

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Bonds, is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel, under existing statutes, interest on the Bonds is exempt from State of California personal income. See "TAX MATTERS" herein.

\$15,845,000



**LOS ANGELES COUNTY CAPITAL ASSET LEASING CORPORATION
LEASE REVENUE BONDS, 2025 SERIES A
(LAC-CAL Equipment Program)**

Dated: Date of Delivery

Due: June 1 and December 1, as shown on the inside cover page

The Los Angeles County Capital Asset Leasing Corporation Lease Revenue Bonds, 2025 Series A (LAC-CAL Equipment Program) (the "Bonds"), are being issued to finance the acquisition of certain equipment, machinery, vehicles and other tangible personal property to be leased to the County of Los Angeles, California (the "County") pursuant to a Lease Agreement, dated as of August 1, 2025 (the "Lease") by and between the County, as lessee, and the Los Angeles County Capital Asset Leasing Corporation, as lessor (the "Corporation"). Principal of and interest on the Bonds are payable from Base Rental payments to be made by the County pursuant to the Lease and from certain other sources, as described herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

The Bonds will be issued in authorized denominations of \$5,000 and any integral multiple thereof. Interest on the Bonds will be payable semiannually each June 1 and December 1, commencing on December 1, 2025. The Bonds will be delivered in fully registered form only, and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Ownership interests in the Bonds may be purchased in book-entry form only. Principal of and interest on the Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (as defined herein) for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS" herein and APPENDIX F—"BOOK-ENTRY ONLY SYSTEM."

The Bonds are not subject to optional redemption prior to maturity. The Bonds are subject to extraordinary redemption prior to maturity, as described herein. See "THE BONDS—Redemption" herein.

THE BONDS ARE SPECIAL OBLIGATIONS OF THE CORPORATION PAYABLE SOLELY FROM BASE RENTAL PAYMENTS RECEIVED PURSUANT TO THE LEASE AND FROM AMOUNTS HELD BY THE TRUSTEE IN CERTAIN FUNDS AND ACCOUNTS ESTABLISHED BY THE INDENTURE. THE OBLIGATION OF THE COUNTY TO PAY BASE RENTAL AND ADDITIONAL RENTAL UNDER THE LEASE DOES NOT CONSTITUTE AN OBLIGATION OF THE COUNTY FOR WHICH THE COUNTY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE BONDS NOR THE OBLIGATION OF THE COUNTY TO PAY BASE RENTAL OR ADDITIONAL RENTAL UNDER THE LEASE CONSTITUTES AN INDEBTEDNESS OF THE COUNTY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF CALIFORNIA. UNDER CERTAIN CIRCUMSTANCES, BASE RENTAL MAY BE ABATED UNDER THE LEASE.

The Bonds were sold by competitive bid on July 24, 2025, pursuant to the terms of a Notice Inviting Bids dated July 17, 2025. See "SALE OF THE BONDS" herein.

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

The Bonds will be offered when, as and if issued subject to the approval as to their legality by Hawkins Delafield & Wood LLP, Los Angeles, California, Bond Counsel to the County and the Corporation. Certain legal matters will be passed upon for the County and the Corporation by County Counsel. It is anticipated that the Bonds will be available for delivery to DTC on or about August 7, 2025.

MATURITY SCHEDULE

\$15,845,000

**LOS ANGELES COUNTY CAPITAL ASSET LEASING CORPORATION
LEASE REVENUE BONDS, 2025 SERIES A
(LAC-CAL Equipment Program)**

| Maturity | Principal Amount | Interest Rate | Yield | CUSIP [†] |
|------------------|------------------|---------------|-------|--------------------|
| December 1, 2025 | \$2,030,000 | 4.00% | 2.40% | 54466LFX0 |
| June 1, 2026 | 3,140,000 | 5.00 | 2.25 | 54466LFY8 |
| December 1, 2026 | 3,095,000 | 5.00 | 2.25 | 54466LFZ5 |
| June 1, 2027 | 2,650,000 | 5.00 | 2.25 | 54466LGA9 |
| December 1, 2027 | 2,540,000 | 5.00 | 2.25 | 54466LGB7 |
| June 1, 2028 | 2,240,000 | 5.00 | 2.26 | 54466LGC5 |
| December 1, 2028 | 150,000 | 5.00 | 2.26 | 54466LGD3 |

[†] Copyright 2025, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP numbers have been assigned by an independent company not affiliated with the County or the Corporation and are included solely for the convenience of the registered owners of the Bonds. Neither the County nor the Corporation are responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance and other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.



COUNTY OF LOS ANGELES

**LOS ANGELES COUNTY CAPITAL ASSET LEASING CORPORATION
LEASE REVENUE BONDS, 2025 SERIES A
(LAC-CAL Equipment Program)**

BOARD OF SUPERVISORS

Kathryn Barger
Fifth District, Chair

Hilda L. Solis
First District

Holly J. Mitchell
Second District

Lindsey P. Horvath
Third District

Janice Hahn
Fourth District

Edward Yen
*Executive Officer-Clerk
Board of Supervisors*

COUNTY OFFICIALS

Fesia Davenport
Chief Executive Officer

Dawyn R. Harrison
County Counsel

Elizabeth Buenrostro Ginsberg
Treasurer and Tax Collector

Oscar Valdez
Auditor-Controller

Public Resources Advisory Group
Municipal Advisor

U.S. Bank Trust Company, National Association
Trustee

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 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the County or the Corporation.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. 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 representations of facts. No representation is made that the past experience, as shown by such financial and other information, will necessarily continue or be repeated in the future. All estimates, projections, forecasts or matters of opinion are “forward looking statements,” which must be read with an abundance of caution and which may not be realized or may not occur in the future.

Certain of the information set forth herein has been obtained from official sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale of Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or the Corporation since the date hereof.

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

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

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\$15,845,000
LOS ANGELES COUNTY CAPITAL ASSET LEASING CORPORATION
LEASE REVENUE BONDS, 2025 SERIES A
(LAC-CAL Equipment Program)

INTRODUCTION

This introduction contains only a brief summary of certain of the terms of the Bonds being offered, and a brief description of the entire Official Statement. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California and any documents referred to in this Official Statement do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions. All capitalized terms used in this Official Statement and not otherwise defined herein shall have the meanings set forth in the Indenture and the Lease. See APPENDIX C—”SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Definitions.”

General Description

General. This Official Statement, including the cover page and attached Appendices (the “Official Statement”), provides certain information concerning the issuance of the Los Angeles County Capital Asset Leasing Corporation Lease Revenue Bonds, 2025 Series A (LAC-CAL Equipment Program) (the “Bonds”) in the aggregate principal amount of \$15,845,000. The Bonds will be issued pursuant to Chapter 10 (commencing with Section 5800) of Division 6 of Title 1 of the California Government Code and an Indenture of Trust, dated as of August 1, 2025 (the “Indenture”), by and between the Los Angeles County Capital Asset Leasing Corporation (the “Corporation”) and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). The proceeds of the Bonds will be used to (i) redeem certain bond anticipation notes of the County (the “BANs”) that financed the acquisition of certain equipment, machinery, vehicles, and other tangible personal property (as more fully described herein, the “Equipment”) and (ii) pay the costs of issuance of the Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” herein. The Equipment will be leased pursuant to the Lease Agreement, dated as of August 1, 2025 (the “Lease”), by and between the Corporation and the County of Los Angeles (the “County”).

Changes Since the Preliminary Official Statement dated July 17, 2025. Investors are advised that since the date of the Preliminary Official Statement, Appendix A has been updated to include the County’s preliminary estimates of the impacts of the reduction in federal funding under the Big Beautiful Bill Act. See APPENDIX A—“THE COUNTY OF LOS ANGELES INFORMATION STATEMENT—Budgetary Information—Federal and State Funding—Federal Budget Update.”

General Terms of the Bonds

The Bonds are dated and will mature on the dates and in the principal amounts and will bear interest at the respective rates per annum, all as set forth on the cover page of this Official Statement. Interest on the Bonds is payable on June 1 and December 1, commencing on December 1, 2025 (each, an “Interest Payment Date”). The Bonds will be issued in denominations of \$5,000 and any integral multiple thereof. The Bonds will be delivered in book-entry form only and when issued and authenticated, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. The Bonds are not subject to optional redemption prior to maturity, but are subject to extraordinary redemption as described herein. See “THE BONDS” herein.

Security and Sources of Payment for the Bonds

Under the Lease, in consideration for the use and possession of the Equipment, the County is required to make certain payments designated as Base Rental (“Base Rental”) in the amounts, at the times and in the manner set forth in the Lease. The County is also required to make certain payments designated as Additional Rental (“Additional Rental”) pursuant to the Lease. Pursuant to the Indenture, the Trustee will apply Base Rental payments received from the County to pay principal of and interest on the Bonds.

The County has covenanted in the Lease to pay the Base Rental due thereunder from any source of legally available funds, and to take such action as may be necessary to include all Base Rental and Additional Rental in its annual budget, and to make the necessary annual appropriations for all such Base Rental and Additional Rental (except to the extent such payments are abated as described herein). However, the County is not obligated to levy or pledge any form of taxation in order to pay such Base Rental and Additional Rental for the rental of the Equipment, nor has the County done so.

Payments under the Lease, except for certain moneys more particularly described in the Lease, will be abated in whole or in part during any period in which, by reason of damage, destruction or theft, there is substantial interference with the County’s right of use or possession of the Equipment or any portion thereof. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

The County

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

Limited Liability

THE BONDS ARE SPECIAL OBLIGATIONS OF THE CORPORATION PAYABLE SOLELY FROM BASE RENTAL PAYMENTS RECEIVED PURSUANT TO THE LEASE AND FROM AMOUNTS HELD BY THE TRUSTEE IN CERTAIN FUNDS AND ACCOUNTS ESTABLISHED BY THE INDENTURE. THE OBLIGATION OF THE COUNTY TO PAY BASE RENTAL AND ADDITIONAL RENTAL UNDER THE LEASE DOES NOT CONSTITUTE AN OBLIGATION OF THE COUNTY FOR WHICH THE COUNTY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE BONDS NOR THE OBLIGATION OF THE COUNTY TO PAY BASE RENTAL OR ADDITIONAL RENTAL UNDER THE LEASE CONSTITUTES AN INDEBTEDNESS OF THE COUNTY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF CALIFORNIA. UNDER CERTAIN CIRCUMSTANCES, BASE RENTAL MAY BE ABATED UNDER THE LEASE.

Continuing Disclosure

Pursuant to a Continuing Disclosure Certificate dated the date of issuance of the Bonds (the “Continuing Disclosure Certificate”), the County will covenant to provide certain financial information and operating data relating to the County by not later than April 1 of each year, commencing April 1, 2026, for

the prior fiscal year, in the form of an annual report (the “Annual Report”), and, no later than ten (10) business days after their occurrence, notice of the occurrence of the certain listed 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 Bonds. See “CONTINUING DISCLOSURE” herein and APPENDIX E—“FORM OF CONTINUING DISCLOSURE CERTIFICATE.” These covenants have been made in order to assist the underwriters in complying with Rule 15c2-12.

ESTIMATED SOURCES AND USES OF FUNDS

The Bond proceeds and other funds are expected to be applied approximately as set forth below:

| | |
|--|-----------------|
| SOURCES: | |
| Principal Amount of Bonds | \$15,845,000.00 |
| Original Issue Premium | 654,334.20 |
| County Contribution/Proceeds from Prior BANs | 8,685,482.03 |
| TOTAL SOURCES | \$25,184,816.23 |
| USES: | |
| Redemption of BANs | \$25,000,000.00 |
| Costs of Issuance Account ⁽¹⁾ | 180,462.21 |
| Underwriter’s Discount | 4,354.02 |
| TOTAL USES | \$25,184,816.23 |

⁽¹⁾ Includes rating agency fees, certain legal fees, municipal advisory fees, trustee fees, electronic bid fees and printing costs.

THE BONDS

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

General Provisions

The Bonds will be dated, will mature on the dates in the respective principal amounts, and will bear interest at the respective rates per annum, all as set forth on the inside cover page of this Official Statement. Interest on the Bonds will be computed using a year of 360 days comprised of twelve 30-day months and is payable on each Interest Payment Date, commencing on December 1, 2025. The Bonds will be delivered in book-entry form only and when issued, authenticated and delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. Purchasers of the Bonds will not receive Bonds representing their ownership interests in the Bonds purchased. Principal of and interest on the Bonds are payable directly to DTC by the Trustee. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to its Participants for subsequent disbursement to the beneficial owners of the Bonds. See APPENDIX F—“BOOK-ENTRY ONLY SYSTEM.”

Redemption

No Optional Redemption. The Bonds are not subject to optional redemption prior to maturity.

Extraordinary Redemption. The Bonds are subject to extraordinary redemption prior to maturity in whole or in part on any date, at a redemption price equal to the principal amount thereof plus accrued but unpaid interest to the redemption date, without premium, from amounts deposited in the Redemption Account of the Bond Fund pursuant to the Indenture following an event of theft, damage or destruction of the Equipment or a portion thereof to the extent that Base Rental payments with respect to the remaining Outstanding Bonds do not exceed the fair rental value for the use and possession of the portions of the Equipment not damaged or destroyed, as determined by the County.

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of Bonds and less than all Outstanding Bonds are to be redeemed, the Bonds to be redeemed shall be selected proportionately among maturities, and within a maturity, the Trustee shall select Bonds for redemption by lot. The portion of any Bond to be redeemed in part shall be in the principal amount of \$5,000 or any integral multiple thereof.

Notice of Redemption. When redemption is required pursuant to the Indenture, the Trustee shall give notice of the redemption of the Bonds to each owner of a Bond to be redeemed. The notice shall specify: (a) that the Bond or a designated portion thereof (in the case of redemption of a Bond in part but not in whole) is to be redeemed, identifying each such Bond by its Bond number unless all Outstanding Bonds or all Outstanding Bonds of the particular maturity or maturities are to be redeemed, in which case the notice need only indicate that all Outstanding Bonds, or all Outstanding Bonds of a particular maturity or maturities (specifying each such maturity) are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of any paying agent, (d) the redemption price, (e) CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the amount of such Bond to be redeemed, and (g) the original date and stated maturity date of each Bond to be redeemed in whole or in part. Such notice shall further state that on the specified redemption date, the redemption price, together with interest accrued to the redemption date, shall become due and payable and that, from and after such date, interest on the Bonds to be redeemed on the redemption date shall cease to accrue and be payable. Such redemption notices may state that no representation is made as to the accuracy or correctness of the CUSIP numbers set forth therein or on the Bonds. Such redemption notice may state that such redemption may be conditional upon the receipt by the Trustee of moneys sufficient to pay the principal of, and interest on such Bonds to be redeemed.

The Trustee shall give notice by first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the redemption date to the owners of Bonds designated for redemption at their addresses appearing on the Bond Register as of the close of business on the day before such notice is given. Neither failure to receive any such notice nor any defect in such notice shall affect the sufficiency of the proceedings for the redemption of any Bond. Such redemption notice shall also be given at least 30 days before the redemption date, by (i) registered or certified mail, postage prepaid, (ii) confirmed facsimile transmission, or (iii) overnight delivery service, to DTC and to one of the Information Services. Neither failure to give the notice described in the immediately preceding sentences nor any defect in the notices shall in any manner affect the redemption of any Bond.

Partial Redemption of Bonds. Upon the surrender of any Bond redeemed in part only, the Trustee shall execute and deliver to the owner thereof a new Bond or Bonds of authorized denominations equal in aggregate principal amount, maturity and interest rate to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment or provision of the payment of the amount required to be paid to such Bondowner, and the Lessor and the Trustee shall be released and discharged thereupon from all liability to the extent of such payment.

Effect of Notice of Redemption. Notice having been given as prescribed by the Indenture, and the money for the redemption (including the interest to the applicable date of redemption) having been set aside in the Redemption Account in the Bond Fund or otherwise segregated for such purpose, the Bonds or portions thereof to be redeemed shall become due and payable on the date of redemption.

If on the redemption date, money for the redemption of all Bonds to be redeemed, together with interest to the redemption date, shall be held by the Trustee so as to be available therefor, and if notice of redemption thereof shall have been given as described in the Indenture, then, from and after the redemption date, no additional interest shall become due on the Bonds to be redeemed. All money held by or on behalf of the Trustee for the redemption of Bonds shall be held in trust for the account of the Bondowners to be so redeemed.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

Base Rental and Additional Rental

The Lease requires the County to pay Base Rental for the use and possession of the Equipment and to pay, as Additional Rental, any taxes, assessments and insurance premiums with respect to the Equipment and to the extent not paid out of proceeds of the Bonds, the fees and expenses of the Trustee and any paying agent in connection with the authentication of the Bonds and the performance and enforcement of the Lease and the Indenture. The County has agreed to deposit the Base Rental payable under the Lease on each Lease Payment Date with the Trustee. “Lease Payment Date” under the Lease means a date before each Interest Payment Date. The County’s obligation to pay Base Rental under the Lease shall commence on the date of issuance of the Bonds. The County has covenanted in the Lease to pay Base Rental from any source of legally available funds, and to take such action as may be necessary to include all Base Rental and Additional Rental Payments for the Equipment in its annual budgets and to make the necessary annual appropriations therefor (except to the extent such payments are abated as permitted under the Lease). See APPENDIX C—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Lease—Abatement.”

Base Rental payments are scheduled to be paid as set forth below:

| Lease Payment Date ⁽¹⁾ | Principal Component | Interest Component | Base Rental Payment |
|--------------------------------------|---------------------|--------------------|---------------------|
| December 1, 2025 | \$2,030,000.00 | \$244,450.83 | \$2,274,450.83 |
| June 1, 2026 | 3,140,000.00 | 345,375.00 | 3,485,375.00 |
| December 1, 2026 | 3,095,000.00 | 266,875.00 | 3,361,875.00 |
| June 1, 2027 | 2,650,000.00 | 189,500.00 | 2,839,500.00 |
| December 1, 2027 | 2,540,000.00 | 123,250.00 | 2,663,250.00 |
| June 1, 2028 | 2,240,000.00 | 59,750.00 | 2,299,750.00 |
| December 1, 2028 | 150,000.00 | 3,750.00 | 153,750.00 |

⁽¹⁾ Due on or before each Interest Payment Date.

Pursuant to the Indenture, the Corporation has assigned to the Trustee, for the benefit of the Bondowners, all of its rights in and to the Lease, including the right to receive Base Rental payments and the right to enforce payment of Base Rental when due, but excluding the Corporation’s rights to the payment of its expenses, to indemnification and certain other rights set forth in the Indenture. See APPENDIX C—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS— Indenture.”

The Bonds are special obligations of the Corporation payable solely from Base Rental payments received pursuant to the Lease and from amounts held by the Trustee in certain funds and accounts

established by the Indenture. The obligation of the County to pay Base Rental and Additional Rental under the Lease does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the County to pay Base Rental or Additional Rental under the Lease constitutes an indebtedness of the County, the State of California or any of its political subdivisions within the meaning of the Constitution of the State of California. Under certain circumstances, Base Rental may be abated under the Lease.

Any component of the Equipment may be modified for the County's use after the execution and delivery of the Lease, provided that such modification is in compliance with the terms of the Lease, which requires, among other things, that any such modification will not cause the modified Equipment to have a value less than its value prior to the modification.

No Reserve Fund

There will not be a Reserve Fund established for the Bonds.

Substitution of Equipment Components

The County shall, at any time, have the right to substitute any item of personal property of comparable value to and a Useful Life not less than the remaining Useful Life of, the Equipment Component to be substituted, but only by providing the Trustee with (a) a written certificate (i) describing both the new Equipment Component and the Equipment Component for which it is to be substituted, and stating that such new Equipment Component is of comparable value and has a Useful Life not less than the Useful Life of the Equipment Component for which it is being substituted and (ii) stating that such substitution will not result in an abatement of Rental Payments, and (b) a new Equipment description for the Lease, which shall include the substitute Equipment Components and which shall supersede in its entirety the then existing description attached to Lease. As a result of any substitution of Equipment Components pursuant to the Lease, there shall be no reduction in the Base Rental due from the Lessee under the Lease and there shall be no reduction in the aggregate fair rental value of the Equipment as a result of such substitution. See APPENDIX C—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Lease—Substitution of Equipment Components."

Abatement

A proportionate amount of Base Rental shall be abated during any period in which, by reason of damage, destruction, theft or otherwise, there is substantial interference with the use and possession of any component of the Equipment by the County. There shall be no abatement of Base Rental to the extent that moneys are (a) on deposit in the Base Rental Account, Interest Account or Principal Account of the Bond Fund and (b) otherwise legally available to the County and transferred to the Trustee for the purpose of making Base Rental, and are available to pay the amount which would otherwise be abated. The amount of any abatement shall be such that the resulting Base Rental in any Fiscal Year during which such interference continues, excluding any amounts described in clauses (a) and (b) above, does not exceed the fair rental value for the use and possession of the portions of the Equipment not damaged or destroyed. Such abatement shall commence on the date of theft, damage or destruction and shall end with the substantial completion of the work of repair of the Equipment or any affected portion of the Equipment, or the delivery of replacement Equipment or portions thereof. Additional Rental shall not be abated so long as a significant portion of the Equipment or portions thereof remains available for the use and possession of the County. Except as provided in the Lease, in the event of any such theft, damage or destruction, the Lease shall continue in full force and effect and the County waives any right to terminate the Lease by

virtue of any such theft, damage or destruction. See APPENDIX C—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Lease—Abatement” and “RISK FACTORS—Abatement.”

Insurance

Pursuant to the Lease, the County has agreed to obtain certain types of insurance, including all-risk insurance which includes theft, earthquake and flood insurance, from insurers of recognized responsibility or through a program of self-insurance to the extent specifically permitted in the Lease. In addition, pursuant to the Lease, the County is required to maintain rental interruption insurance to cover loss, total or partial, of the use of any part of the Equipment as a result of any of the hazards covered by the insurance required pursuant to the Lease in an amount sufficient at all times to pay the Base Rental payable under the Lease for a period of not less than two years. The County may not self-insure for rental interruption insurance. See APPENDIX C—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Lease—Insurance.”

No Acceleration Upon an Event of Default

In the event of a default, there is no remedy of acceleration of the total Base Rental payments due over the term of the Lease and the Trustee is not empowered to sell the Equipment and use the proceeds of such sale to redeem the Bonds or pay debt service thereon or repossess the Equipment in any way. See APPENDIX C—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—Indenture—Events of Default and Remedies of Owners” and “RISK FACTORS—No Acceleration Upon an Event of Default; Limitations on Remedies.”

Investment of Funds and Accounts

County General Fund moneys are generally deposited into the County Treasury to the credit of the County and invested in accordance with County investment policies. Pursuant to the Indenture, moneys held by the Trustee in any fund or account under the Indenture shall be invested in Qualified Investments pending application as provided therein, which investment may include the County Treasury Pool. See APPENDIX A—“THE COUNTY OF LOS ANGELES INFORMATION STATEMENT—Los Angeles County Pooled Surplus Investments” and APPENDIX C—“SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.”

Description of the Equipment

The proceeds of the Bonds are to be used to refinance the acquisition of certain equipment, machinery, vehicles and other tangible personal property used by various departments of the County of Los Angeles, including the Department of Beaches and Harbors, the Internal Services Department and the Sheriff’s Department. Such property consists of many items and includes agriculture and landscape equipment, construction and heavy maintenance equipment, vehicles and transportation equipment, electronic equipment, telecommunications equipment, motor vehicles, medical equipment, and computer systems. The aggregate average useful life of such equipment will not be less than the weighted average maturity of the Bonds, and the individual useful life of such equipment ranges from three to five years.

THE CORPORATION

The Los Angeles County Capital Asset Leasing Corporation is a California nonprofit corporation organized under the Nonprofit Public Benefit Corporation Law of the State of California (constituting Title 1, Division 2, Part 2 of the California Corporations Code). The Corporation was formed in February 1983 to assist the County, among other things, in financing the purchase of necessary equipment.

The Corporation is a separate legal entity from the County. It is governed by a five-member Board of Directors (the “Board”) appointed by the Board of Supervisors of the County. The Board members receive no compensation. The Corporation has no employees. All staff work is performed by employees of the County.

RISK FACTORS

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

Not a Pledge of Taxes

The Bonds are special obligations of the Corporation payable solely from Base Rental payments received pursuant to the Lease and from amounts held by the Trustee in certain funds and accounts established by the Indenture. The obligation of the County to pay Base Rental and Additional Rental under the Lease does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the County to pay Base Rental or Additional Rental under the Lease constitutes an indebtedness of the County, the State of California or any of its political subdivisions within the meaning of the constitution of the State of California. Under certain circumstances, Base Rental may be abated under the Lease.

Although the Lease does not create a pledge, lien or encumbrance upon the funds of the County, the County is obligated under the Lease to pay Base Rental from any source of legally available funds (subject to certain exceptions) and the County has covenanted in the Lease that, for as long as the Equipment is available for its use and possession, the County will take such action as may be necessary to include all Base Rental payments due under the Lease in any Fiscal Year during the term of the Lease in its annual budgets for the Fiscal Year and to make the necessary annual appropriations for all such Base Rental payments, except to the extent such payments are abated in accordance with the Lease. The County is currently liable on other obligations payable from general revenues, some of which may have priority over the Base Rental payments.

Additional Obligations of the County

The County has the capability to enter into other obligations which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the County, the funds available to make Base Rental payments may be decreased.

