated in writing by the County and which has filed with the County a written acceptance of such designation.

"EMMA System" shall mean the MSRB's Electronic Municipal Market Access system.

"Financial Obligation" means "financial obligation" as such term is defined in the Rule.

"Holders" or **"Noteholders"** shall mean the registered owners of the Notes.

"Listed Events" shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate.

"Participating Underwriters" shall mean any of the original underwriters of the Notes required to comply with the Rule in connection with offering of the Notes.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of California.

Section 3. Reporting of Listed Events.

(a) The County shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Notes in a timely manner not later than ten business days after the occurrence of the event:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;

3. unscheduled draws on debt service reserves reflecting financial difficulties of the County;

4. unscheduled draws on any credit enhancement reflecting financial difficulties of the County;

5. substitution of credit or liquidity providers or failure of a credit or liquidity provider to perform its obligations with respect to the Notes;

6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;

7. modifications to rights of Noteholders, if material;

8. redemption or call of the Notes, if material, and tender offers;

9. defeasances;

10. release, substitution or sale of property securing repayment of the Notes, if material;

11. rating changes;

12. bankruptcy, insolvency, receivership or similar event of the County; *provided* that for the purposes of the events described in this clause, such an event is considered to occur upon: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County;

13. the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such

an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. appointment of a successor or additional trustee or the change of name of the trustee, if material;

15. incurrence of a Financial Obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect security holders, if material; and

16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflect financial difficulties.

Certain of the foregoing events may not be applicable to the Notes.

Section 4. **Termination of Reporting Obligation**. The County's obligations under this Disclosure Certificate shall terminate upon the payment in full of all the Notes. If such termination occurs prior to the final maturity of the Notes, the County shall give notice of such termination in the same manner as for a Listed Event under Section 3(a).

Section 5. **Dissemination Agent**. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent, if other than the County, shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Certificate.

Section 6. **Amendment; Waiver**. Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Notes, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Notes.

Section 7. **Additional Information**. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

Section 8. **Default**. In the event of a failure of the County to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in the Superior Court of the State of California in and for the County of Los Angeles or in a U.S. District Court in or nearest to Los Angeles County. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution or the Certificate, and the sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance.

Section 9. **Duties, Immunities and Liabilities of Dissemination Agent**. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Notes.

Section 10. **Beneficiaries**. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Notes, and shall create no rights in any other person or entity.

Dated: July 1, 2024

COUNTY OF LOS ANGELES, CALIFORNIA

By: ____
ELIZABETH BUENROSTRO GINSBERG
Treasurer and Tax Collector

COUNTY OF LOS ANGELES • 2024-25 TAX AND REVENUE ANTICIPATION NOTES

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