The Base Rental payments and other payments due under the Lease (including payment of costs of repair and maintenance of the Equipment, taxes and other governmental charges levied against the Equipment) are payable from funds lawfully available to the County. In the event that the amounts which the County is obligated to pay in a Fiscal Year exceed the County’s revenues for such year, the County may choose to make some payments rather than making other payments, including Base Rental payments, based on the perceived needs of the County. The same result could occur if, because of California constitutional limits on expenditures, the County is not permitted to appropriate and spend all of its available revenues. In such event, the County may not have sufficient funds available to pay principal of and interest on the Bonds when due. The County’s appropriations have never exceeded the limitation on appropriations under Article XIII B of the California Constitution.

No Acceleration Upon an Event of Default; Limitations on Remedies

In the event of a default, there is no remedy of acceleration of the total Base Rental payments due over the term of the Lease and the Trustee is not empowered to sell the Equipment and use the proceeds of such sale to redeem the Bonds or pay debt service thereon or repossess the Equipment in any way. More specifically, the Trustee does not have the right: (i) to demand that the County return the Equipment; (ii) to enter upon the premises where the Equipment is located and take possession of or remove the same by summary proceedings or in any other manner; (iii) to terminate the Lease and sell the Equipment or otherwise dispose of, hold, use, operate, lease to others or keep idle the Equipment; or (iv) to retake possession of the Equipment in any manner.

Under the terms of the Lease, the Trustee has the right to recover Base Rental payments as they become due under the Lease. The County will be liable only for Base Rental payments on an annual basis, and the Trustee would be required to seek a separate judgment each year for that year's defaulted Base Rental payments. Any such suit for money damages would be subject to limitations on legal remedies against counties in the State, including a limitation on enforcement of judgments against funds of a Fiscal Year other than the Fiscal Year in which the Base Rental payments were due and against funds needed to serve the public welfare and interest.

Additionally, enforceability of the rights and remedies of the Bondowners, and the obligations incurred by the Corporation and the County, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against counties in the State. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Bondowners 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.

Adequacy of County Insurance Reserves or Insurance Proceeds

The County may self-insure for certain types of insurance required under the Lease. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Insurance." The County intends to self-insure for workers' compensation insurance and general liability insurance with respect to the Equipment. If the County elects to self-insure against other risks, no assurance can be given that the insurance reserves established by the County will be sufficient to satisfy any loss which the County may experience. If the County's self-insurance reserves are inadequate or if the County receives insufficient commercial insurance proceeds to repair or replace any portion of the Equipment which is damaged or destroyed, the amount of Base Rental payable under the Lease could be abated. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Abatement" herein and "—Abatement" below.

Abatement

Except to the extent of amounts held in the Base Rental Account, Interest Account or Principal Account of the Bond Fund, amounts received from rental interruption insurance, and amounts which may otherwise be legally available to the County and transferred to the Trustee for the purpose of paying Base Rental payments under the Lease, Base Rental payments will be abated in whole or in part during any period in which, by reason of damage, destruction or theft, there is substantial interference with the County's right

of use or possession of the Equipment or any portion thereof and the Base Rental due hereunder shall exceed the fair rental value of the Equipment. In the event of an abatement, the amount of rental abatement will be such that the resulting total Base Rental payments do not exceed the total fair rental value of the remaining portions of the Equipment not damaged, destroyed or taken. Abatement will continue for the period commencing with the date of damage, destruction or theft and shall end with the substantial completion of the work of repair or the delivery of a replacement for the affected portion of the Equipment.

Such reduced or abated Base Rental, together with other moneys available to the Trustee, may not be sufficient, after expiration of rental interruption insurance with respect to the Equipment, if any, to pay principal of and interest on the Bonds in the amounts and at the rates set forth thereon. In such an event, all Bondowners would forfeit the right to receive a pro rata portion of interest attributable to abated Base Rental in any year of abatement and, to the extent Bonds matured during a period of abatement, such Bondowners would forfeit the right to receive a pro rata portion of principal attributable to such abated Base Rental. The failure to make such payments of principal and interest under such circumstances would not constitute a default under the Lease or the Indenture.

Bankruptcy

In addition to the limitation on remedies contained in the Indenture, the rights and remedies provided in the Indenture and the Lease may be limited by and are subject to the provisions of federal bankruptcy laws and to other laws or equitable principles, as now or hereinafter enacted, that may affect the enforcement of creditors' rights.

The County and the Corporation are not subject to the involuntary procedures under the United States Bankruptcy Code (the "Bankruptcy Code"). However, pursuant to Chapter 9 of the Bankruptcy Code, the County and the Corporation may seek voluntary protection from their respective creditors for purposes of adjusting their respective debts. In the event of such entities was to become a debtor under the Bankruptcy Code, the affected entity would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 proceeding. Among the adverse effects of such a bankruptcy might be (i) the application of the automatic stay provisions of the Bankruptcy Code, which, until relief is granted, would prevent collection of payments from the affected entity, or the commencement of any judicial or other action for the purpose of recovering or collecting a claim against the affected entity, or otherwise enforcing the obligations of the affected entity, and could prevent the Trustee from making payments from funds in its possession; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the filing of a bankruptcy petition; (iii) the existence of unsecured or secured debt which may have a priority of payment superior to that of the Bondowners; and (iv) the possibility of the adoption of a plan (a "Plan") for the adjustment of the affected entity's various obligations without the consent of the Trustee or all of the Bondowners, which Plan may restructure, delay, compromise or reduce the amount of any claim of the Bondowners if the Bankruptcy Court finds that the Plan is fair and equitable and in the best interest of creditors. The provisions of the transaction documents that require the County to make payments directly to the Trustee rather than to the Corporation may no longer be enforceable, and all payments may be required to be made to the Corporation. In addition, in a bankruptcy of the Corporation, the assignment by the Corporation to the Trustee of the Lease could be characterized as a pledge rather than an absolute assignment. Such a characterization could result in delays or reductions in payments on the Bonds or other losses to the Bondowners.

In addition, if the Lease were determined to constitute a true lease by bankruptcy court (rather than a financing lease in connection with the extension of credit), the County or the Corporation, as the case may be, may be able to either reject the Lease, assume or assume and assign the Lease despite any provision of the Lease which makes the bankruptcy or insolvency of the affected entity an event of default thereunder. In the event the affected entity rejects the Lease, as applicable, the Trustee, on behalf of the Bondowners,

would have a pre-petition unsecured claim that may be substantially limited in amount and this claim could be treated in a manner under a Plan over the objections of the Trustee or Bondowners. Moreover, such rejection may terminate the Lease and the obligations of the County to make payments under the Lease but could result in the affected entity remaining in possession of the Equipment, notwithstanding its rejection of the Lease.

Public Health Emergencies

There can be no assurance that the spread of an epidemic or a pandemic, including a resurgence 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 Base Rental under the Lease. 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.

Seismic Events and Other Natural Disasters; Force Majeure

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. Known major faults running through the County include the Chatsworth, the Newport-Inglewood, the San Andreas, the Santa Monica, the Santa Susana, the Sierra Madre, and the Whittier faults. Additionally, numerous minor faults transect the area. Seismic hazards encompass both potential surface rupture and ground shaking. The occurrence of severe seismic activity in the County could result in substantial damage within the County and affect the County's financial and economic condition.

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. In January 2025, the County experienced multiple wildfires, including the Eaton Fire and the Palisades Fire. Then-existing drought conditions, low humidity, and hurricane-force Santa Ana winds contributed to the magnitude and extent of the fires. The fires destroyed more than 16,000 homes and structures, burned over 57,000 acres of land, and resulted in the evacuation of over 200,000 people. In addition, the Eaton Fire damaged approximately 80 County facilities, certain of which were insured under a policy with a maximum coverage of \$750 million (subject to a \$1 million deductible). The County is unable to predict the outcome of any insurance claims it may have relating to the County's damaged property.

The County projects that the fires will result in decreases in certain locally generated revenues, including decreases in property tax revenues from the full or partial loss of properties in the affected areas and decreases in the County's local sales tax-based revenues due to the loss and closure of businesses. In addition, the deadline for payment of property taxes, without penalty, was extended by a year (to April 2026) for property owners in fire-impacted areas. County expenditures will also be adversely affected for multiple years as the County provides essential aid to impacted residents and invests in clean-up and rebuilding efforts. Based on current estimates, the County expects to expend over \$800 million in response to the wildfires and to facilitate the recovery effort, with a majority of the costs potentially eligible for reimbursement from the Federal Emergency Management Agency ("FEMA"). See APPENDIX A – "THE COUNTY OF LOS ANGELES INFORMATION STATEMENT – BUDGETARY INFORMATION – FEDERAL AND STATE FUNDING – Federal Budget Update." The County's experience from prior disasters has been that FEMA does not cover all claimed costs and reimbursements may take years. The effect of the wildfires have been offset by certain other growth factors within the County, resulting in a net preliminarily forecasted 3.0% or \$63 billion increase in the assessment roll for Fiscal Year 2025-26 (relative to Fiscal Year 2024-25 levels) and consistent levels of collections (in excess of 98%) as a percent of property tax levies (prior to accounting for collection of delinquent amounts and penalties).

The County is at risk from other events of force majeure, such as wildfires, fires, explosions, damaging storms, floods, strikes, sabotage, and riots, among other events. If a natural disaster were to damage or destroy a substantial portion of taxable property within the County, the assessed valuation of the real property in the County could be reduced, which could result in a reduction of property tax revenues and other revenues in the County's General Fund that are used to pay Base Rental under the Lease. In addition, substantial financial and operational resources of the County could be required during a significant natural disaster or other event and thereafter to repair damage to County infrastructure which could also reduce amounts available in the County's General Fund. The County cannot predict what force majeure events may occur in the future. See "—Abatement" above.

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.

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 APPENDIX A —"THE 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.

No Liability of Corporation to the Bondowners

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

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.

On April 29, 2025, the Board of Supervisors approved the settlement (the “Settlement”) of approximately 6,800 AB 218 claims (this number may increase before finalization of the Settlement) in the amount of \$4 billion plus administrative costs not to exceed \$15 million (which amount is not subject to change) and authorized the Auditor-Controller, Chief Executive Officer and County Counsel to effectuate the Settlement. The Settlement will be payable over five years beginning in Fiscal Year 2025-26, contingent on, among other things, the successful completion of a validation action for the herein described judgment obligation bonds and acceptance of the Settlement by claimants. The County anticipates paying for the Settlement through the use of cash from reserve funds, the issuance of judgment obligation bonds (the validation action for which was authorized by the Board of Supervisors on May 13, 2025), and proposed cuts in departmental budgets. Based on current funding plans (certain of which may not be undertaken), financing of the Settlement is expected to require annual payments totaling hundreds of millions of dollars through 2030 and substantial continuing annual payments through Fiscal Year 2050-51. See APPENDIX A – “THE COUNTY OF LOS ANGELES INFORMATION STATEMENT – Litigation – AB 218 Cases.”

The County is also a defendant in hundreds of AB 218 claims that are not addressed by the Settlement. The liability resulting from such claims is expected to be material. However, the County has a number of available budgetary and financing tools to address the potential liability and such liability is not expected to materially adversely affect payment of Base Rental and the payment of principal of and interest on the Bonds. The County is contemplating paying for any liability and settlement costs relating to these remaining AB 218 cases with cash from reserve funds for Fiscal Year 2025-26, and for future years from cash on hand and from proceeds of judgment obligation bonds. 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. If available moneys are used to pay liabilities relating to AB 218, a lesser amount of funds would be available for payment of current expenses and other obligations of the County, including Base Rental. 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 Base Rental and the principal of and interest on the Bonds.

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 County cannot predict if, when, and in what form any other similar legislation will be enacted or the potential liability stemming from any claims arising therefrom.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the County, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Bonds, is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the County in connection with the Bonds, and Bond Counsel has assumed compliance by the County with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel, under existing statutes, interest on the Bonds is exempt from personal income taxes imposed by the State of California.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The County has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Bonds.

Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Bond Premium

In general, if an owner acquires a bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts on the bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

CERTAIN LEGAL MATTERS

Legal matters incident to the issuance of the Bonds by the Corporation are subject to the approval of Hawkins Delafield & Wood LLP, Los Angeles, California, Bond Counsel to the County and the Corporation. A complete copy of the proposed form of opinion of Bond Counsel is contained in Appendix D hereto. Certain legal matters will be passed upon for the County and the Corporation by Hawkins Delafield & Wood LLP, Los Angeles, California, Disclosure Counsel, and the County Counsel.

FINANCIAL STATEMENTS

The financial statements of the County for the Fiscal Year ended June 30, 2024, pertinent sections of which are included in Appendix B to this Official Statement, have been audited by Macias Gini & O’Connell LLP (the “Independent Auditor”), certified public accountants, as stated in their report appearing in Appendix B. The Independent Auditor has not consented to the inclusion of its report as Appendix B and has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made herein, and no opinion is expressed by the Independent Auditor with respect to any event subsequent to its report dated December 12, 2024.

RATINGS

Fitch, Inc. (“Fitch”) has assigned the Bonds a rating of “AA+” and Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. (“Standard & Poor’s”) has assigned the Bonds a rating of “AA+.” Such ratings reflect only the views of Fitch and Standard & Poor’s, and do not constitute a recommendation to buy, sell or hold the Bonds. Explanation of the significance of such ratings may be obtained only from the respective rating agencies at: Fitch, Inc., One State Street Plaza, New York, New York 10004 and Standard & Poor’s Ratings Services, 55 Water Street, New York, New York 10041. There is no assurance that any of the ratings will be maintained for any given period of time or that they will not be revised downward, suspended or withdrawn entirely by a rating agency if, in its judgment, circumstances so warrant. The County undertakes no responsibility to oppose any such revision, suspension or withdrawal. Any such downward revision, suspension or withdrawal of the ratings obtained or other actions by a rating agency relating to its rating may have an adverse effect on the market price of the Bonds.

LITIGATION

To the best knowledge of the County and the Corporation, no litigation is pending or threatened against the County or the Corporation concerning the validity of the Bonds. The County is routinely a party to various lawsuits and administrative proceedings. Summaries of certain pending legal proceedings or potential contingent liabilities are set forth in Appendix A attached hereto. See APPENDIX A—“THE COUNTY OF LOS ANGELES INFORMATION STATEMENT.” In the opinion of the County Counsel,

the outcome of the presently pending suits and claims will not materially impair the County's ability to make Base Rental payments. Note 18 of "Notes to the Basic Financial Statements" included in appendix B set forth this liability as of June 30, 2024.

MUNICIPAL ADVISOR

Public Resources Advisory Group served as Municipal Advisor in connection with the issuance of the Bonds. The Municipal Advisor has not been engaged, nor have they undertaken, to make an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

CONTINUING DISCLOSURE

Pursuant to the Continuing Disclosure Certificate, the County will covenant to provide certain financial information and operating data relating to the County by not later than April 1 of each year, commencing April 1, 2026, for the prior fiscal year, in the form of the Annual Report, and, no later than ten (10) business days after their occurrence, notice of the occurrence of the certain listed events set forth in 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 Bonds. See APPENDIX E—"FORM OF CONTINUING DISCLOSURE CERTIFICATE." These covenants have been made in order to assist the underwriters in complying with Rule 15c2-12.

The County timely filed the annual report for Fiscal Year 2023-24 for the Los Angeles County Public Works Financing Authority Lease Revenue Bonds, 2024 Series H, but did not link the annual report to all applicable CUSIPs of the issue. The County has since linked the annual report to all applicable CUSIPs.

SALE OF THE BONDS

The Bonds were sold by competitive bid on July 24, 2025, as provided in the Notice Inviting Bids, dated July 17, 2025 (the "Notice Inviting Bids"). The Bonds were awarded to J.P. Morgan Securities LLC ("JPMS"), at a purchase price of \$16,494,980.18 (consisting of the principal amount of the Bonds, plus original issue premium of \$654,334.20, and less an underwriter's discount of \$4,354.02). The Notice Inviting Bids provided that all Bonds would be purchased if any were purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in the Notice Inviting Bids, the approval of certain legal matters by Bond Counsel and certain other conditions. JPMS has represented to the County that the Bonds have been reoffered to the public at the yields stated on the inside cover page hereof.

JPMS has provided the following paragraph to the County and the Corporation for inclusion in this Official Statement:

JPMS has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase authorized denominations of the Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to the portion of the Bonds that such firm sells.

ADDITIONAL INFORMATION

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Indenture, the Lease and the statutes and documents contained herein do not purport to be complete, and reference is made to such 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. Any Bondowner may obtain a copy of any such report, as available, from the County at the address set forth below. Such reports are not incorporated by this reference.

This Official Statement and its distribution have been duly authorized and approved by the Board of Supervisors of the County and the Board of Directors of the Corporation.

**COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR
KENNETH HAHN HALL OF ADMINISTRATION, ROOM 437
500 WEST TEMPLE STREET
LOS ANGELES, CALIFORNIA 90012
(213) 584-1170**



APPENDIX A

THE COUNTY OF LOS ANGELES INFORMATION STATEMENT



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.

On November 5, 2024, voters approved a ballot measure authorizing a proposed amendment to the County Charter that will result in a significant and historical change to the governance structure of the County. The key provisions of the ballot measure include expanding the Board of Supervisors from five members to nine members following the 2030 redistricting process; establishing an office of the County Executive that would be elected directly by voters at the general election in 2028 and every four years thereafter, assume all executive and administrative powers and duties of the Board of Supervisors except for administrative oversight of the Clerk of the Board and the newly established position of County Legislative Analyst; and establishing an independent Ethics Commission by 2026 that will be charged with, among other things, investigating allegations of misconduct by County officials and monitoring and enforcing laws in coordination with other agencies related to governmental ethics.

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 12,561 inmates in 2024. This number includes 103 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.

Gas Company Tower

In December 2024, the County purchased the Gas Company Tower building located in downtown Los Angeles at a cost of \$201.958 million. The Gas Company Tower is a 1.5 million square foot, 54-story office building constructed in 1991 as a LEED Gold-certified facility featuring energy efficient design and modern building systems. The purchase of the Gas Company Tower building will enable the County to achieve significant cost savings by relocating various non-public facing departments and operations from existing leased facilities in downtown Los Angeles where the County currently pays high premium rental and parking rates, as well as from other older and distressed County owned facilities in the metropolitan Los Angeles area. The County initially funded the purchase of the Gas Company Tower using cash resources and issued \$125.294 million of taxable commercial paper notes in June 2025 as the initial financing vehicle for the transaction and partial reimbursement for the cash expenditure. The taxable commercial paper notes will eventually be refinanced through the issuance of long-term lease revenue bonds as the County completes the relocation process for the affected County departments and operations.

EMPLOYEE RELATIONS/COLLECTIVE BARGAINING

The County has a total of approximately 117,100 budgeted positions with 86.8% 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 56.9% of County employees; the Coalition of County Unions ("CCU"), which includes thirty-six (36) collective bargaining units representing 28.5% of County employees; and the Independent Unions (the "Independent Unions"), which encompass three (3) collective bargaining units representing 1.4% 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 generally receive benefits in line with those of non-represented employees.

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 “Juneteenth” County Holiday, a one-time \$1,000 payment in lieu of COLA, a \$500 COVID Appreciation Pay bonus 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 helped 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 of Supervisors 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.

Negotiations with all 33 collective bargaining units participating in the CCU’s fringe benefit agreement, and all Independent Unions were successfully completed, with settlement terms matching the 5.5%, 3.25% and 3.25% salary increases established with SEIU. Bargaining units 324 (Physicians and Veterinarians) and 325 (Mental Health Psychiatrists and Dental Professionals) ratified their successor MOUs in May 2024, and the MOUs were subsequently approved by the Board of Supervisors on June 25, 2024. MOUs for most 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 expired on December 31, 2024 and January 31, 2025, respectively.

From April 28 to April 30, 2025, SEIU staged a temporary strike to protest the lack of progress on new labor agreements with its collective bargaining units. On June 17, 2025, the County reached a tentative agreement with SEIU on salaries and fringe benefits. The tentative agreement, if ratified, would run from July 1, 2025 through June 30, 2028 and includes a \$5,000 one-time ratification bonus; a 2% COLA adjustment and \$2,000 bonus effective October 1, 2026; and a 5% COLA adjustment, effective October 1, 2027. The previous labor agreements with SEIU expired on March 31, 2025.

The County is currently in the process of negotiating final agreements with all of the collective bargaining units represented by SEIU, the CCU and the Independent Unions, which are expected to be finalized in 2025.

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 public 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, 2024 was 194,724, consisting of 98,683 active members, 74,767 retired members and beneficiaries and 21,274 vested former members. Of the 98,683 active members, 86,273 are general members in General Plans A through G, and 12,410 are safety members in Public Safety Plans A through C.

Of the 74,767 retired members, 60,162 are general members in General Plans A through G, and 14,605 are safety members in Public Safety Plans A, B and C. Beginning in 1977, both the General Plan A and Public 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, 2024, approximately 37% of the 86,273 total active general members were enrolled in General Plan D, with 49% enrolled in Plan G and 14% enrolled in General Plans A, B, C and E. Of the 12,410 active safety plan members, 57% were enrolled in Safety Plan B and 43% enrolled in Safety Plan C. There are no current active members enrolled in Safety Plan A. The basic benefit structure of General Plan D is a "2.0% at 61" funding formula that provides for annual 2.0% increases in benefits, with no benefit reductions for members who retire at age 61 or older. For the Safety Plan B, the benefit structure is a "2.0% at 50" formula that provides benefit increases of 2.0% and no benefit reductions beginning at age 50. To illustrate the potential financial impact of the retirement benefit, a General Plan D member with 35 years of experience can retire at age 61 with benefits equal to approximately 70% of current salary; and a Safety Plan B member with 25 years of experience can retire at age 50 with benefits equal to approximately 50% of current salary.

2012 State Pension Reform

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

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

As a result of PEPRA, the County implemented General Plan G and Safety Plan C for new hires, effective January 1, 2013. Based on the June 30, 2024 Actuarial Valuation (the "2024

Actuarial Valuation"), the total employer contribution rate for Fiscal Year 2025-26 for new employees hired on and after January 1, 2013 is 24.03% for General Plan G and 29.87% for Public Safety Plan C. The new employer contribution rate for General Plan G is higher than the comparative rate of 24.01% for General Plan D, with the new employer contribution rate for Public Safety Plan C lower than the comparative rate of 33.02% 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

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, which represents a 5.0% increase from June 30, 2022. As a result, the UAAL increased by \$628 million to \$18.236 billion and the Funded Ratio increased from 79.6% to 79.9% as of June 30, 2023.

Based on the results of the 2023 Actuarial Valuation, which provided the basis for establishing the contribution rates effective July 1, 2024, the County's required contribution rate increased from 25.84% to 25.88% of covered payroll in Fiscal Year 2024-25. The components of the 0.04% net increase in the employer contribution rate include a 0.55% cost decrease from the actuarial recognition of investment gains, a greater than assumed payroll increase and various other factors, which were offset by a 0.59% cost increase from greater than assumed salary increases.

The 2023 Actuarial Valuation did 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 2024 Actuarial Valuation, LACERA reported a rate of return on Retirement Fund assets of 9.1%, which was higher than the 7.0% assumed rate of return. With the five-year smoothing process, the actuarial value of Retirement Fund assets increased by \$4.249 billion or 5.9% from \$72.415 billion to \$76.664 billion as of June 30, 2024. The 2024 Actuarial Valuation reported that the AAL increased by \$4.152 billion to \$94.803 billion, which represents a 4.6% increase from June 30, 2023. As a result, the UAAL decreased by \$96.462 million to \$18.139 billion and the Funded Ratio increased from 79.9% to 80.9% as of June 30, 2024.

Based on the results of the 2024 Actuarial Valuation, which provides the basis for establishing the contribution rates

effective July 1, 2025, the County's required contribution rate will decrease from 25.88% to 25.61% of covered payroll in Fiscal Year 2025-26. The components of the 0.27% net decrease in the employer contribution rate include 0.65% of cost decreases from the actuarial recognition of investment gains, lower than assumed payroll growth, changes in member demographics and lower than assumed contributions, which were partially offset by 0.38% of cost increases related to higher than assumed salary growth and various other factors.

The 2024 Actuarial Valuation does not include \$1.138 billion of net deferred investment gains that will be partially recognized over the next four fiscal years. If the actual market value of Retirement Fund assets was used as the basis for the valuation, the Funded Ratio would have been 82.1% as of June 30, 2024, and the required County contribution rate would be 24.80% for Fiscal Year 2025-26.

For the ten months ended April 30, 2025, LACERA reported a net gain on Retirement Fund assets of 4.8%, which is lower than 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 2021-22, 2022-23 and 2023-24, the County's total contributions to the Retirement Fund were \$2.150 billion, \$2.243 billion and \$2.436 billion, respectively. In Fiscal Year 2024-25, the County's retirement contribution payments to LACERA are estimated to be \$2.591 billion, which would represent a 6.4% or \$154.943 million increase from Fiscal Year 2023-24. For Fiscal Year 2025-26, the County is projecting retirement contribution payments to LACERA of \$2.785 billion.

A summary of actual and projected County pension payments to LACERA for the eight-year period ending June 30, 2026 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 was 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, 2024, the balance of the STAR Program Reserve was \$608.6 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, 2024, the County reported a Net Pension Liability of \$14.074 billion, which represents a \$914.0 million increase from the \$13.161 billion Net Pension Liability reported as of June 30, 2023. The June 30, 2024 Net Pension Liability was calculated based on the 2023 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 \$372.2 million, \$441.5 million and \$503.4 million to the OPEB Trust in Fiscal Years 2021-22, 2022-23 and 2023-24, respectively. For Fiscal Years 2024-25 and 2025-26, the County is projecting contributions to the OPEB Trust in the amounts of \$571.4 million and \$646.8 million, respectively. Based on current actuarial assumptions for the OPEB Pre-funding Plan, the OPEB ADC will be fully funded by Fiscal Year 2026-27.

As of April 30, 2025, the balance of the OPEB Trust was \$4.624 billion. For the ten months ended April 30, 2025, LACERA reported a net gain on OPEB Trust Fund assets of 5.4%.

Investment Policy

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

OPEB Accounting Standards

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

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, replaced the requirements of GASB Statement No. 43 and is focused on the OPEB plan administrator (LACERA). GASB 74

was implemented with the issuance of LACERA's Fiscal Year 2016-17 financial statements and expanded the required OPEB-related note disclosures and supplementary information.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, replaced the requirements of GASB Statement No. 45 and is focused on employers (the County) providing defined OPEB benefits. GASB 75 was implemented with the issuance of the County's Fiscal Year 2017-18 financial statements. Although GASB 75 did not materially affect the existing process 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, 2024, the County reported a Net OPEB Liability of \$23.914 billion, which represented a \$462.5 million or 2.0% increase from the \$23.451 billion Net OPEB Liability reported as of June 30, 2023. The June 30, 2024 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 2021-22, 2022-23 and 2023-24, the total pay as you go payments from the County to LACERA for retiree health care benefits were \$692.6 million, \$713.0 million and \$760.6 million, respectively. In Fiscal Year 2024-25, pay as you go contributions to LACERA for OPEB are estimated to be \$832.8 million, which would represent a 9.5% or \$72.2 million increase from Fiscal Year 2023-24. For Fiscal Year 2025-26, the County is projecting pay as you go payments to LACERA of \$892.6 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 their 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 2021-22, 2022-23 and 2023-24, the County made total DBP payments of \$39.9 million, \$40.6 million and \$43.6 million, respectively. For Fiscal Year 2024-25 and 2025-26, the County is estimating total DBP payments in the amount of \$44.1 million and \$46.1 million, respectively. As of June 30, 2024, the County's total Net OPEB Liability of \$25.126 billion included \$23.914 billion for retiree healthcare and \$1.212 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, 2023.

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. The majority of the claims received by the County to date allege the claimants 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.

On April 29, 2025, the Board of Supervisors approved the settlement (the "Settlement") of approximately 6,800 AB 218 claims (this number may increase before finalization of the Settlement) in the amount of \$4 billion plus administrative costs not to exceed \$15 million (which amount is not subject to

change) and authorized the Auditor-Controller, Chief Executive Office and County Counsel to effectuate the Settlement. The Settlement will be payable over five years beginning in Fiscal Year 2025-26, contingent on, among other things, the successful completion of a validation action for the herein described judgment obligation bonds and acceptance of the Settlement by claimants. The County anticipates paying for the Settlement using cash from reserve funds, the issuance of judgment obligation bonds (the validation action for which was authorized by the Board of Supervisors on May 13, 2025), and proposed cuts in departmental budgets. Based on current funding plans (certain of which may not be undertaken), financing of the Settlement is expected to require annual payments totaling hundreds of millions of dollars through 2030 and substantial continuing annual payments through Fiscal Year 2050-51. The County is also a defendant in hundreds of AB 218 claims that are not addressed by the Settlement. The liability resulting from such claims is expected to be material. However, the County has a number of available budgetary and financing tools to address the potential liability and such liability is not expected to materially adversely affect the repayment of principal of and interest on the County's outstanding debt securities. The County is contemplating paying for any liability and settlement costs relating to these remaining AB 218 cases with cash from reserve funds for Fiscal Year 2025-26, and for future years from cash on hand and from proceeds of judgment obligation bonds. 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.

As indicated above, under AB 218, individuals who were over 26 and under 40 years of age 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 ("AB 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 County cannot predict how many additional claims could arise against the County as a result of AB 218, AB 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 another mutual agreement to continue the prior hearing date, the court will hear plaintiffs' motion to confirm the arbitration award on February 17, 2026. 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 were 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. In July and August 2024, two other multi-plaintiff cases (*Adrian Butler, et al. v. County of Los Angeles*; *Shirrane Franklin, et al. v. County of Los Angeles*) were filed against the County making similar allegations on behalf of similarly situated plaintiffs. These cases are in the early stages and the County is unable to determine the potential liability at this time. No trial date has been set in these matters.

Public Safety Cases

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. On April 3, 2024, the court granted the plaintiffs' motion for class certification and issued an order certifying three classes of plaintiffs: (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 ("Ninth Circuit") 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*) ("BLM") that involves a similar certification order relating to 2020 mass protests in the City of Los Angeles. On June 21, 2024, the Ninth Circuit granted the County's petition for permission to appeal. On September 5, 2024, the Ninth Circuit vacated the district court's class certification order in *BLM* and remanded the case to the district court with instructions for the court to fully address the class certification requirement under federal law. While the briefing was pending in this case, on January 23, 2025, the Ninth Circuit granted the plaintiffs' motion to remand the County's class certification appeal back to the district court for further proceedings consistent with its decision in *BLM*. On remand, the district court set deadlines for the plaintiffs to conduct limited discovery, file an amended complaint, and attend to a class certification motion hearing. The matter is currently set for trial on September 1, 2026.

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 for \$30 million, and approved by the Board of Supervisors in December 2024. The County projects initial payments to be made in Fiscal Year 2025-26.

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 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. The court sustained the County's demurrer with leave to amend, and on June 9, 2025, the plaintiff filed its first amended complaint. County has until August 1, 2025 to respond to the first amended complaint. The case is in discovery and no trial date has been set.

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. The plaintiff sought damages for alleged violations of his civil rights, intentional infliction of emotional distress, and for malicious prosecution. In September 2024, a tentative settlement of \$14 million was reached, and on July 15, 2025, the Board of Supervisors approved the settlement.

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 matter is currently set for trial in February 2026 and the parties are in the early stages of discovery. However, the parties have agreed to attend private mediation which will be scheduled following the completion of initial discovery. Given these uncertainties, the potential liability for the County is unknown at this time. Several other lawsuits have been filed based on similar allegations against the Sheriff's

Department (*Martis Childs v. County of Los Angeles, et al.*; *Kenji Howard v. County of Los Angeles, et al.*; *Jofama and Jocelyne Coleman v. Los Angeles Sheriff's Department, et al.*; *Abel Soto v. Los Angeles Sheriff's Department, et al.*). *Childs* is currently set for trial in June 2026; *Howard* is currently set for trial in November 2025; and *Coleman* and *Soto* are currently set for trial in September 2026.

On March 20, 2024, a lawsuit was filed (*Antonelli Haggerty v. Los Angeles Public Defender's Office, et al.*) alleging that the Los Angeles County Public Defender's Office violated the plaintiff's civil rights by failing to bring the plaintiff's petition to trial for civil commitment as a sexually violent predator, resulting in the plaintiff's commitment to a state hospital for over 10 years. In 2023, the plaintiff was released from his commitment without a trial, when two separate evaluators found him not to be a sexually violent predator. The plaintiff seeks damages for alleged violations of his civil rights. This case is in its early pleading stages and the County is unable to determine the potential liability at this time. No trial date has been set.

On February 4, 2025, a lawsuit was filed (*Ronnie Velazquez, et al. v. City of Downey, et al.*) by two plaintiffs alleging that Downey Police Department detectives orchestrated a witness' false identification of the plaintiffs as being at the scene of a murder. The plaintiffs claim that the misconduct of the detectives and subsequent misconduct by the Los Angeles County District Attorney's Office resulted in the plaintiffs' wrongful conviction for homicide and wrongful incarceration for 23 years and 16 years, respectively. In 2024, the plaintiffs' convictions were vacated, and they were found factually innocent. The plaintiffs seek damages for alleged violations of their federal and state civil rights. This case is in its early pleading stages, and the potential liability for the County is unknown at this time. The matter is currently set for trial in October 2026.

In December 2023, closed circuit video inside Los Padrinos Juvenile Hall surfaced showing several youth engaging in a 'gladiator' style fighting event. At present, three lawsuits and five tort claims have been filed. As a result of this video, Probation Department management opened an internal investigation and referred the matter for a criminal investigation that was ultimately handled by the California Attorney General's Office. In March 2025, the Attorney General's Office indicted 30 current and former Probation Department employees alleging 69 felony counts involving approximately 143 youths between July 1, 2023, and December 31, 2023. The criminal prosecution remains active. One lawsuit has settled for \$2.67 million. Two additional lawsuits are in the early stages of discovery. The County anticipates that additional lawsuits may be filed. The potential liability for the remaining cases and claims 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) 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 County estimates its liability could be \$20 million.

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 plaintiff, by and through his father as guardian ad litem, has sued the former foster parents, the County, and four DCFS social workers, alleging that the plaintiff 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. The plaintiff alleges that this repeated abuse culminated in a final incident of his severe head trauma that required life-saving surgery and caused permanent injury. The plaintiff alleges, *inter alia*, that DCFS social workers failed to follow up appropriately on prior reports of suspicious injuries and that DCFS failed to adequately vet and train the foster parents. 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 an answer to the second amended complaint. The matter is set for trial in January 2027 and discovery is underway. Plaintiff's counsel has declined to participate in early mediation pending further discovery. Potential liability is unknown but is likely to be significant.

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 March 2026 and discovery is in the early phases. The potential liability is unknown at this time.

In January 2025, *Montise Bulley, et al. v. County of Los Angeles, et al.* was filed, arising out of the death of one-year old Justin Bulley from an accidental fentanyl overdose on February 18, 2024. The toddler had been in the custody of DCFS but was on an approved monitored visit with his mother when he died. The lawsuit alleges, among other things, that DCFS failed to reasonably investigate and supervise the visitation monitor. The incident attracted media attention. The lawsuit seeks unspecified damages, but a claim filed in June 2024 alleged \$65 million in damages. The County expects any actual liability to be less. The County has filed an answer to the complaint. No trial date has been set.

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 \$293 million, and no additional payments are due. 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, increasing the settlement value to approximately \$1.24 billion. The second addendum also 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.

The County has consistently met or exceeded its obligations in the County's settlement agreement, as demonstrated by the quarterly status reports filed since January 2024. Also, in response to the court's request, the County has launched a website to publicly post provider invoices, which is regularly updated to enhance transparency. In April/May 2024, the court ordered the County and the City to enter into a Memorandum of Understanding ("MOU") concerning funding, coordination, and resource provision for people experiencing homelessness. The parties complied and signed the MOU. However, the court does not retain oversight or enforcement authority over it. In October 2024, at the court's urging, the County agreed to provide information and data regarding services and health and mental health programs being provided by the County to the City's homelessness programs as part of an independent audit of the City and to pay a \$180,000 cost related to this scope of work. In November 2024, again at the court's urging, the County agreed to expand the audit scope to include a review of contract documents, site visits, and stakeholder interviews, adding an additional \$440,000 in costs. The draft assessment report was released in early March 2025, and a hearing was held to discuss

the report the same month. While much of the discussion focused on the City and the Los Angeles Homeless Services Authority, the court expressed frustration with the ongoing homelessness crisis and the lack of coordination efforts among the parties. The final assessment report was released and discussed at a mid-May hearing. The court held a multi-day evidentiary hearing starting May 27, 2025 to address LA Alliance's motions arguing that the City had failed to comply with the terms of its settlement agreement. On June 24, 2025, the judge concluded that the City had breached the terms of its settlement agreement with LA Alliance, and ordered stronger oversight by a third-party monitor of the City's data. The judge's ruling did not impose any additional responsibilities on the County. The County expects the court will continue to closely monitor the County and City's efforts to combat homelessness.

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 (together, the "Defendants"), 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 the Defendant's interlocutory appeal was denied in December 2023. The Defendants filed petitions for review to the California Supreme Court which were denied in February 2024. 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 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 based on the same allegations, was filed in 2023 applicable to the 2022 tax year, and a fourth lawsuit was filed in 2024 applicable to the 2023 tax year. SCE is seeking a reduction of approximately \$6-7 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 \$98 million, of which the County and County-controlled taxing entities would be responsible for refunding approximately \$37 million.

The County currently operates multiple juvenile facilities, including Los Padrinos Juvenile Hall ("Los Padrinos"), which houses predisposition and post-disposition youth waiting to transfer to placement, camp, or Secured Youth Treatment Facility ("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"), which provides services to county adult and juvenile systems, including inspections of jails and juvenile detention facilities, 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. BSCC further conditioned its approval of Los Padrinos on

required bi-annual comprehensive inspections. The current inspections have only been "targeted" by the BSCC. However, in its July 2024 inspection of Los Padrinos, the BSCC found Los Padrinos failed to meet required staffing levels. A submitted corrective action plan was not accepted and the BSCC found Los Padrinos unsuitable to house youth after December 12, 2024. An administrative appeal was filed and denied in April 2025. A writ of mandamus was filed in the Superior Court challenging the denial of administrative appeal. That matter remains pending. On December 13, 2024, Juvenile Justice Division Supervising Judge Miguel Espinoza issued an order to show cause regarding Los Padrinos and has since held several hearings. On May 16, 2025, the judge approved the Probation Department's plan to relocate more than 100 youths from Los Padrinos, to be implemented in phases over a 30-day period in close coordination with the BSCC. The use of Barry J. Nidorf Juvenile Hall ("Nidorf") to house pre-disposition youth is part of this relocation plan. However, the BSCC inspected Nidorf between June 24 and July 1, 2025, and determined there were items of noncompliance which must be remedied before Nidorf is suitable to be used as a juvenile hall. The Probation Department has until September 1, 2025 to submit an approved corrective action plan to the BSCC. The suitability of Los Padrinos has garnered significant media attention. BSCC suitability findings could have significant legal implications on the current California Department of Justice settlement agreement with the Probation Department.

In November 2023, a lawsuit was filed (*BMIF/BSLF II Rancho Malibu Limited Partnership v. County of Los Angeles*), regarding the plaintiff's expired tentative tract map ("Map"), originally approved by the County in June 1998 for a subdivision project for 46 single-family lots, one open space lot, one sewage treatment lot, and one road lot and related features (collectively, the "Project"). The County imposed a condition of approval upon the Map requiring the development and construction of a wastewater treatment plant to serve the proposed residential subdivision. The open space lot was dedicated to the County in 2007. The Map life was extended multiple times pursuant to state and local law and the County determined in August 2017 that the Map would expire on October 25, 2019. The plaintiff faced difficulties securing approval from the State for the wastewater treatment plant, and in 2018 applied to the County to amend the Map by reducing the number of residential dwelling units to six, with individual on-site wastewater treatment. The plaintiff filed a lawsuit against the County on October 25, 2019 seeking declaratory relief related to the Project. Both parties discussed settlement and entered and filed a stipulation in which the lawsuit would be dismissed without prejudice, and the County agreed to toll for a period to resolve the lawsuit. However, settlement negotiations were not successful, and the plaintiff filed this lawsuit in November 2023 seeking, among other things, \$100 million for damages. On May 14, 2024, the plaintiff filed an amended complaint with three of the original six causes of action, alleging an unconstitutional taking of 150 acres of land for open space (a condition of the Map's approval), a violation of substantive due process, and a request for declaratory judgment. The County answered the amended complaint on March 14, 2025. The County and the plaintiff plan to enter mediation in the latter half of 2025.

In October 2023, a lawsuit was filed (*Plenitude Holdings LLC v. County of Los Angeles*) by the former tenant and redeveloper of a public golf course in the City of Carson, alleging that the County breached a lease agreement when: (1) it denied the plaintiff an additional six-month extension to commence construction; (2) it terminated the lease when the plaintiff failed to commence construction; and (3) it breached the covenant of good faith when it refused to alter the contract to allow the

plaintiff to develop the property in phases. In February 2024, the court partially granted the County's demurrer dismissing the plaintiff's first cause of action for breach of contract. Discovery is ongoing, and the matter is currently set for trial in November 2026. Based on the complaint, the plaintiff seeks \$20 million for past expenditures and future profits to be proven at trial.

Investigation

On April 8, 2025, the United States Attorney for the Central District of California announced the formation of a Homelessness Fraud and Corruption Task Force (the "Task Force") that will investigate potential fraud, waste, abuse, and corruption involving the use of federal funds allocated to address homelessness within the seven-county jurisdiction of the Central District of California, which consists of the counties of Los Angeles, Orange, Riverside, San Bernardino, San Luis Obispo, Santa Barbara, and Ventura. The County has not received any official notice or instructions from the Task Force and cannot predict at this time the extent of any potential financial or budgetary exposure.

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 |
|--------------------------|-----------------------------|--------------------------------|-----------------------------|------------|--------------|
| 06/30/2017 | 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% |
| 06/30/2024 | 79,202,225 | 76,663,543 | 94,803,237 | 18,139,694 | 80.87% |

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2024.

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 |
|-------------|-----------------------------|-----------------------|------------------------------------|
| 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% |
| 2023-24 | 79,202,225 | 9.1% | 80.9% |

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2024.

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

| Fiscal Year | Payments to LACERA | | | OPEB Disability | Total Retirement & OPEB Payments |
|-------------|--------------------|--------------|----------------|-----------------|----------------------------------|
| | Retirement Fund | OPEB (PAYGO) | OPEB (Prefund) | | |
| 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 | 2,435,784 | 760,620 | 503,390 | 43,552 | 3,743,346 |
| 2024-25 | 2,590,727 * | 832,792 * | 571,388 * | 44,076 * | 4,038,983 * |
| 2025-26 | 2,784,685 * | 892,611 * | 646,790 * | 46,127 * | 4,370,213 * |

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, will 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 77.4% of the Fiscal Year 2025-26 Adopted Budget (the "2025-26 Adopted 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 11.9% of the 2025-26 Adopted 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 0.7% of the 2025-26 Adopted 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 7.1% of the 2025-26 Adopted 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 2.9% of the 2025-26 Adopted Budget.

CONSTITUTIONAL PROVISIONS AFFECTING TAXES AND APPROPRIATIONS

Proposition 13

Article XIII A of the California Constitution limits the taxing powers of California public agencies. Article XIII A 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 XIII B 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 2025-26 is \$39,343,692,924. The 2025-26 Adopted Budget includes proceeds from taxes of \$20,071,974,000, 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 XIIC and XIID 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 XIIC or SB 919, and the scope of the initiative power under Article XIIC 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, \$5.681 billion of the \$37.766 billion 2025-26 Adopted Budget is received from the Federal government and \$9.908 billion is funded by the State. The remaining \$22.177 billion of County revenues are generated from property taxes and a variety of other sources. The fact that 41% 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 ended 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 Biden 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 proposed 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 included 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.

On March 15, 2025, President Donald J. Trump signed into law H.R. 1968, the Full-Year Continuing Appropriations and Extensions Act, 2025. This continuing resolution provides funding for approximately six months remaining in FFY 2025, which ends on September 30, 2025. H.R. 1968 extends funding for most Federal programs at FFY 2024 levels. Compared with FFY 2024, however, overall domestic discretionary spending was reduced by about \$13 billion, mainly through reductions in congressionally directed (earmark) spending. The topline discretionary funding for FFY 2025 is \$1.658 trillion, with \$892.5 billion for defense programs, which represents a 0.7 percent increase; and \$765.5 billion for non-defense programs, which represents a reduction of 1.7 percent from FFY 2024.

H.R. 1968 maintained or increased funding for most programs of interest to the County through September 30, 2025, at the previous FFY 2024 levels. H.R. 1968 also included increased funding for rental assistance; the Women, Infants, and Children (WIC) program; immigration and customs enforcement, and veterans' affairs.

In April 2025, both the House and Senate adopted a Budget Resolution (H.Con.Res. 14), which allows Congress to start the

formal Budget Reconciliation process. Budget Reconciliation is a process where the House and Senate can implement substantial changes in tax, spending, and entitlement programs with a simple majority vote of both chambers. Congress is expected to begin work on a Budget Reconciliation package in May 2025.

On May 22, 2025, the House of Representatives approved H.R. 1 a comprehensive Budget Reconciliation package that provides a blueprint of federal spending for the next ten years. This measure reflects President Trump's priorities to pass a "big, beautiful bill" that makes significant changes to programs such as Medicaid and the Supplemental Nutrition Assistance Program (SNAP). The bill also proposes to permanently extend most provisions in the 2017 Tax Cuts and Jobs Act (TCJA).

H.R. 1 proposed to cut federal spending by \$1.7 trillion over the next ten years, encompassing FFY 2025 through FFY 2034, while also allowing for \$150 billion in increased defense spending and approximately \$70 billion in additional border security spending. The bill also increases the nation's debt limit, currently projected at \$36.1 trillion, by \$4 trillion. H.R. 1 assumes that tax and spending changes in the bill would decrease revenues to the Federal treasury by an estimated \$4.0 trillion. Republicans in the House are also projecting those changes in the bill, including extending the TCJA, will lead to an additional \$2.8 trillion in economic growth. Therefore, according to the above forecasts, the combination of spending cuts and economic growth will offset the approximate combined costs of additional defense and border security spending and extending the TCJA.

On May 30, 2025, President Trump submitted to Congress his budget request for FFY 2026. The budget request proposed approximately \$557 billion in non-defense discretionary funding, a reduction of \$163 billion (22.6 percent) from the enacted FFY 2025 level. The budget request proposed to increase defense discretionary spending by approximately 13 percent from the FFY 2025 level of \$892 billion to just over \$1 trillion. The President's budget proposal, which would consolidate and reduce various health, housing and other programs of interest to the County, only deals with the discretionary portion of the Federal budget and must be passed by Congress and signed by the President by September 30, 2025, to take effect through the appropriations process. The House and Senate Appropriations Committees hearings will be held over the summer to examine the budget proposal and have discretion to accept or reject the funding levels proposed by the President. Absent final appropriations, a Continuing Resolution will be required prior to October 1, 2025, to keep the government funded.

The budget reconciliation process was completed when H.R. 1, which was amended by the Senate and renamed as the Big Beautiful Bill Act (the "BBBA"), was approved by the House of Representatives on July 3, 2025 and signed by President Trump on July 4, 2025. Based on initial estimates, the BBBA is expected to result in a reduction in Federal funding to the County of approximately \$53 million in Fiscal Year 2025-26, \$251 million in Fiscal Year 2026-27 and \$410 million in Fiscal Year 2026-27. The County departments impacted by the estimated \$714 million reduction in Federal funding over the next three fiscal years include the Department of Health Services (\$351 million), Department of Public Social Services (\$98 million), Department of Mental Health (\$199 million), Los Angeles County Development Authority (\$18 million) and the Department of Public Health (\$48 million).

The reduction in Federal funding under the BBBA is expected to have a significant negative impact on Medicaid and access to health services in the County, including the potential layoff of approximately 1,500 public health employees that are supported through Federal grants. The County and its impacted departments are continuing to review the BBBA and evaluate options to mitigate the negative impact of the BBBA on health and other County services. One option the County is pursuing is an increase in the Measure B parcel tax rate, which was first approved by voters in 2022. The Board of Supervisors recently adopted the parcel tax rate increase, which is effective July 1, 2025 and expected to raise an additional \$87 million per year for the County's trauma care network and other eligible County services.

In September 2021, the United States Treasury Office of Inspector General ("OIG") started a compliance desk review of the funds received by the County pursuant to the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). On July 7, 2023, a final report was issued which set forth various recommendations and identified approximately \$249 million of CARES Act funds as questioned costs. The County has taken actions to address the recommendations. In April 2024 and April 2025, the OIG notified the County of a follow-up review of the recommendations set forth in the final report. The County has provided additional materials to the OIG and is waiting for a response.

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 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 on 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, 2022-23, and 2023-24, the County General Fund received \$201.9 million, \$243.2 million, \$232.5 million, \$352.4 million, \$315.4 million, \$390.5 million, and \$391.4 million of residual taxes, respectively. The budgeted and estimated residual tax revenue for Fiscal Year 2024-25 is \$398.6 million. The 2025-26 Adopted Budget includes a projected \$415.0 million of residual tax revenue for the General Fund.

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

2024-25 State Budget

On June 29, 2024, Governor Newsom signed the primary budget bill for the final Fiscal Year 2024-25 State Budget, along with various budget-related trailer bills that encompass the Fiscal Year 2024-25 State Budget Act (the "2024-25 State Budget Act"). The 2024-25 State Budget Act projects a beginning fund balance from Fiscal Year 2023-24 of \$13.443 billion, total revenues and transfers of \$212.139 billion, total expenditures of \$211.504 billion, and a year-end fund balance of \$14.078 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 \$3.509 billion would be deposited to the Special Fund for Economic Uncertainties. The 2024-25 State Budget Act also allocates \$1.054 billion to the Public School System Stabilization Account and includes a balance of \$17.633 billion in the State's Budget Stabilization Account (Rainy Day Fund).

The 2024-25 State Budget Act maintains the multi-year fiscal structure proposed by Governor Newsom in the May Budget Revision to balance both the Fiscal Year 2024-25 and 2025-26 State budgets. The 2024-25 State Budget Act utilizes a combination of expenditure reductions, new revenues, budget reserves, fund shifts and expenditure delays and deferrals to close a \$46.8 billion budget deficit, which is intended to provide a stronger fiscal footing for the State, while continuing to maintain vital programs and services for its residents. The County's extensive advocacy efforts to oppose budget cuts and the elimination of State funding that supports critical County safety net services resulted in the complete or partial restoration of funding for various behavioral health, child welfare, public safety and other State programs.

The items in the 2024-25 State Budget Act that are of major interest to the County include the following:

Future of Public Health – Reduces State operational expenditures by \$8 million and eliminates \$15.9 million in State funding for assistance and support to local health jurisdictions.

Behavioral Health Continuum Infrastructure Program (BHCIP) – Reverts State funding expenditure authority of \$450.7 million for the final round of BHCIP expenditures, with additional rounds to be supported by Proposition 1 bond funding.

Behavioral Health Bridge Housing (BHBH) – Provides \$132.5 million in State funding to implement the BHBH Program to award competitive grants to qualified counties and tribal entities.

Health Care Enrollment Navigators – Eliminates \$18 million in Fiscal Year 2024-25 expenditures for health enrollment navigators.

Bringing Families Home Program (BFHP) – Modifies the Governor's revised proposal for the BFHP by accepting an \$80 million funding delay to Fiscal Year 2025-26, reducing the funding amount by \$40 million in Fiscal Year 2025-26 and then delaying this \$40 million expenditure until Fiscal Year 2026-27.

Foster Care Caregiver Approvals Program (FCCAP) – Rejects the Governor's May Budget Revision proposal for an ongoing reduction of \$50 million in State funding to the FCCAP starting in Fiscal Year 2024-25.

Emergency Child Care Bridge Program (ECCBP) – Rejects the Governor's May Budget Revision proposal for a \$34.8 million reduction in State funding for the ECCBP starting in Fiscal Year 2024-25 and reappropriating \$47 million in State funding from Fiscal Year 2023-24 to Fiscal Year 2024-25.

Family Urgent Response System (FURS) – Rejects the Governor's January Budget proposal to eliminate \$30 million in State funding in Fiscal Year 2024-25 and future fiscal years.

Housing Supplements for Foster Youth in Supervised Independent Living Placements (SILPs) – Approves the Governor's January Budget proposal to eliminate \$195,000 in State funding for Fiscal Year 2024-25 and \$25.5 million in Fiscal Year 2025-26 and future fiscal years.

Housing Navigation and Maintenance Program (HNMP) – Rejects the Governor's January Budget proposal to eliminate \$13.7 million for the HNMP in Fiscal Year 2024-25 and future fiscal years.

Los Angeles County Child Welfare Services Public Health Nursing Early Intervention Program (PHNEI) – Approves the Governor's January Budget proposal to eliminate the PHNEI with a reduction of \$8.3 million in State funding in Fiscal Year 2024-25 and future fiscal years.

CalWORKs Single Allocation – Rejects the Governor's January Budget proposal for an ongoing annual reduction in State funding of \$40.8 million and the May Budget Revision proposal to cut an additional \$272 million in one-time funding from the Single Allocation in Fiscal Year 2024-25.

CalWORKs Family Stabilization – Rejects the Governor's January Budget proposal to eliminate the program, with a proposed cut of \$71.2 million in State funding beginning in Fiscal Year 2024-25 and future fiscal years.

CalWORKs Expanded Subsidized Employment (ESE) – Rejects the Governor's January Budget proposal to eliminate the program with a reduction of \$134.1 million in State funding in Fiscal Year 2024-25 and future fiscal years. Modifies the ESE to reduce funding on a short-term basis by up to \$30 million in State funding in Fiscal Year 2023-24 and up to \$37 million in Fiscal Year 2024-25.

CalWORKs Employment Services Intensive Case Management – Approves the Governor's January Budget proposal to eliminate the program, with a reduction of \$47 million in State funding beginning in Fiscal Year 2024-25.

CalWORKs Home Visiting Program (HVP) – Rejects the Governor's May Budget Revision proposal for an ongoing reduction of \$47.1 million in State funding starting in Fiscal Year 2024-25 for the CalWORKs HVP, but reduces funding by up to \$30 million in Fiscal Year 2023-24, and temporarily reduces funding by up to \$25 million in Fiscal Year 2024-25 and Fiscal Year 2025-26.

CalWORKs Mental Health and Substance Abuse Services – Rejects the Governor's May Budget Revision proposal for an ongoing reduction of \$126 million starting in Fiscal Year 2024-25, but reduces funding by \$30 million in Fiscal Year 2023-24, \$37

million in Fiscal Year 2024-25, and \$26 million in Fiscal Year 2025-26.

In-Home Supportive Services (“IHSS”) Budget Methodology – Approves updating of the budgeting methodology used to determine the annual funding for county administration for the IHSS program, beginning with Fiscal Year 2025–26 and every third fiscal year thereafter.

Homeless Housing, Assistance and Prevention (HHAP) Program – Provides \$1 billion for Round 6 of HHAP with statutory language to strengthen oversight, transparency, and program accountability.

Regional Early Action Planning 2.0 (REAP 2.0) Grants – Rejects the Governor’s January Budget proposal to reduce REAP 2.0 grants by \$300 million, but approves a \$40 million reduction in grant funding.

Public Defender Pilot Program – Rejects the Governor’s January Budget proposal to reduce the program by \$40 million and preserves the third and final year of this pilot program.

Victims Services/Backfill of Federal Victims of Crime Act (VOCA) – Allocates \$103 million in Fiscal Year 2024-25 for supplemental funding under the VOCA.

Los Angeles County Fire Camp Contract – Rejects the Governor’s May Budget Revision proposal to reduce the fire suppression services contract by \$2.4 million in Fiscal Year 2024-25, but approves a reduction of \$4.8 million starting in Fiscal Year 2025-26 and future fiscal years.

Lunch at the Library Program – Modifies the May Budget Revision proposal to eliminate funding for the Lunch at the Library Program by providing \$3 million in State funding in Fiscal Year 2024-25 and future fiscal years.

Library Services Act – Approves the May Budget Revision proposal to reduce State funding by \$1.8 million for the California Library Services Act in Fiscal Year 2024-25 and future fiscal years.

California State University Immigration Legal Services – Rejects the Governor’s January Budget proposal to reduce State funding by \$5.2 million in Fiscal Year 2024-25 and future fiscal years to maintain an annual ongoing funding amount of \$7 million.

2025-26 State Budget

On January 10, 2025, Governor Newsom released his Fiscal Year 2025-26 Proposed State Budget (the “Proposed State Budget”). The Proposed State Budget projects a beginning fund balance from Fiscal Year 2024-25 of \$26.299 billion, total revenues and transfers of \$225.095 billion, total expenditures of \$228.892 billion, and a year-end fund balance of \$22.502 billion for Fiscal Year 2025-26. Of the projected year-end fund balance, \$18.001 billion would be allocated to the Reserve for Liquidation of Encumbrances and \$4.501 billion would be deposited to the Special Fund for Economic Uncertainties. The Proposed State Budget also allocates \$1.533 billion to the Public School System Stabilization Account. The Proposed State Budget includes a balance of \$10.945 billion in the State’s Budget Stabilization Account (Rainy Day Fund).

On May 14, 2025, Governor Newsom released his Fiscal Year 2025-26 May Budget Revision (the “May Budget Revision”). The

May Budget Revision projects a beginning fund balance from Fiscal Year 2024-25 of \$34.321 billion, total revenues and transfers of \$214.559 billion, total expenditures of \$226.376 billion, and a year-end fund balance of \$22.504 billion for Fiscal Year 2025-26. Of the projected year-end fund balance, \$18.001 billion would be allocated to the Reserve for Liquidation of Encumbrances and \$4.503 billion would be deposited to the Special Fund for Economic Uncertainties. The May Budget Revision includes a balance of \$11.192 billion in the State’s Budget Stabilization Account (Rainy Day Fund).

On June 27, 2025, Governor Newsom signed the primary budget bill for the final Fiscal Year 2025-26 State Budget, along with various budget-related trailer bills that encompass the Fiscal Year 2025-26 State Budget Act (the “2025-26 State Budget Act”). The 2025-26 State Budget Act projects a beginning fund balance from Fiscal Year 2024-25 of \$35.146 billion, total revenues and transfers of \$215.733 billion, total expenditures of \$228.366 billion, and a year-end fund balance of \$22.513 billion for Fiscal Year 2025-26. Of the projected year-end fund balance, \$18.001 billion would be allocated to the Reserve for Liquidation of Encumbrances and \$4.513 billion would be deposited to the Special Fund for Economic Uncertainties. The 2025-26 State Budget Act includes a balance of \$11.191 billion in the State’s Budget Stabilization Account (Rainy Day Fund).

The items in the 2025-26 State Budget Act that are of major interest to the County include the following:

Medi-Cal Expansion, Adults 19 and Older – Modifies the May Budget Revision proposal to freeze enrollment in Medi-Cal for individuals with Unsatisfactory Immigration Status, ages 19 and older, beginning January 1, 2026, by including a six-month re-enrollment grace period and clarifying that an individual cannot “age-out” of the program.

Medi-Cal Premiums, Adults 19 and Older – Modifies the May Budget Revision proposal to implement a \$100 per-month premium for full-scope Medi-Cal for individuals with Unsatisfactory Immigration Status, ages 19 and over, by reducing it to a \$30 per-month premium instead, effective July 1, 2027, for ages 19 to 59.

Medi-Cal Asset Test Limits – Rejects the May Budget Revision proposal to set the Medi-Cal asset test limit at \$2,000 for individuals or \$3,000 for couples, by restoring it to \$130,000 for individuals and \$195,000 for couples.

Incompetent to Stand Trial (IST) Infrastructure Grant Program Reduction – Reverts \$232.5 million in State funding from unused funds in the IST Infrastructure Grant Program.

MyCAVax System Funding – Approves the May Budget Revision proposal to provide \$31.451 million in one-time State funding to support the maintenance and operations of multiple information technology systems that support statewide vaccine distribution, appointment scheduling, vaccine clinic management, and vaccination records management and sharing.

AIDS Drug Assistance Program (ADAP) – Allocates \$75 million from the ADAP Rebate Fund to support programs experiencing a loss of federal funding.

California Department of Social Services Homeless Services Program – Allocates \$83.8 million in one-time State funding for the Home Safe and Bringing Families Home program and \$81 million in one-time State funding for programs to continue housing support for those involved in Foster Care or Adult Protective Services. Additionally, the 2025-26 State Budget Act allocates \$44.6 million in one-time State funding for the Housing and Disability Advocacy Program for housing support for seniors and people with disabilities.

Homeless Housing Assistance and Prevention (HHAP) Program – Appropriates \$500 million for a seventh round of the HHAP program and proposes trailer bill language to govern the administration of the new HHAP allocation.

Victims Services – Allocates \$100 million in supplemental Victims of Crime Act funding in Fiscal Year 2025-26.

Suitability of Facilities for the Confinement of Juveniles Trailer Bill Language – Adopts proposed language concerning the Board of State and Community Corrections authorities to determine the suitability of a juvenile confinement facility.

Pretrial Release Program – Approves the May Budget Revision proposal to revert \$20 million from Fiscal Year 2024-25, and ongoing funding reductions beginning in Fiscal Year 2026-27 for the Pretrial Release program. The 2025-26 State Budget Act rejects the reversion for Fiscal Year 2025-26 and instead restores \$15 million, for a total of \$65 million in State funding for Fiscal Year 2025-26.

Foster Family Agencies (FFA) Bridge Funding – Approves \$31.5 million (\$23 million in State funding) in bridge funding for FFAs to prevent FFA closures, including matching federal funds.

Exide Facility Cleanup Funding – Approves the May Budget Revision proposal to allocate \$35 million from the Lead-Acid Battery Cleanup Fund and \$40 million in State funding to loan to the Toxic Substances Control Account to fund continued cleanup activities at the Exide Facility. This proposal also includes provisional language to allow funding for residential cleanup or facility remediation.

California Film and Television Tax Credit – Adopts the initiative in the Proposed State Budget to increase the annual credit amount for the California Television and Film Tax Credit to \$750 million.

Workforce Development – Allocates \$5 million for the California Workforce Development Board to support workforce development in areas of Los Angeles County and Ventura County impacted by wildfires.

Los Angeles County Fire Camp Contract – Provides two-year funding to sustain Los Angeles County fire camp operations for Fiscal Year 2025-26 and Fiscal Year 2026-27.

Dental Benefits, Adults 19 and Older – Delays the May Budget Revision proposal to eliminate full-scope, state-only dental coverage for Medi-Cal enrollees with Unsatisfactory Immigration Status, ages 19 and older, to July 1, 2026.

Pharmacy Drug Rebates – Adjusts the May Budget Revision proposal to implement a pharmacy rebate aggregator to secure State rebates for individuals with Unsatisfactory Immigration Status. The estimated annual savings in State funding is \$370 million in Fiscal Year 2025-26 and \$600 thereafter.

Funding for Indigent Defense – Approves the May Budget Revision proposal to allocate \$15 million in one-time State funding to expand public indigent defense services.

Proposition 36 Funding for Court Workload – Reduces the May Budget Revision proposal from \$30 million to \$20 million for the courts to support workload and initial implementation of Proposition 36.

Juvenile Justice Realignment Block Grant (JJRBG) Formula Revision – Modifies the May Budget Revision proposal to require a new formula to begin in Fiscal Year 2025-26, adjust proportions of the formula based on realignment targets and transfers, prohibits the use of JJRBG funds for any facility that has been determined unsuitable, requires counties to report on JJRBG expenditures, returns unspent JJRBG funds after three years, and requires the balance of unspent funds be available to improve outcomes for justice-involved youth.

Flexible Cash Assistance for Survivors of Crime – Adopts the May Budget Revision proposal to revert \$49.7 million State funding from the Flexible Cash Assistance for Survivors of Crime Program.

CalWORKs Single Allocation (SA) – Approves placeholder trailer bill language to require the review of county program activities in connection with the concept of acknowledged funding gaps in the CalWORKs SA and consider workload relief changes that enable effective county administration of the CalWORKs Program.

Streamlining CalWORKs – Approves trailer bill language that make changes to the CalWORKs program, resulting in efficiencies for families and counties and augments the trailer bill language to include a first 90-day sanction deferral, promoting early engagement, family stabilization, and improved access to childcare and transportation services.

Elimination of IHSS for Undocumented Individuals – Rejects the May Budget Revision proposal to eliminate IHSS for individuals classified as having “unsatisfactory immigration status” under federal law.

IHSS Provider Overtime – Rejects the May Budget Revision proposal to cap IHSS provider overtime at 50 hours per week beginning in Fiscal Year 2025-26.

California Food Assistance Program (CFAP) – Rejects the May Budget Revision proposal that would make the expansion of the CFAP to adults 55 and over, regardless of immigration status, subject to a trigger-on, based on the availability of State funding in the Spring of 2027.

Emergency Child Care Bridge (ECCB) Program for Foster Youth – Reduces State funding to the ECCB Program by \$30 million, leaving approximately \$63.7 million in ongoing funding to support the ECCB program.

Family Urgent Response System (FURS) – Reduces State funding to the FURS Program funding by \$9 million, leaving approximately \$22 million in ongoing funding to support the FURS Program.

Foster Care Tiered Rate Structure (TRS) – Rejects the May Budget Revision proposal to subject the TRS to a California Department of Finance "trigger" and instead specifies it will be subject to an appropriation by the Legislature.

Hope, Opportunity, Perseverance, and Empowerment (HOPE) for Children Trust Account Program Board – Modifies the May Budget Revision proposal to reduce funding for HOPE accounts for children from a \$50 million reduction to a \$40 million reduction.

Community Renewable Energy and Storage – Adopts the May Budget Revision proposal to revert \$33 million in State funding for programs funding community renewable energy projects.

Clean Transportation Program Grant Trailer Bill Language – Adopts the proposed trailer bill language that would add zero-emission vehicle infrastructure as an eligible grant purpose and revise the Clean Transportation Program to eliminate the restriction that block grants and inventive programs be administered by public entities or non-profits.

County Counsel Funding – Allocates \$2 million in State funding to the Los Angeles County Office of the County Counsel for administrative actions, affirmative litigation, and defense against enforcement and legal actions taken by the Federal government.

Military Retirement Income Exclusion – Includes the initiative in the Proposed State Budget to exclude \$20,000 of military retirement income or surviving spouse benefits from income for State tax purposes.

World Cup 2026 – Allocates \$10 million in State funding for World Cup security in the Los Angeles and Bay Area regions.

Vehicle License Fee (VLF) – Provides \$79 million in one-time State funding for local governments to backfill a VLF shortfall.

Tax Reform Options – Directs the Legislative Analyst to develop tax reform options that lower taxes for California families, maximize federal deductibility, minimize any negative economic impacts on the California economy, and strengthens revenues over the long-term. The tax reform options will be due to the Legislature in November 2025 and be considered in the development of the Fiscal Year 2026-27 State budget.

Wildfire Settlements – Approves the exclusion of wildfire settlements from taxable income received in tax years 2021 through 2029.

Children's Holistic Immigration Representation Project (CHIRP) – Allocates \$10 million in one-time State funding to continue CHIRP, which provides integrated social and legal services to unaccompanied minors.

One California Immigration Legal Services – Provides \$10 million one-time State funding for immigration legal services under the One California program, which is in addition to the \$75 million ongoing State funding and \$10 million in one-time funding provided in the special session (SBX1-2) for One California.

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 fourteen 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%, 5.91% and 4.85% in Fiscal Years 2011-12 through 2024-25, respectively.

On July 24, 2024, the Assessor released the Fiscal Year 2024-25 Assessment Roll. For Fiscal Year 2024-25, the Assessor reported a Net Local Roll of \$2.094 trillion, which represents an increase of 4.85% or \$97.0 billion from Fiscal Year 2023-24. The Fiscal Year 2024-25 Net Local Roll represents the largest revenue-producing valuation in the history of the County, and the fourteenth consecutive year of assessed valuation growth. The largest factors contributing to the increase in assessed valuation are transfers in ownership (\$53.5 billion) and an increase in the consumer price index (\$39.0 billion).

Although real estate sales declined significantly in 2023 primarily due to higher mortgage interest rates, the increase in the Net Local Roll reflects the ongoing price strength of the single-family housing market, with the median single-family home value reaching a record high of \$900,000 in September 2023. The decrease in real estate sales and increasing home prices were the direct result of rising mortgage interest rates and the limited number of homes available for sale in the residential market. 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 2024-25.

For the Fiscal Year 2024-25 tax roll, the Assessor estimates that approximately 7.4% of all single-family residential parcels, 8.0% of all residential income parcels, and 10.8% of commercial-industrial parcels are 1975 base-year parcels, which indicates a significant amount of stored value that can be realized on future tax rolls when these parcels are sold and re-assessed at higher values.

With the downturn in the real estate market caused by the 2008 recession, the County Assessor initiated Proposition 8 reviews of 791,000 parcels. As a result of the Assessor's proactive approach to Proposition 8 reviews, the valuations of 552,000 parcels sold during the height of the real estate market were adjusted downward to reflect current market values at the time of the review. The lower valuations helped to insulate the County from future reductions in the Net Local Roll if these properties were re-sold at lower market values. In response to the improvement in the real estate market, and beginning with the Fiscal Year 2008-09 Assessment Roll, the Assessor initiated a review of the 552,000 parcels to determine if the reductions in assessed value were still warranted under Proposition 13. Based on this review, the Assessor has fully restored approximately 540,000 parcels to their Proposition 13 base year value, with 12,000 parcels still eligible for potential restorations in value.

On May 15, 2025, the Assessor released the Assessment Roll Forecast for Fiscal Year 2025-26. The Assessment Roll Forecast reflects a 3.25% or \$68.148 billion increase from Fiscal Year 2024-25, which would result in a Net Local Roll of approximately \$2.162 trillion for Fiscal Year 2025-26. The primary factors driving the

increase in the Net Local Roll are property transfers (\$50.0 billion) and an increase in the consumer price index (\$41.1 billion), which reflects the maximum 2% inflation increase authorized under Proposition 13. The projected increase in the Net Local Roll from property transfers and inflation was partially off-set by \$24.0 billion from decline-in-value and other adjustments. The Net Local Roll reflects market trends that continued in 2024, including lower sales volumes, as well as the impact of the 2025 wildfires. The Assessor is scheduled to release the final Assessment Roll for Fiscal Year 2025-26 in July 2025.

2025 Wildfires

The Eaton and Palisades wildfires are among the worst natural disasters to strike the County in modern times. Beyond the human toll of the deadly and destructive fires, some early forecasts place the overall economic impact to the County at more than \$250.0 billion. As a vital player in the regional economy, the County expects decreases in some locally generated revenues, including decreases in property tax revenues from the full or partial loss of properties in the affected areas and further decreases in local sales tax-based revenues due to the loss and closure of businesses. Extending, through April 2026, the deadline for property owners in fire-impacted areas to pay their secured property taxes without penalties and interest will have a further impact on County revenues.

While revenues will face fire-driven declines, the County anticipates a significant increase in costs to facilitate the clean-up and rebuilding efforts to help the impacted areas recover as quickly as possible, which will reverberate well beyond Fiscal Year 2024-25. The County will shoulder most of the initial costs in connection with the rebuilding effort and will work with the Federal Emergency Management Agency (FEMA) to claim eligible costs for future reimbursement. Based on prior experience with natural disasters, FEMA does not typically cover all claimed costs, and reimbursements are not fully repaid until years after claims are submitted. Based on current estimates, the County expects to expend more than \$800 million in response to the wildfires and to facilitate the recovery effort, with a majority of the costs potentially eligible for reimbursement from FEMA.

FISCAL YEAR 2024-25 FINAL ADOPTED BUDGET

The Fiscal Year 2024-25 Final Adopted Budget (the "2024-25 Final Adopted Budget") was approved by the Board of Supervisors on October 8, 2024. The 2024-25 Final Adopted Budget appropriated \$49.173 billion, which reflects a \$2.430 billion or 5.2% increase in total funding requirements from the Fiscal Year 2023-24 Final Adopted Budget. The General County Budget (General Fund and Hospital Enterprise Fund) appropriated \$37.995 billion, which represents a \$2.061 billion or 5.7% increase from the Fiscal Year 2023-24 Final Adopted Budget. The 2023-24 Final Adopted Budget appropriated \$11.178 billion for Special Funds/Districts, reflecting a \$0.369 billion or 3.4% increase from the Fiscal Year 2023-24 Final Adopted Budget.

The primary year-over-year changes to the ongoing NCC component of the 2024-25 Final Adopted Budget are outlined in the following table.

| | |
|---|--------------------|
| Public Assistance Changes | \$56,759,000 |
| Unavoidable Cost Increases | |
| Employee Salaries | 205,802,000 |
| Health Insurance Subsidies | 14,761,000 |
| Pension | (7,668,000) |
| Retiree Healthcare Benefits | 48,654,000 |
| Various MOE Requirements | 20,739,000 |
| Program Changes | |
| Debt Service | (11,019,000) |
| Care First & Community Investment | 12,340,000 |
| Legal Settlements/Consent Decree | 26,023,000 |
| All Other Program Changes | 61,329,000 |
| Fiscal Policies | |
| Appropriations for Contingencies | (10,496,000) |
| Deferred Maintenance | 5,000,000 |
| Total Net County Cost Increases | 422,224,000 |
| Revenue Changes | |
| Property Taxes | 341,049,000 |
| Property Taxes - CRA Dissolution Residual | 3,881,000 |
| Public Safety Sales Tax | (15,276,000) |
| 1991 Realignment - Sales Tax | 25,914,000 |
| 1991 Realignment - Vehicle License Fee | 0 |
| Interest Earnings | 53,091,000 |
| Various Other Revenue Changes | 13,565,000 |
| Total Locally Generated Revenue | 422,224,000 |
| Total NCC Budget Gap | \$0 |

Public Assistance Change

The increase in funding for Public Assistance in the 2024-25 Final Adopted Budget is primarily due to funding increases for IHSS, 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 2024-25 Final Adopted Budget appropriated \$570.2 million in pre-funding contributions to the OPEB Trust Fund, which is comprised of \$225.0 million in NCC and \$345.2 million in projected subvention revenue received from Federal, State, and other local government entities.

Program Changes

The 2024-25 Final Adopted Budget included \$88.7 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 2024-25 is \$978.6 million, which represents 11.1% of ongoing discretionary revenues. As part of the 2024-25 Final Adopted Budget, \$62.7 million was set aside in Appropriations for Contingencies, which reflected 17% of new ongoing discretionary revenues. The 2024-25 Final Adopted Budget also included a \$5.0 million allocation for deferred maintenance needs.

Revenue Changes

The 2024-25 Final Adopted Budget includes a \$341.0 million increase in property tax revenues based on the Assessor's 2024 Assessment Roll, which reflected an increase of 4.85% in the Net Local Roll for Fiscal Year 2024-25. The 2024-25 Final Adopted Budget also included a \$3.9 million increase in property tax residual from the dissolution of redevelopment agencies. The 2024-25 Final Adopted Budget included a projected increase in 1991 Realignment sales tax revenue, offset by a decrease in Proposition 172 Public Safety sales tax revenue. The 2024-25 Final Adopted Budget also included a projected increase in interest earnings.

FISCAL YEAR 2025-26 ADOPTED BUDGET

The Fiscal Year 2025-26 Adopted Budget (the "2025-26 Adopted Budget") was approved by the Board of Supervisors on June 23, 2025. The 2025-26 Adopted Budget appropriates \$48.807 billion, which reflects a \$0.366 billion or 0.7% decrease in total funding requirements from the 2024-25 Final Adopted Budget. The General County Budget (General Fund and Hospital Enterprise Fund) appropriates \$37.766 billion, which represents a \$0.229 billion or 0.6% decrease from the 2024-25 Final Adopted Budget. The 2025-26 Adopted Budget appropriates \$11.041 billion for Special Funds/Districts, reflecting a \$0.135 billion or 1.2% decrease from the Fiscal Year 2024-25 Final Adopted Budget.

The primary changes to the ongoing NCC component of the 2025-26 Adopted Budget are outlined in the following table.

| | |
|---|--------------------|
| Public Assistance Changes | \$93,566,000 |
| Unavoidable Cost Increases | |
| Health Insurance Subsidies | 17,828,000 |
| Pension Costs | (19,224,000) |
| Employee Salaries | 173,485,000 |
| Retiree Healthcare Benefits | 42,775,000 |
| Various MOE Requirements | 8,186,000 |
| Program Changes | |
| Care First & Community Investment | (12,988,000) |
| Debt Service | 2,061,000 |
| Legal Settlements/Consent Decree | 5,000,000 |
| All Other Program Changes | (68,278,000) |
| Fiscal Policies | |
| Appropriations for Contingencies | (13,573,000) |
| Deferred Maintenance | 0 |
| Total Net County Cost Increases | 228,838,000 |
| Revenue Changes | |
| Property Taxes | 235,702,000 |
| Property Taxes - CRA Dissolution Residual | 16,450,000 |
| Public Safety Sales Tax | (25,099,000) |
| 1991 Realignment - Sales Tax | 0 |
| Interest Earnings | 0 |
| Various Other Revenue Changes | 1,785,000 |
| Total Locally Generated Revenue | 228,838,000 |
| Total NCC Budget Gap | \$0 |

Public Assistance Change

The increase in funding for Public Assistance in the 2025-26 Adopted Budget is primarily due to funding increases for IHSS, 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 2025-26 employer contribution retirement rates based upon the 2024 Actuarial Valuation.

Prefund Retiree Healthcare Benefits – The 2025-26 Adopted Budget appropriates \$646.8 million in pre-funding contributions to the OPEB Trust Fund, which is comprised of \$250.0 million in NCC and \$396.8 million in projected subvention revenue received from Federal, State and other local government entities.

Program Changes

The 2025-26 Adopted Budget includes \$68.3 million of adjustments to various County programs.

Fiscal Policies

As of the 2025-26 Adopted Budget, the balance of the County’s Rainy-Day Fund is \$1.077 billion, which represents approximately 11.9% of ongoing discretionary revenues. The 2025-26 Adopted Budget includes \$43.2 million in Appropriations for Contingencies, which reflects 17% of new ongoing discretionary revenues in Fiscal Year 2025-26.

Measure J – Community Investment and Alternatives to Incarceration

In accordance with Measure J, a charter amendment approved by voters on November 3, 2020 (“Measure J”), and the Care First and Community Investment (“CFCI”) budget policy adopted by the Board of Supervisors in furtherance of Measure J, the 2025-26 Adopted Budget allocates \$571.6 million in ongoing and carryover funding for programs for direct community investment and alternatives to incarceration. The annual set-aside under Measure J is equal to at least ten percent of “the County’s locally generated unrestricted revenues in the general fund (Net County Cost), as determined annually in the budget process or as otherwise set forth in the County Code or regulations, to be allocated on an annual basis,” as specified in Measure J and the CFCI budget policy.

Revenue Changes

The 2025-26 Adopted Budget includes a \$235.7 million increase in property tax revenues based on a preliminary projected growth rate of 3.25% in assessed valuation. The 2025-26 Adopted Budget also includes a \$16.5 million increase in the property tax residual from the dissolution of redevelopment agencies. The 2025-26 Adopted Budget includes a projected increase in local sales and use tax revenue, offset by a projected decrease in Proposition 172 Public Safety sales tax revenue.

Assembly Bill 218

Liability and settlement costs associated with the California Child Victims Act (“AB 218”) are expected to have a significant long-term effect on the financial condition of the County. On April 29, 2025, the Board of Supervisors approved a \$4.0 billion (plus administrative costs not to exceed \$15 million) settlement to address thousands of lawsuits brought under AB 218. The settlement is payable over five years beginning in Fiscal Year 2025-26, contingent on, among other things, the successful completion of a validation action for judgment obligation bonds (commencement of the validation action was authorized by the Board of Supervisors on May 13, 2025) and acceptance of the settlement by claimants. Financing the settlement is expected to require annual payments totaling hundreds of millions of dollars through 2030 and substantial continuing annual payments through Fiscal Year 2050-51. While the settlement would resolve the majority of AB 218 claims filed to date, it would not cover all of them.

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 twenty-three outpatient 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 fund balance.

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. DHCS will begin the process of redesigning the current Waiver in the third quarter of 2025. DHCS expects to start negotiations with CMS during the first quarter of 2026 and finalize negotiations by the third quarter of 2026.

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.

Under CalAIM, the Providing Access and Transforming Health Program (the “PATH Program”) will provide \$1.85 billion in gross statewide funding over five years to support implementation. The PATH Program will provide: a) support for sustaining existing

Whole Person Care pilot services that will continue under CalAIM as Community Supports; b) funding for technical assistance support to help expand ECM and Community Supports; c) support for collaborative planning and implementation for ECM and Community Supports; d) support for expanding access to ECM and Community Supports services beyond what was offered under Whole Person Care; and e) support for Medi-Cal pre-release collaborative planning as well as capacity and infrastructure. DHS has received funding under several of these PATH assistance categories.

Scheduled reductions of \$24 billion over three FFYs to Disproportionate Share Hospital (“DSH”) funding have been delayed through September 30, 2025 by the Continuing Resolution, Section 2401. In addition, the three-year period was extended by one year from FFY 2027 to FFY 2028. Without action from Congress to further delay the DSH cuts going forward, DHS estimates a potential annual revenue loss of \$352 million in its GPP beginning in FY 2025-26 if the reductions are implemented on October 1, 2025. 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 will continue tracking this issue closely and will update its forecasts to reflect the additional use of fund balance if the DSH reductions are implemented.

Cost Reduction/Revenue Enhancement Efforts to Mitigate Potential Medicaid Funding Losses

DHS is intensifying several cost reduction and revenue enhancement efforts to assist in mitigating potential Federal funding losses. For example, DHS implemented expenditure targets for each budget unit for Fiscal Year 2024-25, with similar expenditure targets for Fiscal Year 2025-26 currently being developed. DHS is also preparing a request for an increase in Measure B funds, which would provide approximately \$47 million in annual funding to DHS.

Improvements in system infrastructure are also underway that will allow improved data capture, better clinical and administrative coordination, and enhanced capabilities for accurate billing to improve revenues. The improvements include a new system to enhance the accuracy and timeliness of clinical documentation; improve coding efficiency and accuracy; and implement concurrent reviews that provide more accurate and timely clinical documentation while patients are still in-house.

In addition, DHS is continuing its work on developing plans to replace its current legacy system with a new patient accounting system to meet current billing practices and maximizing revenues. The new system will create a more robust collaboration between clinical and administrative functions. Upon implementation of the new patient accounting system, DHS will be able to produce itemized bills, improve data capture, and maximize revenues from all payors.

DHS is also taking other proactive steps to reduce costs, including evaluating the need to backfill staff positions upon workforce attrition; continuing to reduce registry and contractor costs; limiting overtime to only essential patient care; limiting purchase of new equipment and supplies; identifying efficiencies in staffing, pharmacy, and medical supply purchases; placing all non-critical capital projects on hold; and suspending all non-essential travel and training.

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 2025-26 is \$367.6 million. The MOE provides a stable and ongoing source of funding for DHS from the County General Fund.

General Fund Contributions

The Fiscal Year 2025-26 NCC contribution to DHS is \$1.280 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 2025-26 Recommended Budget (\$ in millions) | |
|--|-------------------|
| | Amount |
| County General Fund - AB 85 MOE | \$ 367.6 |
| County General Fund - Correctional Health ^(A) | 507.3 |
| County General Fund - Specific Programs ^(B) | 85.0 |
| Vehicle License Fees Realignment | 297.7 |
| Tobacco Settlement Revenue | 55.0 |
| Transfers to Other Budget Units ^(C) | (32.8) |
| Total | \$ 1,279.8 |

(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 June 30, 2025, the balance of General Fund cash advances to the Hospital Funds is expected to be \$0.

However, going forward, due to changes made by DHCS in certain Medi-Cal programs, it is expected that the level of cash advances to the Hospital Funds will be impacted. The most significant change is the transition of Rate Years for Medi-Cal managed care from a fiscal year to a calendar year basis. This transition results in a 6-month delay in payments for certain managed care programs so that only one-half of the payments earned in the 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 2024, long term receivables for the affected DHS Medi-Cal managed care programs were \$930.2 million.

Managed Care State Directed Payments

DHS has two State-directed managed care payment programs. The first is the Enhanced Payment Program (“EPP”), which establishes a pool to supplement the base rates received by public hospitals through their Medi-Cal managed care contracts. DHS currently estimates the Federal funding for EPP to be approximately \$1.085 billion for Fiscal Year 2025-26. Beginning in calendar year 2025, a portion of the total EPP payment (5%)

will be tied to performance metrics related to cost accountability, efficiency, productivity, and access, which represents approximately \$75 million for DHS.

The other program is the Quality Incentive Program (“QIP”), which provides value-based payments for the achievement of clinically established quality measures for Medi-Cal managed care enrollees. DHS currently estimates the Federal funding for QIP is approximately \$554.3 million for Fiscal Year 2025-26.

DHS Reserve Funds

In Fiscal Year 2023-24, DHS closed with a Fund Balance of \$2.861 billion. Of this amount, approximately \$1.150 billion with respect to the CBRC, Specialty Mental Health, EPP, QIP, and managed care rate supplement payments for Fiscal Years 2020-21 through 2023-24 was established as a long-term receivable and reserved in a separate account until the payments are collected. The remaining estimated Fund Balance of \$1.711 billion is available to fund DHS operations and balance its budget in the future, as needed.

As mentioned previously, the Fund Balance includes a restricted fund for Provider Relief Funds (“PRF”) in the amount of \$325.3 million. DHS recognized the PRF amount based on preliminary estimates of allowable expenditure claims, pending formal notification of the PRF audit results. DHS will reevaluate whether to release these funds during the Fiscal Year 2024-25 closing process.

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 \$1.806 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. From Fiscal Years 2021-22 through 2023-24, DHS funded \$580.0 million of DHS project costs using Fund Balance.

In September 2024, the County issued \$569.270 million of long-term lease revenue bonds 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 \$796.0 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 completed in June

2024. Construction of the Outpatient Clinic Building is expected to be completed by January 2026. Construction of the Laboratory Building began in August 2024 and is expected to be completed by December 2025. Construction of the Central Plant Building began in October 2024 and is expected to be completed by June 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 a \$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 mitigate 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 (the "2020 Tobacco Bonds") to fully refund the 2006 Tobacco Bonds. This transaction, which is described in further detail in the Debt Summary Section of Appendix A, resulted in significant savings in interest costs 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 tobacco settlement funds for any specific purpose. Proceeds received by the County under the MSA have been deposited in the County's General Fund, with unused amounts set aside as obligated fund balance Committed for Health Services-Tobacco Settlement. In Fiscal Year 2024-25, the County was allocated \$82.645 million in total TSRs from the participating manufacturers under the MSA. Of this amount, \$61.241 million was received directly by the County. The remaining balance of \$21.405 million, which represents the 25.9% of TSRs pledged for the repayment of debt service on the 2020 Tobacco Settlement Bonds, was deposited directly with a trustee to pay the annual debt service.

BUDGET TABLES

The 2025-26 Adopted Budget is supported by \$8.205 billion in property tax revenue, \$5.681 billion in Federal funding, \$9.908 billion in State funding, \$515 million in cancelled obligated fund balance, \$3.541 billion in Fund Balance and \$9.916 billion from other funding sources.

| County of Los Angeles: General County Budget Historical Appropriations by Fund (in thousands) | | | | | | |
|--|----------------------|----------------------|----------------------|----------------------|------------------------|----------------------|
| Fund | Final 2021-22 | Final 2022-23 | Final 2023-24 | Final 2024-25 | Recommended 2025-26 | Adopted 2025-26 |
| General Fund | \$ 25,413,850 | \$ 28,583,600 | \$ 30,966,118 | \$ 32,760,777 | \$ 31,787,869 | \$ 32,130,371 |
| Hospital Enterprise Fund | 4,468,193 | 4,749,724 | 4,967,704 | 5,234,072 | 5,564,615 | 5,635,286 |
| Total General County Budget | \$ 29,882,043 | \$ 33,333,324 | \$ 35,933,822 | \$ 37,994,849 | \$ 37,352,484 | \$ 37,765,657 |

| County of Los Angeles: General County Budget Historical Funding Requirements and Revenue Sources | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|------------------------|----------------------|
| | Final 2021-22 | Final 2022-23 | Final 2023-24 | Final 2024-25 | Recommended 2025-26 | Adopted 2025-26 |
| Requirements | | | | | | |
| Social Services | \$ 8,186,912 | \$ 9,295,250 | \$ 9,884,885 | \$ 10,299,010 | \$ 10,054,310 | \$ 10,074,045 |
| Health | 10,893,123 | 11,731,196 | 12,928,360 | 13,690,722 | 13,923,636 | 14,016,546 |
| Justice | 6,450,531 | 7,138,202 | 7,523,508 | 7,888,781 | 7,568,057 | 7,603,044 |
| Other | 4,351,477 | 5,168,676 | 5,597,069 | 6,116,336 | 5,806,481 | 6,072,022 |
| Total | \$ 29,882,043 | \$ 33,333,324 | \$ 35,933,822 | \$ 37,994,849 | \$ 37,352,484 | \$ 37,765,657 |
| Revenue Sources | | | | | | |
| Property Taxes | \$ 6,586,439 | \$ 7,163,808 | \$ 7,607,483 | \$ 7,952,325 | \$ 8,187,066 | \$ 8,205,333 |
| State Assistance | 7,669,963 | 8,811,781 | 9,565,638 | 10,181,494 | 9,827,009 | 9,908,245 |
| Federal Assistance | 5,148,436 | 5,489,983 | 6,001,402 | 5,798,099 | 5,675,471 | 5,681,040 |
| Other | 10,477,205 | 11,867,752 | 12,759,299 | 14,062,931 | 13,662,938 | 13,971,039 |
| Total | \$ 29,882,043 | \$ 33,333,324 | \$ 35,933,822 | \$ 37,994,849 | \$ 37,352,484 | \$ 37,765,657 |

| County of Los Angeles: General County Budget Historical Summary of Funding Requirements by Budgetary Object and Available Financing (in thousands) | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|------------------------|----------------------|
| | Final 2021-22 | Final 2022-23 | Final 2023-24 | Final 2024-25 | Recommended 2025-26 | Adopted 2025-26 |
| Financing Requirements | | | | | | |
| Salaries & Employee Benefits | \$ 15,027,355 | \$ 16,044,329 | \$ 16,984,661 | \$ 18,039,624 | \$ 18,308,505 | \$ 18,319,428 |
| Services & Supplies | 10,840,813 | 12,410,538 | 13,659,081 | 14,273,348 | 14,002,753 | 14,298,128 |
| Other Charges | 5,794,476 | 6,543,900 | 7,146,058 | 7,723,172 | 7,507,891 | 7,601,040 |
| Capital Assets | 1,346,599 | 1,486,108 | 1,847,405 | 2,192,581 | 1,854,981 | 1,906,161 |
| Other Financing Uses | 877,986 | 942,102 | 1,084,815 | 1,085,319 | 830,124 | 891,579 |
| Appropriations for Contingencies | 25,119 | 77,191 | 77,376 | 62,732 | 40,064 | 43,169 |
| Interbudget Transfers ¹ | (2,363,930) | (2,413,443) | (3,059,977) | (3,432,077) | (3,143,274) | (3,224,452) |
| Gross Appropriation | \$ 31,548,418 | \$ 35,090,725 | \$ 37,739,419 | \$ 39,944,699 | \$ 39,401,044 | \$ 39,835,053 |
| Less: Intrafund Transfers | 1,894,352 | 1,985,472 | 1,972,104 | 2,093,217 | 2,063,743 | 2,074,579 |
| Net Appropriation | \$ 29,654,066 | \$ 33,105,253 | \$ 35,767,315 | \$ 37,851,482 | \$ 37,337,301 | \$ 37,760,474 |
| Provision for Obligated Fund Balance | | | | | | |
| General Reserve | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Other | - | - | - | - | - | - |
| Assigned for Rainy Day Funds | 13,929 | 96,490 | 116,135 | 93,545 | - | - |
| Committed Fund Balance | 214,048 | 131,581 | 50,372 | 49,822 | 15,183 | 5,183 |
| Total Financing Requirements | \$ 29,882,043 | \$ 33,333,324 | \$ 35,933,822 | \$ 37,994,849 | \$ 37,352,484 | \$ 37,765,657 |
| Available Financing | | | | | | |
| Fund Balance | \$ 2,437,598 | \$ 3,177,971 | \$ 3,764,489 | \$ 4,216,065 | \$ 3,381,152 | \$ 3,541,038 |
| Cancel Provision for Obligated Fund Balance | 359,685 | 222,647 | 395,690 | 587,613 | 388,063 | 515,022 |
| Property Taxes: Regular Roll | 6,531,284 | 7,104,477 | 7,547,149 | 7,887,540 | 8,121,856 | 8,140,087 |
| Supplemental Roll | 55,155 | 59,331 | 60,334 | 64,785 | 65,210 | 65,246 |
| Revenue | 20,498,321 | 22,768,898 | 24,166,160 | 25,238,846 | 25,396,203 | 25,504,264 |
| Total Available Financing | \$ 29,882,043 | \$ 33,333,324 | \$ 35,933,822 | \$ 37,994,849 | \$ 37,352,484 | \$ 37,765,657 |

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 \$3.2 billion in 2025-26, from the above table would give the impression that there are more resources than are actually

Source: Chief Executive Office

**COUNTY OF LOS ANGELES
GENERAL COUNTY BUDGET
COMPARISON OF 2025-26 RECOMMENDED BUDGET TO 2025-26 ADOPTED BUDGET
Net Appropriation: By Function
(In thousands)**

| Function | 2023-24 Final | 2024-25 Final | 2025-26 Recommended ⁽¹⁾ | 2025-26 Adopted ⁽²⁾ | Difference | Percentage Difference |
|--|--------------------------|--------------------------|---|---|---------------------|----------------------------------|
| REQUIREMENTS | | | | | | |
| General | | | | | | |
| General Government | \$ 1,826,384.0 | \$ 1,881,266.0 | \$ 1,695,972.0 | \$ 1,680,679.0 | \$ (15,293.0) | -0.90% |
| General Services | 1,468,073.0 | 1,754,483.0 | 2,067,573.0 | 2,368,630.0 | 301,057.0 | 14.56% |
| Public Buildings | 1,747,549.0 | 2,005,706.0 | 1,784,240.0 | 1,801,648.0 | 17,408.0 | 0.98% |
| Total General | \$ 5,042,006.0 | \$ 5,641,455.0 | \$ 5,547,785.0 | \$ 5,850,957.0 | \$ 303,172.0 | 5.46% |
| Public Protection | | | | | | |
| Justice | \$ 6,487,241.0 | \$ 6,745,954.0 | \$ 6,620,042.0 | \$ 6,647,928.0 | \$ 27,886.0 | 0.42% |
| Other Public Protection | 540,511.0 | 436,758.0 | 352,694.0 | 359,252.0 | 6,558.0 | 1.86% |
| Total Public Protection | \$ 7,027,752.0 | \$ 7,182,712.0 | \$ 6,972,736.0 | \$ 7,007,180.0 | \$ 34,444.0 | 0.49% |
| Health and Sanitation | 12,643,239.0 | 13,376,858.0 | 13,591,365.0 | 13,657,352.0 | 65,987.0 | 0.49% |
| Public Assistance | 9,860,696.0 | 10,269,696.0 | 10,000,751.0 | 10,020,486.0 | 19,735.0 | 0.20% |
| Recreation and Cultural Services | 497,398.0 | 528,264.0 | 491,894.0 | 488,624.0 | (3,270.0) | -0.66% |
| Education | 50,726.0 | 50,795.0 | 44,127.0 | 44,127.0 | - | 0.00% |
| Other | 474,612.0 | 641,709.0 | 581,219.0 | 581,219.0 | - | 0.00% |
| Insurance and Loss Reserve | 93,510.0 | 97,261.0 | 67,360.0 | 67,360.0 | - | 0.00% |
| Provision for Obligated Fund Balance | 166,507.0 | 143,367.0 | 15,183.0 | 5,183.0 | (10,000.0) | -65.86% |
| Appropriations for Contingencies | 77,376.0 | 62,732.0 | 40,064.0 | 43,169.0 | 3,105.0 | 7.75% |
| Total Requirements | \$ 35,933,822.0 | \$ 37,994,849.0 | \$ 37,352,484.0 | \$ 37,765,657.0 | \$ 413,173.0 | 1.11% |
| AVAILABLE FUNDS | | | | | | |
| Property Taxes | \$ 7,607,483.0 | \$ 7,952,325.0 | \$ 8,187,066.0 | \$ 8,205,333.0 | \$ 18,267.0 | 0.22% |
| Fund Balance | 3,764,489.0 | 4,216,065.0 | 3,381,152.0 | 3,541,038.0 | 159,886.0 | 4.73% |
| Cancelled Prior-Year Reserves | 395,690.0 | 587,613.0 | 388,063.0 | 515,022.0 | 126,959.0 | 32.72% |
| Intergovernmental Revenues | | | | | | |
| State Revenues | | | | | | |
| In-Lieu Taxes | \$ 447,088.0 | \$ 465,867.0 | \$ 465,867.0 | \$ 465,867.0 | \$ - | 0.00% |
| Homeowners' Exemption | 19,000.0 | 19,000.0 | 19,000.0 | 19,000.0 | - | 0.00% |
| Public Assistance Subventions | 1,895,433.0 | 2,021,682.0 | 1,898,941.0 | 1,907,241.0 | 8,300.0 | 0.44% |
| Other Public Assistance | 2,875,930.0 | 2,984,797.0 | 2,997,493.0 | 3,003,828.0 | 6,335.0 | 0.21% |
| Public Protection | 1,804,679.0 | 1,817,864.0 | 1,737,154.0 | 1,759,525.0 | 22,371.0 | 1.29% |
| Health and Mental Health | 2,311,715.0 | 2,420,208.0 | 2,383,806.0 | 2,376,509.0 | (7,297.0) | -0.31% |
| Capital Projects | 163,896.0 | 296,211.0 | 212,435.0 | 226,374.0 | 13,939.0 | 6.56% |
| Other State Revenues | 47,897.0 | 155,865.0 | 112,313.0 | 149,901.0 | 37,588.0 | 33.47% |
| Total State Revenues | \$ 9,565,638.0 | \$ 10,181,494.0 | \$ 9,827,009.0 | \$ 9,908,245.0 | \$ 81,236.0 | 0.83% |
| Federal Revenues | | | | | | |
| Public Assistance Subventions | \$ 3,084,976.0 | \$ 3,266,883.0 | \$ 3,249,399.0 | \$ 3,255,362.0 | \$ 5,963.0 | 0.18% |
| Other Public Assistance | 228,490.0 | 218,958.0 | 214,761.0 | 212,520.0 | (2,241.0) | -1.04% |
| Public Protection | 178,658.0 | 97,238.0 | 80,330.0 | 80,396.0 | 66.0 | 0.08% |
| Health and Mental Health | 1,978,080.0 | 1,859,202.0 | 1,999,992.0 | 1,998,773.0 | (1,219.0) | -0.06% |
| Capital Projects | 277,080.0 | 165,124.0 | 16,017.0 | 19,017.0 | 3,000.0 | 18.73% |
| Other Federal Revenues | 254,118.0 | 190,694.0 | 114,972.0 | 114,972.0 | - | 0.00% |
| Total Federal Revenues | \$ 6,001,402.0 | \$ 5,798,099.0 | \$ 5,675,471.0 | \$ 5,681,040.0 | \$ 5,569.0 | 0.10% |
| Other Governmental Agencies | 52,778.0 | 60,737.0 | 62,126.0 | 67,054.0 | 4,928.0 | 7.93% |
| Total Intergovernmental Revenues | \$ 15,619,818.0 | \$ 16,040,330.0 | \$ 15,564,606.0 | \$ 15,656,339.0 | \$ 91,733.0 | 0.59% |
| Fines, Forfeitures and Penalties | 138,706.0 | 146,850.0 | 147,225.0 | 147,225.0 | - | 0.00% |
| Licenses, Permits and Franchises | 70,958.0 | 76,610.0 | 86,437.0 | 88,144.0 | 1,707.0 | 1.97% |
| Charges for Services | 6,358,694.0 | 6,936,413.0 | 7,728,793.0 | 7,684,976.0 | (43,817.0) | -0.57% |
| Other Taxes | 246,195.0 | 228,001.0 | 229,786.0 | 229,786.0 | - | 0.00% |
| Use of Money and Property | 377,084.0 | 447,124.0 | 475,894.0 | 475,894.0 | - | 0.00% |
| Miscellaneous Revenues | 703,311.0 | 896,125.0 | 685,452.0 | 764,140.0 | 78,688.0 | 11.48% |
| Operating Contribution from General Fund | 651,394.0 | 467,393.0 | 478,010.0 | 457,760.0 | (20,250.0) | -4.24% |
| Total Available Funds | \$ 35,933,822.0 | \$ 37,994,849.0 | \$ 37,352,484.0 | \$ 37,765,657.0 | \$ 413,173.0 | 1.11% |

(1) Reflects the 2025-26 Recommended General County Budget approved by the Board of Supervisors on April 15, 2025.
(2) Reflects the 2025-26 Adopted General County Budget approved by the Board of Supervisors on June 23, 2025.

COUNTY OF LOS ANGELES
FINAL ADOPTED BUDGET 2024-25 GENERAL COUNTY BUDGET ⁽¹⁾
Net Appropriation: By Fund and Function
(In thousands)

| <u>Function</u> | <u>General Fund</u> | <u>Hospital Enterprise Fund</u> | <u>Total General County</u> |
|---|---------------------|---------------------------------|-----------------------------|
| REQUIREMENTS | | | |
| General | | | |
| General Government | \$ 1,881,266.0 | \$ - | \$ 1,881,266.0 |
| General Services | 1,754,483.0 | - | 1,754,483.0 |
| Public Buildings | 2,005,706.0 | - | 2,005,706.0 |
| Total General | \$ 5,641,455.0 | \$ - | \$ 5,641,455.0 |
| Public Protection | | | |
| Justice | \$ 6,745,954.0 | \$ - | \$ 6,745,954.0 |
| Other Public Protection | 436,758.0 | - | 436,758.0 |
| Total Public Protection | \$ 7,182,712.0 | \$ - | \$ 7,182,712.0 |
| Health and Sanitation | | | |
| Public Assistance | \$ 8,142,786.0 | \$ 5,234,072.0 | \$ 13,376,858.0 |
| Recreation and Cultural Services | 10,269,696.0 | - | 10,269,696.0 |
| Education | 528,264.0 | - | 528,264.0 |
| Other | 50,795.0 | - | 50,795.0 |
| Insurance and Loss Reserve | 641,709.0 | - | 641,709.0 |
| Provision for Obligated Fund Balance | 97,261.0 | - | 97,261.0 |
| Appropriation for Contingency | 143,367.0 | - | 143,367.0 |
| Total Requirements | \$ 32,760,777.0 | \$ 5,234,072.0 | \$ 37,994,849.0 |
| AVAILABLE FUNDS | | | |
| Property Taxes | \$ 7,952,325.0 | \$ - | \$ 7,952,325.0 |
| Fund Balance | 4,216,065.0 | - | 4,216,065.0 |
| Cancel Provision for Obligated Fund Balance | 109,386.0 | 478,227.0 | 587,613.0 |
| Intergovernmental Revenues | | | |
| State Revenues | | | |
| In-Lieu Taxes | \$ 465,867.0 | \$ - | \$ 465,867.0 |
| Homeowners' Exemption | 19,000.0 | - | 19,000.0 |
| Public Assistance Subventions | 2,021,682.0 | - | 2,021,682.0 |
| Other Public Assistance | 2,984,797.0 | - | 2,984,797.0 |
| Public Protection | 1,817,864.0 | - | 1,817,864.0 |
| Health and Mental Health | 2,330,499.0 | 89,709.0 | 2,420,208.0 |
| Capital Projects | 296,211.0 | - | 296,211.0 |
| Other State Revenues | 155,865.0 | - | 155,865.0 |
| Total State Revenues | 10,091,785.0 | 89,709.0 | 10,181,494.0 |
| Federal Revenues | | | |
| Public Assistance Subventions | \$ 3,266,883.0 | - | \$ 3,266,883.0 |
| Other Public Assistance | 218,958.0 | - | 218,958.0 |
| Public Protection | 97,238.0 | - | 97,238.0 |
| Health and Mental Health | 1,858,211.0 | 991.0 | 1,859,202.0 |
| Capital Projects | 165,124.0 | - | 165,124.0 |
| Other Federal Revenues | 190,694.0 | - | 190,694.0 |
| Total Federal Revenues | \$ 5,797,108.0 | \$ 991.0 | \$ 5,798,099.0 |
| Other Governmental Agencies | 60,737.0 | - | 60,737.0 |
| Total Intergovernmental Revenues | \$ 15,949,630.0 | \$ 90,700.0 | \$ 16,040,330.0 |
| Fines, Forfeitures and Penalties | 146,830.0 | 20.0 | 146,850.0 |
| Licenses, Permits and Franchises | 76,484.0 | 126.0 | 76,610.0 |
| Charges for Services | 3,484,369.0 | 3,452,044.0 | 6,936,413.0 |
| Other Taxes | 228,001.0 | - | 228,001.0 |
| Use of Money and Property | 424,746.0 | 22,378.0 | 447,124.0 |
| Miscellaneous Revenues | 172,941.0 | 723,184.0 | 896,125.0 |
| Operating Contribution from General Fund | - | 467,393.0 | 467,393.0 |
| Total Available Funds | \$ 32,760,777.0 | \$ 5,234,072.0 | \$ 37,994,849.0 |

(1) Reflects the 2024-25 Final Adopted General County Budget approved by the Board of Supervisors on October 8, 2024

COUNTY OF LOS ANGELES
RECOMMENDED BUDGET 2025-26 GENERAL COUNTY BUDGET ⁽¹⁾
Net Appropriation: By Fund and Function
(In thousands)

| <u>Function</u> | <u>General Fund</u> | <u>Hospital Enterprise Fund</u> | <u>Total General County</u> |
|---|------------------------|---------------------------------|-----------------------------|
| REQUIREMENTS | | | |
| General | | | |
| General Government | \$ 1,695,972.0 | \$ - | \$ 1,695,972.0 |
| General Services | 2,067,573.0 | - | 2,067,573.0 |
| Public Buildings | 1,784,240.0 | - | 1,784,240.0 |
| Total General | \$ 5,547,785.0 | \$ - | \$ 5,547,785.0 |
| Public Protection | | | |
| Justice | \$ 6,620,042.0 | \$ - | \$ 6,620,042.0 |
| Other Public Protection | 352,694.0 | - | 352,694.0 |
| Total Public Protection | \$ 6,972,736.0 | \$ - | \$ 6,972,736.0 |
| Health and Sanitation | | | |
| Public Assistance | \$ 8,026,750.0 | \$ 5,564,615.0 | \$ 13,591,365.0 |
| Recreation and Cultural Services | 10,000,751.0 | - | 10,000,751.0 |
| Education | 491,894.0 | - | 491,894.0 |
| Other | 44,127.0 | - | 44,127.0 |
| Insurance and Loss Reserve | 581,219.0 | - | 581,219.0 |
| Provision for Obligated Fund Balance | 67,360.0 | - | 67,360.0 |
| Appropriation for Contingency | 15,183.0 | - | 15,183.0 |
| Total Requirements | \$ 31,787,869.0 | \$ 5,564,615.0 | \$ 37,352,484.0 |
| AVAILABLE FUNDS | | | |
| Property Taxes | | | |
| Property Taxes | \$ 8,187,066.0 | \$ - | \$ 8,187,066.0 |
| Fund Balance | 3,381,152.0 | - | 3,381,152.0 |
| Cancel Provision for Obligated Fund Balance | 132,569.0 | 255,494.0 | 388,063.0 |
| Intergovernmental Revenues | | | |
| State Revenues | | | |
| In-Lieu Taxes | \$ 465,867.0 | \$ - | \$ 465,867.0 |
| Homeowners' Exemption | 19,000.0 | - | 19,000.0 |
| Public Assistance Subventions | 1,898,941.0 | - | 1,898,941.0 |
| Other Public Assistance | 2,997,493.0 | - | 2,997,493.0 |
| Public Protection | 1,737,154.0 | - | 1,737,154.0 |
| Health and Mental Health | 2,295,015.0 | 88,791.0 | 2,383,806.0 |
| Capital Projects | 212,435.0 | - | 212,435.0 |
| Other State Revenues | 112,313.0 | - | 112,313.0 |
| Total State Revenues | 9,738,218.0 | 88,791.0 | 9,827,009.0 |
| Federal Revenues | | | |
| Public Assistance Subventions | \$ 3,249,399.0 | \$ - | \$ 3,249,399.0 |
| Other Public Assistance | 214,761.0 | - | 214,761.0 |
| Public Protection | 80,330.0 | - | 80,330.0 |
| Health and Mental Health | 1,998,881.0 | 1,111.0 | 1,999,992.0 |
| Capital Projects | 16,017.0 | - | 16,017.0 |
| Other Federal Revenues | 114,972.0 | - | 114,972.0 |
| Total Federal Revenues | \$ 5,674,360.0 | \$ 1,111.0 | \$ 5,675,471.0 |
| Other Governmental Agencies | 62,126.0 | - | 62,126.0 |
| Total Intergovernmental Revenues | \$ 15,474,704.0 | \$ 89,902.0 | \$ 15,564,606.0 |
| Fines, Forfeitures and Penalties | 147,208.0 | 17.0 | 147,225.0 |
| Licenses, Permits and Franchises | 86,311.0 | 126.0 | 86,437.0 |
| Charges for Services | 3,494,168.0 | 4,234,625.0 | 7,728,793.0 |
| Other Taxes | 229,786.0 | - | 229,786.0 |
| Use of Money and Property | 453,516.0 | 22,378.0 | 475,894.0 |
| Miscellaneous Revenues | 201,389.0 | 484,063.0 | 685,452.0 |
| Operating Contribution from General Fund | - | 478,010.0 | 478,010.0 |
| Total Available Funds | \$ 31,787,869.0 | \$ 5,564,615.0 | \$ 37,352,484.0 |

(1) Reflects the 2025-26 Recommended General County Budget approved by the Board of Supervisors on April 15, 2025

COUNTY OF LOS ANGELES
ADOPTED BUDGET 2025-26 GENERAL COUNTY BUDGET ⁽¹⁾
Net Appropriation: By Fund and Function
(In thousands)

| <u>Function</u> | <u>General Fund</u> | <u>Hospital Enterprise Fund</u> | <u>Total General County</u> |
|---|------------------------|---------------------------------|-----------------------------|
| REQUIREMENTS | | | |
| General | | | |
| General Government | \$ 1,680,679.0 | \$ - | \$ 1,680,679.0 |
| General Services | 2,368,630.0 | - | 2,368,630.0 |
| Public Buildings | 1,801,648.0 | - | 1,801,648.0 |
| Total General | \$ 5,850,957.0 | \$ - | \$ 5,850,957.0 |
| Public Protection | | | |
| Justice | \$ 6,647,928.0 | \$ - | \$ 6,647,928.0 |
| Other Public Protection | 359,252.0 | - | 359,252.0 |
| Total Public Protection | \$ 7,007,180.0 | \$ - | \$ 7,007,180.0 |
| Health and Sanitation | | | |
| Public Assistance | \$ 8,022,066.0 | \$ 5,635,286.0 | \$ 13,657,352.0 |
| Recreation and Cultural Services | 10,020,486.0 | - | 10,020,486.0 |
| Education | 488,624.0 | - | 488,624.0 |
| Other | 44,127.0 | - | 44,127.0 |
| Insurance and Loss Reserve | 581,219.0 | - | 581,219.0 |
| Provision for Obligated Fund Balance | 67,360.0 | - | 67,360.0 |
| Appropriation for Contingency | 5,183.0 | - | 5,183.0 |
| Total Requirements | \$ 32,130,371.0 | \$ 5,635,286.0 | \$ 37,765,657.0 |
| AVAILABLE FUNDS | | | |
| Property Taxes | | | |
| Property Taxes | \$ 8,205,333.0 | \$ - | \$ 8,205,333.0 |
| Fund Balance | 3,541,038.0 | - | 3,541,038.0 |
| Cancel Provision for Obligated Fund Balance | 188,582.0 | 326,440.0 | 515,022.0 |
| Intergovernmental Revenues | | | |
| State Revenues | | | |
| In-Lieu Taxes | \$ 465,867.0 | \$ - | \$ 465,867.0 |
| Homeowners' Exemption | 19,000.0 | - | 19,000.0 |
| Public Assistance Subventions | 1,907,241.0 | - | 1,907,241.0 |
| Other Public Assistance | 3,003,828.0 | - | 3,003,828.0 |
| Public Protection | 1,759,525.0 | - | 1,759,525.0 |
| Health and Mental Health | 2,287,715.0 | 88,794.0 | 2,376,509.0 |
| Capital Projects | 226,374.0 | - | 226,374.0 |
| Other State Revenues | 149,901.0 | - | 149,901.0 |
| Total State Revenues | 9,819,451.0 | 88,794.0 | 9,908,245.0 |
| Federal Revenues | | | |
| Public Assistance Subventions | \$ 3,255,362.0 | \$ - | \$ 3,255,362.0 |
| Other Public Assistance | 212,520.0 | - | 212,520.0 |
| Public Protection | 80,396.0 | - | 80,396.0 |
| Health and Mental Health | 1,997,662.0 | 1,111.0 | 1,998,773.0 |
| Capital Projects | 19,017.0 | - | 19,017.0 |
| Other Federal Revenues | 114,972.0 | - | 114,972.0 |
| Total Federal Revenues | \$ 5,679,929.0 | \$ 1,111.0 | \$ 5,681,040.0 |
| Other Governmental Agencies | 67,054.0 | - | 67,054.0 |
| Total Intergovernmental Revenues | \$ 15,566,434.0 | \$ 89,905.0 | \$ 15,656,339.0 |
| Fines, Forfeitures and Penalties | 147,208.0 | 17.0 | 147,225.0 |
| Licenses, Permits and Franchises | 88,018.0 | 126.0 | 88,144.0 |
| Charges for Services | 3,512,769.0 | 4,172,207.0 | 7,684,976.0 |
| Other Taxes | 229,786.0 | - | 229,786.0 |
| Use of Money and Property | 453,516.0 | 22,378.0 | 475,894.0 |
| Miscellaneous Revenues | 197,687.0 | 566,453.0 | 764,140.0 |
| Operating Contribution from General Fund | - | 457,760.0 | 457,760.0 |
| Total Available Funds | \$ 32,130,371.0 | \$ 5,635,286.0 | \$ 37,765,657.0 |

(1) Reflects the 2025-26 Adopted General County Budget approved by the Board of Supervisors on June 23, 2025

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 "situated" 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 countywide 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 2024-25 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 \$62,142,794,583, which constitutes only 3.07% of the total full cash value for the entire County.

| Taxpayer | Total Tax Levy 2024-25 |
|---|------------------------------|
| SOUTHERN CALIFORNIA EDISON CO | \$ 178,805,938 |
| SOUTHERN CALIFORNIA GAS COMPANY | 66,393,590 |
| REXFORD INDUSTRIAL | 65,891,011 |
| TESORO REFINING AND MARKETING CO | 59,403,105 |
| PINCA Y RE LLC | 44,159,867 |
| UNIVERSAL STUDIOS LLC | 39,817,956 |
| ASN PASADENA LLC | 37,277,832 |
| EQR MARINA DEL REY | 35,694,427 |
| DOUGLAS EMMETT RESIDENTIAL | 35,673,713 |
| CHEVRON USA INC / TEXACO / UNOCAL | 35,195,811 |
| AT&T / PACIFIC BELL TELEPHONE CO | 23,900,481 |
| AMB / PROLOGIS | 22,030,820 |
| ESSEX PORTFOLIO LP | 20,184,252 |
| PHILLIPS 66 PIPE LINE LLC | 20,150,826 |
| MURPHYS BOWL LLC | 15,356,802 |
| PINCA Y RE LLC LESSOR STADCO LA | 14,796,931 |
| TORRANCE PIPELINE COMPANY LLC | 14,343,227 |
| BEACON OIL CO / ULTRAMAR / VALERO ENERGY CORP | 14,253,973 |
| CENTURY CITY MALL LLC | 14,102,527 |
| KAISER FOUNDATION HOSPITALS | 14,042,366 |
| | \$ 771,475,455 |

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 Year 2020-21 to Fiscal Year 2024-25.

COUNTY OF LOS ANGELES
 COMPARISON OF FULL CASH VALUE
 PROPERTY TAXATION AND COLLECTIONS
 FISCAL YEARS 2020-21 THROUGH 2024-25

| 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 % |
|-------------|--------------------------------|--|--|---|
| 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 | 4,593,626,211 | 98.28% |
| 2024-25 | 2,024,939,188,910 | 4,907,965,030 | 4,823,315,938 ⁽³⁾ | 98.28% |

(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 2023-24 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 from Fiscal Year 2020-21 to Fiscal Year 2024-25.

COMMUNITY REDEVELOPMENT AGENCY (CRA)
 PROJECTS IN THE COUNTY OF LOS ANGELES
 FULL CASH VALUE AND TAX ALLOCATIONS
 FISCAL YEARS 2020-21 THROUGH 2024-25

| Fiscal Year | Full Cash Value Increments ⁽¹⁾ | Total Tax Allocations ⁽²⁾ |
|-------------|---|--------------------------------------|
| 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 | 2,535,710,481 |
| 2024-25 | 297,690,814,821 | 2,619,688,866 |

(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.

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.

2025-26 Tax and Revenue Anticipation Notes

Pursuant to California law and a resolution adopted by the Board of Supervisors on May 13, 2025, the County issued the 2025-26 TRANs with an aggregate principal amount of \$700,000,000 on July 1, 2025. The 2025-26 TRANs, which will mature on June 30, 2026, are general obligations of the County attributable to Fiscal Year 2025-26 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 2025-26, 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 2025-26 for the purpose of repaying the 2025-26 TRANs on the

June 30, 2026 maturity date. The deposits to the Repayment Fund have been made in accordance with the following schedule:

| COUNTY OF LOS ANGELES | |
|--|----------------------|
| 2025-26 TAX AND REVENUE ANTICIPATION NOTES | |
| SCHEDULE OF DEPOSITS TO REPAYMENT FUND* | |
| Deposit Date | Deposit Amount |
| December, 2025 | \$315,000,000 |
| January, 2026 | 315,000,000 |
| April, 2026 | 104,902,778 |
| Total | \$734,902,778 |

* Includes \$700,000,000 of 2025-26 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 2020-21 to Fiscal Year 2024-25.

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

| | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Property Taxes | \$ 6,632,057 | \$ 6,757,307 | \$ 7,488,759 | \$ 7,793,678 | \$ 8,097,521 |
| Other Taxes | 227,840 | 293,548 | 271,809 | 250,207 | 229,866 |
| Licenses, Permits and Franchises | 65,989 | 71,281 | 73,784 | 86,508 | 87,981 |
| Fines, Forfeitures and Penalties | 147,618 | 166,194 | 175,622 | 193,565 | 192,511 |
| Investment and Rental Income | 143,986 | 149,077 | 362,993 | 616,392 | 657,933 |
| State In-Lieu Taxes | (101,848) | 407,236 | 364,801 | 381,298 | 473,374 |
| State Homeowner Exemptions | 18,382 | 18,419 | 18,299 | 17,718 | 17,438 |
| Charges for Current Services | 3,042,996 | 2,606,320 | 2,832,406 | 2,873,769 | 3,093,427 |
| Other Revenue* | 1,525,749 | 1,264,482 | 1,504,348 | 1,603,064 | 2,360,877 |
| TOTAL UNRESTRICTED RECEIPTS | \$ 11,702,769 | \$ 11,733,864 | \$ 13,092,821 | \$ 13,816,199 | \$ 15,210,928 |

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 2023-24 and Fiscal Year 2024-25.

General Fund Cash Flow Statements

The Fiscal Year 2023-24 and Fiscal Year 2024-25 General Fund Cash Flow Statements are provided at the end of this Financial Summary Section. In Fiscal Year 2023-24, the County had an ending General Fund cash balance of \$4.937 billion. For Fiscal Year 2024-25, the County had an ending General Fund cash balance of \$5.372 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 May 31, 2025, 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 | \$ 26.828 |
| Schools and Community Colleges | 30.482 |
| Discretionary Participants | 3.327 |
| Total | \$ 60.637 |

Of these entities, the discretionary participants accounted for 5.48% 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 Tax Collector and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on March 11, 2025, reaffirmed the following criteria and order of priority for selecting investments:

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

The Treasurer and Tax Collector 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 June 30, 2025, the May 31, 2025 book value of the Treasury Pool was approximately \$60.637 billion and the corresponding market value was approximately \$59.049 billion.

An internal controls system for monitoring cash accounting and investment practices is in place. 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 May 31, 2025:

| <u>Type of Investment</u> | <u>% of Pool</u> |
|--|------------------|
| Certificates of Deposit | 3.21 |
| U.S. Government and Agency Obligations | 66.85 |
| Bankers Acceptances | 0.00 |
| Commercial Paper | 29.88 |
| Municipal Obligations | 0.06 |
| Corporate Notes & Deposit Notes | 0.00 |
| Repurchase Agreements | 0.00 |
| Asset Backed Instruments | 0.00 |
| Other | 0.00 |
| | 100.00 |

The Treasury Pool is highly liquid. As of May 31, 2025, approximately 45.73% of the investments mature within 60 days, with an average of 558 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, 2024, 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 2024-25 Final Adopted Budget included an available General Fund balance of \$4,216,065,000 as of June 30, 2024.

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 2023-24 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, 2024.

The tables below provide a reconciliation of the General Fund's June 30, 2024 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 2019-20 to Fiscal Year 2023-24.

COUNTY OF LOS ANGELES
GENERAL FUND
RECONCILIATION OF FUND BALANCE FROM BUDGETARY TO GAAP BASIS
JUNE 30, 2024 (in thousands of \$)

| | |
|--|--------------------|
| Unassigned Fund Balance - Budgetary Basis | \$4,216,065 |
| Adjustments: | |
| Accrual of budgetary liabilities for litigation and self-insurance claims not required by GAAP | 353,007 |
| Change in receivables for health insurers rebates held in LACERA OPEB Custodial Fund | 254,469 |
| Accrual of liabilities for accrued compensated absences not required by GAAP | 118,228 |
| Change in revenue accruals | (289,632) |
| Deferral of property tax receivables | (107,052) |
| Deferral of sale of tobacco settlement revenue | (175,088) |
| Change in fair value of Investments | (451,858) |
| Nonspendable long-term receivable | (1,897) |
| Reserve for "Rainy Day" Fund | 978,559 |
| <u>Unassigned Fund Balance - GAAP Basis</u> | <u>\$4,894,801</u> |
| Source: Los Angeles County Auditor-Controller | |

COUNTY OF LOS ANGELES
BALANCE SHEET AT JUNE 30, 2020, 2021, 2022, 2023, and 2024
GENERAL FUND-GAAP BASIS (in thousands of \$)

ASSETS

| | June 30, 2020 | June 30, 2021 | June 30, 2022 | June 30, 2023 | June 30, 2024 |
|-----------------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| Pooled Cash and Investments | \$ 5,027,623 | \$ 7,656,800 | \$ 9,550,790 | \$ 9,934,126 | \$ 10,919,737 |
| Other Investments | 3,678 | 3,351 | 2,988 | 2,588 | 2,152 |
| Taxes Receivable | 260,740 | 243,220 | 262,404 | 273,191 | 305,769 |
| Lease Receivable* | | | 1,864,647 | 1,833,620 | 1,846,351 |
| Other Receivables | 3,579,508 | 3,415,900 | 3,469,989 | 3,829,493 | 4,191,626 |
| Due from Other Funds | 872,764 | 600,132 | 875,872 | 836,933 | 1,132,681 |
| Advances to Other Funds | 77,748 | 18,084 | 18,221 | 17,738 | 17,806 |
| Inventories | 66,482 | 117,370 | 163,736 | 137,240 | 142,429 |
| Total Assets | \$ 9,888,543 | \$ 12,054,857 | \$ 16,208,647 | \$ 16,864,929 | \$ 18,558,551 |

LIABILITIES

| | | | | | |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Accounts Payable | \$ 790,780 | \$ 684,009 | \$ 627,573 | \$ 712,573 | \$ 762,224 |
| Accrued Payroll | 457,444 | 481,556 | 489,407 | 523,652 | 555,409 |
| Other Payables | 91,569 | 94,890 | 31,838 | 163,099 | 27,020 |
| Due to Other Funds | 246,092 | 489,473 | 346,213 | 345,155 | 619,244 |
| Advances Payable | 3,073,192 | 4,500,312 | 6,225,152 | 5,979,531 | 6,224,093 |
| Third-Party Payor Liability | 92,105 | 181,002 | 289,706 | 195,652 | 215,649 |
| Total Liabilities | \$ 4,751,182 | \$ 6,431,242 | \$ 8,009,889 | \$ 7,919,662 | \$ 8,403,639 |

DEFERRED INFLOWS OF RESOURCES \$ 618,557 \$ 689,891 \$ 2,581,104 \$ 2,462,210 \$ 2,462,203

FUND BALANCES

| | | | | | |
|--|---------------------|----------------------|----------------------|----------------------|----------------------|
| Nonspendable | \$ 126,630 | \$ 225,233 | \$ 284,841 | \$ 263,367 | \$ 293,753 |
| Restricted | 83,372 | 55,061 | 64,516 | 77,629 | 88,654 |
| Committed | 594,193 | 597,337 | 759,944 | 832,792 | 1,070,313 |
| Assigned | 696,775 | 790,573 | 774,267 | 1,028,770 | 1,345,188 |
| Unassigned | 3,017,834 | 3,265,520 | 3,734,086 | 4,280,499 | 4,894,801 |
| Total Fund Balances | \$ 4,518,804 | \$ 4,933,724 | \$ 5,617,654 | \$ 6,483,057 | \$ 7,692,709 |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 9,888,543 | \$ 12,054,857 | \$ 16,208,647 | \$ 16,864,929 | \$ 18,558,551 |

Sources: Annual Comprehensive Financial Reports for fiscal years ended June 30, 2020, 2021, 2022, 2023, and 2024.

*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 2019-20 THROUGH 2023-24 (in thousands of \$) | | | | | |
| | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
| REVENUES: | | | | | |
| Taxes | \$ 6,321,404 | \$ 6,894,825 | \$ 7,161,038 | \$ 7,643,986 | \$ 8,022,298 |
| Licenses, Permits & Franchises | 70,299 | 63,193 | 70,654 | 72,609 | 85,169 |
| Fines, Forfeitures and Penalties | 184,798 | 163,163 | 173,404 | 176,923 | 187,773 |
| Use of Money and Property | 256,737 | 77,633 | (176,046) | 369,173 | 704,543 |
| Aid from Other Government | 10,932,846 | 12,957,099 | 12,664,511 | 13,804,835 | 14,665,512 |
| Charges for Services | 2,964,007 | 2,909,960 | 2,728,979 | 2,908,286 | 3,352,030 |
| Miscellaneous Revenues | 248,008 | 217,269 | 240,128 | 245,625 | 246,157 |
| TOTAL | \$ 20,978,099 | \$ 23,283,142 | \$ 22,862,668 | \$ 25,221,437 | \$ 27,263,482 |
| EXPENDITURES | | | | | |
| General | \$ 1,504,452 | \$ 1,807,937 | \$ 1,193,470 | \$ 1,870,449 | \$ 2,021,666 |
| Public Protection | 6,130,313 | 6,149,194 | 6,330,770 | 6,720,622 | 7,035,302 |
| Health and Sanitation | 5,727,283 | 5,968,030 | 6,380,309 | 6,468,543 | 7,501,812 |
| Public Assistance | 6,893,502 | 7,898,985 | 7,555,772 | 8,549,336 | 8,938,477 |
| Recreation and Cultural Services | 407,052 | 398,537 | 427,224 | 477,197 | 488,624 |
| Debt Service | 35,596 | 31,172 | 143,214 | 186,397 | 217,622 |
| Capital Outlay | 1,052 | 1,134 | 58,841 | 341,816 | 192,659 |
| Total | \$ 20,699,250 | \$ 22,254,989 | \$ 22,089,600 | \$ 24,614,360 | \$ 26,396,162 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | \$ 278,849 | \$ 1,028,153 | \$ 773,068 | \$ 607,077 | \$ 867,320 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Operating Transfers from (to) | | | | | |
| Other Funds-Net | \$ (196,378) | \$ (616,679) | \$ (149,735) | \$ (84,670) | \$ 148,586 |
| Sales of Capital Assets | 1,272 | 2,312 | 1,756 | 1,180 | 1,087 |
| Leases* | 1,052 | 1,134 | 58,841 | 280,778 | 146,917 |
| Subscriptions** | | | | 61,038 | 45,742 |
| OTHER FINANCING SOURCES (USES)-Net | \$ (194,054) | \$ (613,233) | \$ (89,138) | \$ 258,326 | \$ 342,332 |
| Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses | 84,795 | 414,920 | 683,930 | 865,403 | 1,209,652 |
| Beginning Fund Balance | 4,434,009 | 4,518,804 | 4,933,724 | 5,617,654 | 6,483,057 |
| Ending Fund Balance | \$ 4,518,804 | \$ 4,933,724 | \$ 5,617,654 | \$ 6,483,057 | \$ 7,692,709 |
| Sources: Annual Comprehensive Financial Reports for fiscal years ended June 30, 2020, 2021, 2022, 2023, and 2024. | | | | | |
| * 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**

**2023-24: 12 MONTHS ACTUAL
2024-25: 12 MONTHS ACTUAL**

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 | May 2024 | June 2024 | |
|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|---|
| PROPERTY TAX GROUP | | | | | | |
| \$ 826,748 | \$ 640,990 | \$ 1,116,927 | \$ 2,879,009 | \$ 856,192 | \$ 193,140 | Tax Collector Trust Fund |
| 2,380,027 | 1,397,565 | 1,173,119 | 3,231,860 | 1,437,899 | 258,761 | Auditor Unapportioned Property Tax |
| 110,996 | 104,773 | 83,055 | 79,641 | 104,651 | 154,919 | Unsecured Property Tax |
| 451 | 366 | 380 | 402 | 368 | 405 | Miscellaneous Fees & Taxes |
| 25,212 | 22,231 | 21,465 | 24,180 | 22,688 | 24,756 | State Redemption Fund |
| 457,217 | 295,235 | 6,008 | 469,569 | 280,524 | 210,926 | Education Revenue Augmentation |
| 16,306 | 639 | 639 | 1,553 | 17,345 | 7,330 | State Reimbursement Fund |
| 916,902 | 390,414 | 816,377 | 830,863 | 1,003,487 | 0 | Vehicle License Fee Replacement Fund |
| 22,704 | 33,087 | 37,210 | 28,592 | 36,106 | 20,507 | Property Tax Rebate Fund |
| 17,390 | 21,345 | 26,792 | 31,421 | 36,642 | 37,426 | Utility User Tax Trust Fund |
| <u>\$ 4,773,953</u> | <u>\$ 2,906,645</u> | <u>\$ 3,281,972</u> | <u>\$ 7,577,090</u> | <u>\$ 3,795,902</u> | <u>\$ 908,170</u> | Subtotal |
| VARIOUS TRUST GROUP | | | | | | |
| \$ 806,827 | \$ 721,071 | \$ 727,684 | \$ 732,185 | \$ 800,079 | \$ 303,824 | Departmental Trust Fund |
| 68,594 | 76,645 | 76,184 | 75,024 | 74,707 | 71,906 | Non-County Entities Trust Fund |
| 92,580 | 52,195 | 60,341 | 63,994 | 58,066 | 64,525 | Payroll Revolving Fund |
| 22,213 | 22,228 | 22,575 | 23,256 | 23,557 | 23,585 | Asset Development Fund |
| 8,291 | 8,299 | 8,030 | 7,855 | 7,032 | 6,977 | Productivity Investment Fund |
| 5,883 | 5,839 | 5,839 | 5,763 | 5,731 | 5,702 | Motor Vehicle Capital Outlays |
| 395 | 362 | 336 | 326 | 277 | 283 | Civic Center Parking |
| 554 | 438 | 359 | 179 | (64) | 337 | Reporters Salary Fund |
| 15,707 | 15,479 | 15,668 | 15,380 | 15,090 | 15,297 | Cable TV Franchise Fund |
| 10,927 | 10,988 | 11,123 | 11,206 | 11,267 | 11,415 | Megaflex Long-Term Disability |
| 16,773 | 16,879 | 16,796 | 16,901 | 17,073 | 17,100 | Megaflex Long-Term Disability & Health |
| 92,972 | 93,637 | 94,432 | 95,240 | 96,065 | 96,880 | Megaflex Short-Term Disability |
| <u>\$ 1,141,716</u> | <u>\$ 1,024,060</u> | <u>\$ 1,039,367</u> | <u>\$ 1,047,309</u> | <u>\$ 1,108,880</u> | <u>\$ 617,831</u> | Subtotal |
| HOSPITAL GROUP | | | | | | |
| \$ 3,582 | \$ 38,793 | \$ 56,448 | \$ 220,541 | \$ 304,808 | \$ 111,301 | Harbor-UCLA Medical Center |
| 64,551 | 39,803 | 15,223 | 117,677 | 236,566 | 194,903 | Olive View-UCLA Medical Center |
| 3,368 | 51,762 | 60,103 | 210,800 | 383,782 | 285,946 | LAC + USC Medical Center |
| 1,054 | 8,423 | 1,636 | 82,919 | 160,234 | 102,071 | Rancho Los Amigos Rehab Center |
| 182,074 | 182,672 | 183,049 | 183,549 | 184,053 | 184,599 | Health Services - Harbor-UCLA Medical Center |
| <u>\$ 254,629</u> | <u>\$ 321,453</u> | <u>\$ 316,459</u> | <u>\$ 815,486</u> | <u>\$ 1,269,443</u> | <u>\$ 878,820</u> | Subtotal |
| <u>\$ 6,170,298</u> | <u>\$ 4,252,158</u> | <u>\$ 4,637,798</u> | <u>\$ 9,439,885</u> | <u>\$ 6,174,225</u> | <u>\$ 2,404,821</u> | GRAND TOTAL |

COUNTY OF LOS ANGELES BORROWABLE RESOURCES

AVERAGE DAILY BALANCES: Fiscal Year 2024-25

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 | \$ 115,593 | \$ 92,230 | \$ 44,084 | \$ 840,626 | \$ 2,354,667 | \$ 5,328,627 |
| Auditor Unapportioned Property Tax | 374,882 | 212,123 | 201,117 | 315,779 | 1,959,301 | 2,813,398 |
| Unsecured Property Tax | 230,151 | 227,065 | 204,135 | 254,951 | 185,733 | 115,283 |
| Miscellaneous Fees & Taxes | 303 | 318 | 367 | 455 | 591 | 721 |
| State Redemption Fund | 43,285 | 72,101 | 67,383 | 57,508 | 51,240 | 45,732 |
| Education Revenue Augmentation | 17,240 | 80,365 | 19,292 | 375 | 24,247 | 642,670 |
| State Reimbursement Fund | 7 | 7 | 7 | 7 | 1,548 | 8,030 |
| Vehicle License Fee Replacement Fund | 0 | 15,881 | 163,119 | 183,200 | 183,545 | 209,025 |
| Property Tax Rebate Fund | 5,907 | 24,897 | 19,977 | 14,164 | 30,824 | 29,726 |
| Utility User Tax Trust Fund | 1,336 | 0 | 3,567 | 8,406 | 11,498 | 11,442 |
| Subtotal | \$ 788,704 | \$ 724,987 | \$ 723,048 | \$ 1,675,471 | \$ 4,803,194 | \$ 9,204,654 |
| VARIOUS TRUST GROUP | | | | | | |
| Departmental Trust Fund | \$ 798,045 | \$ 658,323 | \$ 623,925 | \$ 652,308 | \$ 638,717 | \$ 650,631 |
| Non-County Entities Trust Fund | 67,367 | 73,564 | 69,787 | 66,690 | 69,217 | 67,744 |
| Payroll Revolving Fund | 60,266 | 58,031 | 73,837 | 59,872 | 53,656 | 80,920 |
| Asset Development Fund | 23,555 | 23,297 | 23,310 | 23,335 | 23,360 | 23,385 |
| Productivity Investment Fund | 7,133 | 7,395 | 7,203 | 8,090 | 9,407 | 9,305 |
| Motor Vehicle Capital Outlays | 5,699 | 5,105 | 4,776 | 4,375 | 3,579 | 3,579 |
| Civic Center Parking | 29 | 211 | 137 | 64 | 219 | 262 |
| Reporters Salary Fund | 523 | 462 | 1,031 | 969 | 230 | 256 |
| Cable TV Franchise Fund | 14,375 | 13,941 | 14,339 | 14,343 | 14,115 | 13,556 |
| Megaflex Long-Term Disability | 11,366 | 11,414 | 11,587 | 11,604 | 11,797 | 11,924 |
| Megaflex Long-Term Disability & Health | 17,208 | 17,323 | 17,448 | 17,544 | 17,653 | 17,768 |
| Megaflex Short-Term Disability | 97,776 | 98,534 | 99,299 | 99,928 | 100,374 | 101,387 |
| Subtotal | \$ 1,103,342 | \$ 967,600 | \$ 946,679 | \$ 959,122 | \$ 942,324 | \$ 980,717 |
| HOSPITAL GROUP | | | | | | |
| Harbor-UCLA Medical Center | \$ 65,910 | \$ 27,799 | \$ 32,791 | \$ 152,430 | \$ 119,278 | \$ 36,280 |
| Olive View-UCLA Medical Center | 164,813 | 113,735 | 24,352 | 63,779 | 23,248 | (4,142) |
| LAC+USC Medical Center | 261,231 | 212,387 | 178,465 | 229,798 | 168,855 | 54,148 |
| Rancho Los Amigos Rehab Center | 76,488 | 74,464 | 146,753 | 151,276 | 106,409 | 35,959 |
| Health Services - Harbor-UCLA Medical Center | 185,122 | 185,824 | 186,390 | 186,863 | 187,541 | 187,772 |
| Subtotal | \$ 753,564 | \$ 614,209 | \$ 568,751 | \$ 784,146 | \$ 605,331 | \$ 310,017 |
| GRAND TOTAL | \$ 2,645,610 | \$ 2,306,796 | \$ 2,238,478 | \$ 3,418,739 | \$ 6,350,849 | \$ 10,495,388 |

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

| January 2025 | February 2025 | March 2025 | April 2025 | May 2025 | June 2025 | |
|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---|
| PROPERTY TAX GROUP | | | | | | |
| \$ 1,090,420 | \$ 598,108 | \$ 1,145,474 | \$ 3,283,260 | \$ 1,163,382 | \$ 222,381 | Tax Collector Trust Fund |
| 2,114,143 | 1,614,106 | 1,180,495 | 2,400,855 | 1,016,750 | 207,060 | Auditor Unapportioned Property Tax |
| 111,647 | 95,967 | 82,144 | 72,290 | 99,225 | 146,667 | Unsecured Property Tax |
| 858 | 933 | 662 | 683 | 768 | 801 | Miscellaneous Fees & Taxes |
| 34,994 | 25,710 | 27,523 | 30,149 | 30,044 | 31,554 | State Redemption Fund |
| 725,677 | 113,747 | 26,928 | 552,931 | 185,210 | 259,899 | Education Revenue Augmentation |
| 14,308 | 604 | 604 | 1,503 | 17,427 | 7,212 | State Reimbursement Fund |
| 608,885 | 579,509 | 805,795 | 862,156 | 1,113,107 | 0 | Vehicle License Fee Replacement Fund |
| 45,311 | 45,270 | 38,407 | 52,466 | 110,507 | 104,786 | Property Tax Rebate Fund |
| 11,442 | 5,519 | 12,442 | 19,136 | 9,744 | 13,268 | Utility User Tax Trust Fund |
| \$ 4,757,685 | \$ 3,079,473 | \$ 3,320,474 | \$ 7,275,429 | \$ 3,746,164 | \$ 993,628 | Subtotal |
| VARIOUS TRUST GROUP | | | | | | |
| \$ 705,589 | \$ 780,577 | \$ 865,658 | \$ 783,182 | \$ 773,035 | \$ 772,186 | Departmental Trust Fund |
| 59,086 | 67,090 | 73,339 | 74,074 | 77,042 | 73,417 | Non-County Entities Trust Fund |
| 61,700 | 69,345 | 64,091 | 58,346 | 50,532 | 65,119 | Payroll Revolving Fund |
| 23,408 | 23,425 | 23,445 | 24,022 | 24,086 | 24,095 | Asset Development Fund |
| 9,022 | 8,909 | 8,155 | 7,770 | 7,510 | 7,460 | Productivity Investment Fund |
| 3,547 | 2,927 | 2,909 | 2,692 | 2,106 | 2,106 | Motor Vehicle Capital Outlays |
| 205 | 259 | 161 | 96 | 131 | 199 | Civic Center Parking |
| 967 | 603 | 439 | 614 | 37 | 471 | Reporters Salary Fund |
| 13,581 | 13,455 | 13,661 | 13,782 | 13,686 | 13,878 | Cable TV Franchise Fund |
| 12,065 | 12,321 | 12,454 | 12,519 | 12,296 | 11,914 | Megaflex Long-Term Disability |
| 17,869 | 17,974 | 17,844 | 17,952 | 18,066 | 18,151 | Megaflex Long-Term Disability & Health |
| 101,810 | 102,048 | 101,980 | 102,007 | 101,024 | 99,092 | Megaflex Short-Term Disability |
| \$ 1,008,849 | \$ 1,098,933 | \$ 1,184,136 | \$ 1,097,056 | \$ 1,079,551 | \$ 1,088,088 | Subtotal |
| HOSPITAL GROUP | | | | | | |
| \$ 30,319 | \$ 10,086 | \$ 1,910 | \$ 214,474 | \$ 282,941 | \$ 224,064 | Harbor-UCLA Medical Center |
| 175,825 | 209,454 | 140,676 | 235,160 | 218,017 | 127,689 | Olive View-UCLA Medical Center |
| 9,769 | 20,280 | (3,583) | 171,769 | 273,410 | 343,409 | LAC + USC Medical Center |
| 174,261 | 229,774 | 179,751 | 198,482 | 215,282 | 145,020 | Rancho Los Amigos Rehab Center |
| 188,130 | 188,749 | 189,257 | 189,735 | 190,248 | 190,756 | Health Services - Harbor-UCLA Medical Center |
| \$ 578,304 | \$ 658,343 | \$ 508,011 | \$ 1,009,620 | \$ 1,179,898 | \$ 1,030,938 | Subtotal |
| \$ 6,344,838 | \$ 4,836,749 | \$ 5,012,621 | \$ 9,382,105 | \$ 6,005,613 | \$ 3,112,654 | GRAND TOTAL |



**COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW STATEMENTS**

**2023-24: 12 MONTHS ACTUAL
2024-25: 12 MONTHS ACTUAL**

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 negative \$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 | May 2024 | June 2024 | Total 2023-24 | |
|---------------------|---------------------|---------------------|----------------------|----------------------|---------------------|------------------|-------------------------------------|
| \$ 3,378,328 | \$ 3,717,922 | \$ 2,729,866 | \$ 2,190,831 | \$ 3,170,206 | \$ 4,300,424 | | BEGINNING BALANCE |
| | | | | | | | RECEIPTS |
| \$ 1,859,920 | \$ 250,461 | \$ 19,831 | \$ 1,392,148 | \$ 1,617,140 | \$ 495,139 | \$ 7,793,678 | Property Taxes |
| 11,858 | 19,097 | 13,713 | 14,793 | 19,321 | 59,843 | 250,207 | Other Taxes |
| 2,743 | 6,231 | 13,407 | 18,524 | 7,487 | 4,826 | 86,508 | Licenses, Permits & Franchises |
| 7,085 | 22,562 | 15,752 | 7,434 | 34,922 | 6,975 | 193,565 | Fines, Forfeitures & Penalties |
| 40,882 | 63,965 | 46,773 | 53,721 | 65,321 | 61,386 | 616,392 | Investment and Rental Income |
| 38,294 | 55,393 | 59,939 | 39,335 | 41,056 | 15,678 | 381,298 | Motor Vehicle (VLF) Realignment |
| 75,534 | 103,924 | 68,998 | 64,899 | 89,729 | 74,322 | 971,369 | Sales Taxes - Proposition 172 |
| 81,322 | 110,673 | 73,486 | 70,470 | 96,181 | 83,328 | 985,728 | 1991 Program Realignment |
| 197,311 | 473,606 | 342,596 | 557,308 | 489,839 | 816,363 | 4,684,989 | Other Intergovernmental Revenue** |
| 292,388 | (65,414) | 149,300 | 613,737 | 191,559 | 361,281 | 2,873,769 | Charges for Current Services |
| (7,617) | 103,436 | 107,489 | 154,354 | 166,575 | 179,706 | 1,603,064 | Other Revenue & Tobacco Settlement |
| 3,853 | 3,409 | 2,285 | 5,702 | 61,213 | 218,129 | 416,009 | Transfers & Reimbursements |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | Hospital Loan Repayment* |
| 633,497 | 530,102 | 634,865 | 493,190 | 547,080 | 644,428 | 6,544,194 | Welfare Advances |
| 10,384 | 22,788 | 115,494 | 81,377 | 63,003 | 87,166 | 644,023 | 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 | \$ 3,490,426 | \$ 3,108,570 | \$ 28,744,793 | Total Receipts |
| | | | | | | | DISBURSEMENTS |
| \$ 274,858 | \$ 782,941 | \$ 334,492 | \$ 332,574 | \$ 336,521 | \$ 345,250 | \$ 4,057,479 | Welfare Warrants |
| 715,163 | 655,996 | 650,658 | 672,484 | 640,547 | 647,254 | 7,802,463 | Salaries |
| 484,987 | 468,204 | 470,743 | 439,129 | 406,434 | 488,702 | 5,443,591 | Employee Benefits |
| 748,470 | 649,551 | 634,625 | 929,721 | 826,690 | 812,901 | 8,754,892 | Vendor Payments |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | Loans to Hospitals* |
| 267,085 | 119,258 | 82,264 | 0 | 0 | 85,998 | 766,217 | Hospital Subsidy Payments |
| 102,297 | 12,339 | 30,181 | 109,195 | 150,016 | 91,795 | 957,103 | 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 | \$ 2,360,208 | \$ 2,471,900 | \$ 28,516,259 | Total Disbursements |
| \$ 3,717,922 | \$ 2,729,866 | \$ 2,190,831 | \$ 3,170,206 | \$ 4,300,424 | \$ 4,937,094 | | ENDING BALANCE |
| \$ 6,170,298 | \$ 4,252,158 | \$ 4,637,798 | \$ 9,439,885 | \$ 6,174,225 | \$ 2,404,821 | | Borrowable Resources (Avg. Balance) |
| \$ 9,888,220 | \$ 6,982,024 | \$ 6,828,629 | \$ 12,610,091 | \$ 10,474,649 | \$ 7,341,915 | | Total Cash Available |

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

| | July 2024 | August 2024 | September 2024 | October 2024 | November 2024 | December 2024 |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| BEGINNING BALANCE | \$ 4,937,094 | \$ 5,538,503 | \$ 5,046,461 | \$ 4,796,103 | \$ 4,180,968 | \$ 3,214,753 |
| RECEIPTS | | | | | | |
| Property Taxes | \$ 50,670 | \$ 177,695 | \$ 0 | \$ 0 | \$ 72,236 | \$ 1,943,308 |
| Other Taxes | 20,423 | 16,682 | 15,880 | 15,079 | 23,275 | 12,946 |
| Licenses, Permits & Franchises | 5,281 | 2,932 | 6,764 | 3,691 | 3,802 | 6,209 |
| Fines, Forfeitures & Penalties | 29,387 | 26,771 | 5,875 | 6,978 | 17,834 | 6,674 |
| Investment and Rental Income | 67,917 | 60,599 | 48,993 | 53,624 | 50,697 | 48,498 |
| Motor Vehicle (VLF) Realignment | 0 | 42,465 | 95,280 | 40,417 | 40,375 | 36,291 |
| Sales Taxes - Proposition 172 | 96,691 | 72,667 | 73,031 | 76,044 | 88,789 | 73,794 |
| 1991 Program Realignment | 101,586 | 2,572 | 156,833 | 83,648 | 91,353 | 79,900 |
| Other Intergovernmental Revenue** | 707,878 | 760,793 | 561,963 | 394,428 | 180,908 | 478,395 |
| Charges for Current Services | 335,861 | 379,832 | 188,120 | 283,556 | 198,971 | 149,767 |
| Other Revenue & Tobacco Settlement | 376,053 | 268,877 | 57,095 | 69,677 | 105,293 | 147,302 |
| Transfers & Reimbursements | 14,669 | 1,623 | (132) | 1,798 | 15,012 | 44,742 |
| Hospital Loan Repayment* | 0 | 0 | 0 | 0 | 0 | 0 |
| Welfare Advances | 549,040 | 190,391 | 828,605 | 635,691 | 465,629 | 549,433 |
| Other Financing Sources/MHSA | 338,933 | 21,129 | 0 | 14,432 | 78,144 | 45,914 |
| Intrafund Borrowings | 0 | 0 | 0 | 0 | 0 | 0 |
| TRANS Sold | 700,000 | 0 | 0 | 0 | 0 | 0 |
| Total Receipts | \$ 3,394,389 | \$ 2,025,028 | \$ 2,038,307 | \$ 1,679,063 | \$ 1,432,318 | \$ 3,623,173 |
| DISBURSEMENTS | | | | | | |
| Welfare Warrants | \$ 265,473 | \$ 289,237 | \$ 293,865 | \$ 283,005 | \$ 275,845 | \$ 281,287 |
| Salaries | 665,289 | 681,601 | 664,657 | 671,598 | 695,396 | 708,274 |
| Employee Benefits | 442,253 | 468,509 | 492,640 | 457,427 | 492,711 | 534,555 |
| Vendor Payments | 1,226,438 | 735,232 | 787,096 | 803,280 | 810,618 | 978,931 |
| Loans to Hospitals* | 0 | 0 | 0 | 0 | 0 | 48,267 |
| Hospital Subsidy Payments | (6,608) | 284,905 | 1,798 | (20,406) | 89,931 | 9,223 |
| Transfer Payments | 200,135 | 57,586 | 48,609 | 99,294 | 34,032 | 34,444 |
| TRANS Pledge Transfer | 0 | 0 | 0 | 0 | 0 | 315,000 |
| Intrafund Repayment | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Disbursements | \$ 2,792,980 | \$ 2,517,070 | \$ 2,288,665 | \$ 2,294,198 | \$ 2,398,533 | \$ 2,909,981 |
| ENDING BALANCE | \$ 5,538,503 | \$ 5,046,461 | \$ 4,796,103 | \$ 4,180,968 | \$ 3,214,753 | \$ 3,927,945 |
| Borrowable Resources (Avg. Balance) | \$ 2,645,610 | \$ 2,306,796 | \$ 2,238,478 | \$ 3,418,739 | \$ 6,350,849 | \$ 10,495,388 |
| Total Cash Available | \$ 8,184,113 | \$ 7,353,257 | \$ 7,034,581 | \$ 7,599,707 | \$ 9,565,602 | \$ 14,423,333 |

* 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 2025 | February 2025 | March 2025 | April 2025 | May 2025 | June 2025 | Total 2024-25 | |
|----------------------|---------------------|---------------------|----------------------|----------------------|---------------------|------------------|-------------------------------------|
| \$ 3,927,945 | \$ 4,601,000 | \$ 3,755,299 | \$ 2,718,865 | \$ 4,335,838 | \$ 5,438,341 | | BEGINNING BALANCE |
| RECEIPTS | | | | | | | |
| \$ 1,960,012 | \$ 248,128 | \$ 16,936 | \$ 1,494,680 | \$ 1,634,025 | \$ 499,831 | \$ 8,097,521 | Property Taxes |
| 16,005 | 26,433 | 17,575 | 14,094 | 35,915 | 15,559 | 229,866 | Other Taxes |
| 5,043 | 4,520 | 17,049 | 26,213 | 1,471 | 5,006 | 87,981 | Licenses, Permits & Franchises |
| 7,356 | 23,931 | 17,151 | 6,808 | 37,249 | 6,497 | 192,511 | Fines, Forfeitures & Penalties |
| 40,007 | 61,347 | 54,106 | 48,030 | 61,705 | 62,410 | 657,933 | Investment and Rental Income |
| 56,508 | 41,313 | 37,232 | 42,819 | 0 | 40,674 | 473,374 | Motor Vehicle (VLF) Realignment |
| 75,363 | 102,449 | 67,945 | 64,053 | 91,945 | 72,913 | 955,684 | Sales Taxes - Proposition 172 |
| 82,497 | 110,923 | 73,574 | 71,240 | 0 | 80,094 | 934,220 | 1991 Program Realignment |
| 417,917 | 414,373 | 550,356 | 533,880 | 602,564 | 463,692 | 6,067,147 | Other Intergovernmental Revenue** |
| 200,804 | 97,737 | 118,279 | 692,896 | 244,578 | 203,026 | 3,093,427 | Charges for Current Services |
| 127,083 | 189,850 | 256,981 | 240,469 | 239,133 | 283,064 | 2,360,877 | Other Revenue & Tobacco Settlement |
| 3,897 | 7,408 | 21,754 | 4,499 | 38,842 | 31,710 | 185,822 | Transfers & Reimbursements |
| 48,267 | 53,399 | 17,099 | 354,048 | 0 | 0 | 472,813 | Hospital Loan Repayment* |
| 510,674 | 528,110 | 633,420 | 530,487 | 499,911 | 679,750 | 6,601,141 | Welfare Advances |
| 38,810 | 35,050 | 56,399 | 95,278 | 32,837 | 184,082 | 941,008 | Other Financing Sources/MHSA |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | Intrafund Borrowings |
| 0 | 0 | 0 | 0 | 0 | 0 | 700,000 | TRANS Sold |
| \$ 3,590,243 | \$ 1,944,971 | \$ 1,955,856 | \$ 4,219,494 | \$ 3,520,175 | \$ 2,628,308 | \$ 32,051,325 | Total Receipts |
| DISBURSEMENTS | | | | | | | |
| \$ 277,490 | \$ 801,137 | \$ 338,250 | \$ 335,801 | \$ 335,476 | \$ 349,551 | \$ 4,126,417 | Welfare Warrants |
| 775,182 | 716,514 | 685,584 | 711,772 | 674,354 | 695,220 | 8,345,441 | Salaries |
| 529,420 | 435,501 | 536,439 | 459,496 | 459,021 | 494,255 | 5,802,227 | Employee Benefits |
| 786,614 | 691,512 | 875,051 | 845,053 | 842,688 | 929,459 | 10,311,972 | Vendor Payments |
| 24,425 | 28,974 | 371,147 | 0 | 0 | 0 | 472,813 | Loans to Hospitals* |
| 97,703 | 50,643 | 151,051 | (1,967) | 0 | 99,427 | 755,700 | Hospital Subsidy Payments |
| 111,354 | 66,391 | 34,768 | 147,463 | 106,133 | 126,255 | 1,066,464 | Transfer Payments |
| 315,000 | 0 | 0 | 104,903 | 0 | 0 | 734,903 | TRANS Pledge Transfer |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | Intrafund Repayment |
| \$ 2,917,188 | \$ 2,790,672 | \$ 2,992,290 | \$ 2,602,521 | \$ 2,417,672 | \$ 2,694,167 | \$ 31,615,937 | Total Disbursements |
| \$ 4,601,000 | \$ 3,755,299 | \$ 2,718,865 | \$ 4,335,838 | \$ 5,438,341 | \$ 5,372,482 | | ENDING BALANCE |
| \$ 6,344,838 | \$ 4,836,749 | \$ 5,012,621 | \$ 9,382,105 | \$ 6,005,613 | \$ 3,112,654 | | Borrowable Resources (Avg. Balance) |
| \$ 10,945,838 | \$ 8,592,048 | \$ 7,731,486 | \$ 13,717,943 | \$ 11,443,954 | \$ 8,485,136 | | Total Cash Available |



DEBT SUMMARY

INTRODUCTION

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

OUTSTANDING OBLIGATIONS

As of July 1, 2025, approximately \$3.003 billion of long-term obligations were outstanding. The General Fund is responsible for repayment of \$1.480 billion of the outstanding debt. Revenues from Special Districts/Special Funds, Courthouse Construction Funds, and Hospital Enterprise Funds secure the remaining \$1.523 billion of outstanding obligations.

The table below identifies the funding sources for the County's debt payments due in Fiscal Year 2025-26.

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

2025-26 Payments

| Funding Source | 2025-26 Payment |
|---|--------------------|
| Total 2025-26 Payment Obligations | \$223,963,250 |
| Less: Sources of Non-General Fund Entities: | |
| Hospital Enterprise Funds | 102,077,664 |
| Courthouse Construction Funds | 14,968,875 |
| Special Districts/Special Funds | 3,139,219 |
| Net 2025-26 General Fund Obligations | \$103,777,492 |

Source: Los Angeles County Auditor-Controller

As of July 1, 2025, the County has \$1.325 billion of outstanding short-term obligations, which includes \$700 million in TRANs, \$30 million in Bond Anticipation Notes, and \$594.592 million in Lease Revenue 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 July 1, 2025 (in thousands)

| Type of Obligation | Outstanding Principal |
|------------------------------------|--------------------------|
| Total County | |
| Short-Term Obligations: | |
| Tax and Revenue Anticipation Notes | \$700,000 |
| Bond Anticipation Notes | 30,000 |
| Lease Revenue Notes | 594,592 |
| Long-Term Obligations | 3,002,660 |
| Total Outstanding Principal | \$4,327,252 |

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 13, 2025, the County issued \$700 million of TRANs for Fiscal Year 2025-26 on July 1, 2025. The 2025-26 TRANs will mature on June 30, 2026. 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 2025-26, in the amounts, and on the dates specified in the Financial Summary Section under the heading "2025-26 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 July 1, 2025, there are \$30.0 million of BANs outstanding.

Lease Revenue Note Program

In July 2024, 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 \$750 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 Montreal (Series A - \$200 million); U.S. Bank (Series B - \$100 million); Bank of America (Series C - \$350 million) and Sumitomo Mitsui Banking Corporation (Series D - \$100 million). The maximum aggregate principal amount of \$750 million represents an increase of \$150 million from the previous Note Program. As of July 1, 2025, \$594.592 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, 2029, provide credit enhancement and liquidity support for both tax-exempt and taxable commercial paper notes. Subject to the conditions set forth in the Letter of Credit and Reimbursement Agreements with the four LOC banks, any amount with respect to the payment of principal of maturing notes remaining unpaid to the LOC bank shall be

converted to a term loan to be repaid within two or five years subject to available fair rental value with respect to the leased property securing the four Letter of Credit and Reimbursement Agreements.

INTERMEDIATE AND LONG-TERM OBLIGATIONS

Lease Obligations

Since 1962, the County has financed its capital project and equipment replacement program through various lease arrangements with joint powers authorities and nonprofit corporations, which have issued lease revenue bonds or certificates of participation. As of July 1, 2025, \$3.003 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 2025-26 Adopted Budget will include 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 0.126% in Fiscal Year 2023-24 to 0.116% in Fiscal Year 2024-25. 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 |
|-------------|-----------------------|-----------------------------|---------------------|
| 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% |
| 2024-25 | 2,439,131,795 | 2,094,000,000,000 | 0.116% |

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 \$75.75 million as of July 1, 2025.

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 development plan for the Vermont Corridor Project includes three sites in the Vermont Corridor area: Site 1 – 400,00 square foot County office building and parking garage that serves as the headquarters facility for the Department of Mental Health; Site 2 – 243,000 square foot County administrative office building; and Site 3 – affordable senior housing.

In July 2018, the County financed construction of the Site 1 project with the issuance of \$302.380 million of lease revenue bonds (the “2018 Vermont Corridor 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. The development of Site 3, which was completed in March 2023, includes 72 units of high-quality affordable housing for seniors and an underground parking facility. In August 2024, the County issued \$212.135 million of lease revenue bonds (the “2024 Vermont Corridor 2 Lease Revenue Bonds”) through LACF2 to finance the construction of the Site 2 office building, which will house multiple County departments, including the Department of Public Health, Department of Children and Family Services, Department of Mental Health and the Department of Public Social Services. LACF2 will serve as the construction and facility manager for the Site 2 project. The 2018 Vermont Corridor Lease Revenue Bonds and the 2024 Vermont Corridor 2 Lease Revenue Bonds have a final maturity date of December 1, 2051 and June 1, 2057, respectively.

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.

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, with 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 Lease Revenue Bonds

In September 2024, the County issued \$569.270 million of lease revenue bonds (the "2024 Lease Revenue Bonds") to finance construction of Phase 1 of the Harbor-UCLA Hospital replacement project (the "Project") and to fully refund the previously outstanding 2015 Series A lease revenue bonds (the "2015 Series A Bonds"). The total proceeds from the sale of the bonds were allocated to refund \$131.7 of 2015 Series A Bonds; refinance \$85.2 of outstanding commercial paper issued as the initial financing vehicle for the Project; provide \$433.0 million of new money proceeds to complete Phase I of the Project; and to pay the costs of issuance of the transaction. Phase I of the Project includes a support services building, parking structure, regional laboratory building, outpatient support building and a central plant facility. The 2024 Lease Revenue Bonds have a final maturity date of December 1, 2053.

**COUNTY OF LOS ANGELES
DEBT SUMMARY TABLES**

REPORTS AS OF JULY 1, 2025

- 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 July 1, 2025

- 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, 2025**

| Fiscal Year | General Fund | Hospital Enterprise Fund | Courthouse Construction Fund | Special Districts / Special Funds | Total Annual Debt Service |
|--------------|-------------------------|--------------------------|------------------------------|-----------------------------------|---------------------------|
| 2025-26 | \$ 103,777,492 | \$ 102,077,664 | \$ 14,968,875 | \$ 3,139,219 | \$ 223,963,250 |
| 2026-27 | 103,767,504 | 102,072,916 | 14,959,875 | 3,133,344 | 223,933,638 |
| 2027-28 | 106,861,431 | 102,071,013 | 14,947,750 | 3,134,469 | 227,014,663 |
| 2028-29 | 106,671,909 | 102,057,398 | 14,945,875 | 3,142,094 | 226,817,276 |
| 2029-30 | 106,554,854 | 102,058,013 | 14,937,625 | 3,126,469 | 226,676,961 |
| 2030-31 | 106,549,160 | 102,040,804 | 8,340,500 | 3,117,844 | 220,048,307 |
| 2031-32 | 106,539,057 | 102,026,318 | 8,336,375 | 3,135,219 | 220,036,969 |
| 2032-33 | 106,533,762 | 102,025,010 | 6,115,375 | 3,123,469 | 217,797,616 |
| 2033-34 | 106,529,316 | 102,022,538 | 6,119,250 | 3,122,844 | 217,793,947 |
| 2034-35 | 105,350,654 | 102,005,936 | - | 3,122,844 | 210,479,434 |
| 2035-36 | 105,342,749 | 101,987,934 | - | 3,123,219 | 210,453,902 |
| 2036-37 | 105,342,938 | 101,984,012 | - | 3,118,844 | 210,445,794 |
| 2037-38 | 105,331,744 | 101,973,012 | - | 3,124,344 | 210,429,100 |
| 2038-39 | 100,462,019 | 101,949,912 | - | 3,124,344 | 205,536,275 |
| 2039-40 | 100,465,169 | 101,942,236 | - | 3,125,519 | 205,532,924 |
| 2040-41 | 100,443,085 | 101,933,699 | - | 3,127,694 | 205,504,478 |
| 2041-42 | 79,832,256 | 71,638,813 | - | 3,123,313 | 154,594,381 |
| 2042-43 | 79,832,863 | 71,639,938 | - | 3,127,706 | 154,600,506 |
| 2043-44 | 79,835,588 | 55,857,563 | - | 1,600,331 | 137,293,481 |
| 2044-45 | 79,827,519 | 55,849,719 | - | 1,606,306 | 137,283,544 |
| 2045-46 | 72,110,213 | 55,853,375 | - | 926,456 | 128,890,044 |
| 2046-47 | 56,205,225 | 55,849,613 | - | 927,481 | 112,982,319 |
| 2047-48 | 56,214,013 | 55,856,634 | - | 925,425 | 112,996,072 |
| 2048-49 | 56,202,863 | 55,850,225 | - | 930,366 | 112,983,453 |
| 2049-50 | 56,207,563 | 55,854,488 | - | 924,103 | 112,986,153 |
| 2050-51 | 52,867,588 | 43,414,447 | - | 551,263 | 96,833,297 |
| 2051-52 | 32,222,388 | 43,414,525 | - | 552,153 | 76,189,066 |
| 2052-53 | 14,090,975 | 29,499,838 | - | - | 43,590,813 |
| 2053-54 | 14,093,200 | 29,501,700 | - | - | 43,594,900 |
| 2054-55 | 14,090,238 | - | - | - | 14,090,238 |
| 2055-56 | 14,090,775 | - | - | - | 14,090,775 |
| 2056-57 | 14,092,975 | - | - | - | 14,092,975 |
| Total | \$ 2,448,339,084 | \$ 2,312,309,289 | \$ 103,671,500 | \$ 65,236,678 | \$ 4,929,556,551 |

**COUNTY OF LOS ANGELES
OUTSTANDING PRINCIPAL OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2025**

| Fiscal Year | General Fund | Hospital Enterprise Fund | Courthouse Construction Fund | Special Districts / Special Funds | Total Outstanding Principal |
|-------------|------------------|--------------------------|------------------------------|-----------------------------------|-----------------------------|
| 2025-26 | \$ 1,480,264,137 | \$ 1,394,256,032 | \$ 86,730,000 | \$ 41,410,000 | \$ 3,002,660,169 |
| 2026-27 | 1,557,157,669 | 1,364,792,966 | 75,825,000 | 50,130,000 | 3,047,905,636 |
| 2027-28 | 1,515,803,445 | 1,326,890,019 | 64,370,000 | 48,565,000 | 2,955,628,464 |
| 2028-29 | 1,469,261,801 | 1,294,395,545 | 52,340,000 | 46,920,000 | 2,862,917,346 |
| 2029-30 | 1,420,571,152 | 1,252,958,848 | 39,695,000 | 45,180,000 | 2,758,405,000 |
| 2030-31 | 1,369,536,720 | 1,217,123,280 | 26,410,000 | 43,370,000 | 2,656,440,000 |
| 2031-32 | 1,315,914,828 | 1,171,800,172 | 19,210,000 | 41,475,000 | 2,548,400,000 |
| 2032-33 | 1,259,655,098 | 1,132,284,902 | 11,645,000 | 39,465,000 | 2,443,050,000 |
| 2033-34 | 1,200,620,124 | 1,082,679,876 | 5,970,000 | 37,365,000 | 2,326,635,000 |
| 2034-35 | 1,138,589,529 | 1,039,070,471 | - | 35,155,000 | 2,212,815,000 |
| 2035-36 | 1,074,655,780 | 984,754,220 | - | 32,830,000 | 2,092,240,000 |
| 2036-37 | 1,007,596,347 | 936,623,653 | - | 30,390,000 | 1,974,610,000 |
| 2037-38 | 937,307,750 | 877,102,250 | - | 27,825,000 | 1,842,235,000 |
| 2038-39 | 863,761,190 | 824,038,810 | - | 25,125,000 | 1,712,925,000 |
| 2039-40 | 791,851,097 | 759,083,903 | - | 22,285,000 | 1,573,220,000 |
| 2040-41 | 716,668,169 | 700,966,831 | - | 19,300,000 | 1,436,935,000 |
| 2041-42 | 638,085,000 | 630,335,000 | - | 16,165,000 | 1,284,585,000 |
| 2042-43 | 576,905,000 | 597,760,000 | - | 12,875,000 | 1,187,540,000 |
| 2043-44 | 512,735,000 | 553,225,000 | - | 9,415,000 | 1,075,375,000 |
| 2044-45 | 445,440,000 | 533,620,000 | - | 7,350,000 | 986,410,000 |
| 2045-46 | 374,860,000 | 502,210,000 | - | 5,175,000 | 882,245,000 |
| 2046-47 | 318,140,000 | 480,780,000 | - | 4,420,000 | 803,340,000 |
| 2047-48 | 275,150,000 | 446,895,000 | - | 3,630,000 | 725,675,000 |
| 2048-49 | 230,460,000 | 423,550,000 | - | 2,810,000 | 656,820,000 |
| 2049-50 | 180,750,000 | 377,130,000 | - | 1,590,000 | 559,470,000 |
| 2050-51 | 135,660,000 | 362,080,000 | - | 1,075,000 | 498,815,000 |
| 2051-52 | 88,645,000 | 336,015,000 | - | 545,000 | 425,205,000 |
| 2052-53 | 60,590,000 | 322,285,000 | - | - | 382,875,000 |
| 2053-54 | 49,680,000 | 308,945,000 | - | - | 358,625,000 |
| 2054-55 | 38,195,000 | 308,945,000 | - | - | 347,140,000 |
| 2055-56 | 26,110,000 | 294,920,000 | - | - | 321,030,000 |
| 2056-57 | 13,390,000 | 294,920,000 | - | - | 308,310,000 |

Source: Los Angeles County Treasurer and Tax Collector

**COUNTY OF LOS ANGELES
FISCAL YEAR DEBT SERVICE OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2025**

| 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 | \$ 1,892,800 | \$ 1,892,800 | | | |
| Patriotic Hall Renovation | 3,056,530 | 3,056,530 | | | |
| Hall of Justice Rehabilitation | 15,779,392 | 15,779,392 | | | |
| Olive View Medical Center ER/TB Unit | 3,521,921 | | \$ 3,521,921 | | |
| Olive View Medical Center Seismic | 1,450,893 | | 1,450,893 | | |
| Harbor/UCLA Surgery/ Emergency | 22,070,000 | | 22,070,000 | | |
| Harbor/UCLA Seismic Retrofit | 3,403,288 | | 3,403,288 | | |
| Total 2010 Lease Revenue Bonds, Series B (Taxable) | \$ 51,174,824 | \$ 20,728,722 | \$ 30,446,102 | \$ 0 | \$ 0 |
| 2011 High Desert Solar Complex (Taxable) | \$ 390,286 | \$ 390,286 | | | |
| 2015 Lease Revenue Refunding Bonds, Series B | | | | | |
| LAX Area Courthouse | \$ 8,140,250 | | | \$ 8,140,250 | |
| Chatsworth Courthouse | 6,828,625 | | | 6,828,625 | |
| Total 2015 Lease Revenue Refunding Bonds, Series B | \$ 14,968,875 | \$ 0 | \$ 0 | \$ 14,968,875 | \$ 0 |
| 2016 Lease Revenue Bonds, Series D | | | | | |
| Martin Luther King Inpatient Tower | \$ 15,903,719 | \$ 15,903,719 | | | |
| 2018 Lease Revenue Bonds | | | | | |
| Vermont Corridor Administration Building, Series A | \$ 19,299,700 | \$ 19,299,700 | | | |
| 2019 Lease Revenue Bonds, Series E-1 | | | | | |
| East Antelope Valley Animal Shelter | \$ 866,375 | \$ 866,375 | | | |
| Probation Department Building | 1,316,375 | 1,316,375 | | | |
| Music Center Plaza | 1,168,875 | 1,168,875 | | | |
| Rancho Los Amigos NRC | 10,366,375 | | \$ 10,366,375 | | |
| Fire Station 143 | 375,250 | | | | \$ 375,250 |
| Total 2019 Lease Revenue Bonds, Series E-1 | \$ 14,093,250 | \$ 3,351,625 | \$ 10,366,375 | \$ 0 | \$ 375,250 |
| 2019 Lease Revenue Bonds, Series E-2 | | | | | |
| MLK Medical Campus Parking Structure | \$ 2,070,750 | | \$ 2,070,750 | | |
| 2020 Lease Revenue Bonds | | | | | |
| LACMA Buildings | \$ 20,631,125 | \$ 20,631,125 | | | |
| 2021 Lease Revenue Bonds, Series F | | | | | |
| LAC+USC Medical Center Recuperative Care Center | \$ 743,744 | | \$ 743,744 | | |
| MLK Behavioral Health Center Renovation | 11,379,300 | | 11,379,300 | | |
| MLK Central Plan/Hospital Service Building | 151,256 | | 151,256 | | |
| Olive View Campus Recuperative Care Center | 768,519 | | 768,519 | | |
| Rancho Los Amigos Recuperative Care Center | 866,619 | | 866,619 | | |
| Fire Station 104 | 553,656 | | | | \$ 553,656 |
| Total 2021 Lease Revenue Bonds, Series F | \$ 14,463,094 | \$ 0 | \$ 13,909,438 | \$ 0 | \$ 553,656 |
| 2022 Lease Revenue Refunding Bonds, Series G (Forward Delivery) | | | | | |
| High Desert Multi Service Ambulatory Care Center | \$ 6,996,375 | | \$ 6,996,375 | | |
| MLK Multi Service Ambulatory Care Center | 8,518,750 | | 8,518,750 | | |
| MLK Data Center | 265,500 | | 265,500 | | |
| Fire Station 128 | 228,625 | | | | \$ 228,625 |
| Fire Station 132 | 379,000 | | | | 379,000 |
| Fire Station 150 | 581,125 | | | | 581,125 |
| Fire Station 156 | 343,875 | | | | 343,875 |
| Total 2022 Lease Revenue Refunding Bonds, Series G (Forward Delivery) | \$ 17,313,250 | \$ 0 | \$ 15,780,625 | \$ 0 | \$ 1,532,625 |
| 2022 Lease Revenue Refunding Bonds (Vermont Manchester) | \$ 4,853,775 | \$ 4,853,775 | | | |
| 2024 Lease Revenue Bonds (Vermont Corridor Site 2) Series 2024A (Tax-Exempt) and Series 2024B (Taxable) | \$ 10,903,991 | \$ 10,903,991 | | | |
| 2024 Lease Revenue Bonds Series H | | | | | |
| Yaroslavy Family Support Center | \$ 7,714,550 | \$ 7,714,550 | | | |
| Manhattan Beach Public Library | \$ 677,688 | | | | \$ 677,688 |
| Harbour UCLA | \$ 29,504,375 | | \$ 29,504,375 | | |
| Total 2024 Lease Revenue Bonds Series H | \$ 37,896,613 | \$ 7,714,550 | \$ 29,504,375 | \$ 0 | \$ 677,688 |
| Total Long-Term Obligations | \$ 223,963,250 | \$ 103,777,492 | \$ 102,077,664 | \$ 14,968,875 | \$ 3,139,219 |
| Total Obligations | \$ 223,963,250 | \$ 103,777,492 | \$ 102,077,664 | \$ 14,968,875 | \$ 3,139,219 |

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, 2025**

| 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 | \$ 21,429,673 | \$ 21,429,673 | | | |
| Patriotic Hall Renovation | 34,605,059 | 34,605,059 | | | |
| Hall of Justice Rehabilitation | 178,649,235 | 178,649,235 | | | |
| Olive View Medical Center ER/TB Unit | 39,874,065 | | \$ 39,874,065 | | |
| Olive View Medical Center Seismic | 16,426,551 | | 16,426,551 | | |
| Harbor/UCLA Surgery/ Emergency | 249,869,481 | | 249,869,481 | | |
| Harbor/UCLA Seismic Retrofit | 38,530,936 | | 38,530,936 | | |
| Total 2010 Lease Revenue Bonds, Serie B (Taxable) | \$ 579,385,000 | \$ 234,683,968 | \$ 344,701,032 | \$ 0 | \$ 0 |
| 2011 High Desert Solar Complex (Taxable) | \$ 1,150,169 | \$ 1,150,169 | | | |
| 2015 Lease Revenue Refunding Bonds, Series B | | | | | |
| LAX Area Courthouse | \$ 47,170,000 | | | \$ 47,170,000 | |
| Chatsworth Courthouse | 39,560,000 | | | 39,560,000 | |
| Total 2015 Lease Revenue Refunding Bonds, Series B | \$ 86,730,000 | \$ 0 | \$ 0 | \$ 86,730,000 | \$ 0 |
| 2016 Lease Revenue Bonds, Series D | | | | | |
| Martin Luther King Inpatient Tower | \$ 215,250,000 | \$ 215,250,000 | | | |
| 2018 Lease Revenue Bonds | | | | | |
| Vermont Corridor Administration Building, Series A | \$ 286,455,000 | \$ 286,455,000 | | | |
| 2019 Lease Revenue Bonds, Series E-1 | | | | | |
| East Antelope Valley Animal Shelter | \$ 12,355,000 | \$ 12,355,000 | | | |
| Probation Department Building | 18,820,000 | 18,820,000 | | | |
| Music Center Plaza | 16,650,000 | 16,650,000 | | | |
| Rancho Los Amigos NRC | 147,950,000 | | \$ 147,950,000 | | |
| Fire Station 143 | 5,360,000 | | | | \$ 5,360,000 |
| Total 2019 Lease Revenue Bonds, Series E-1 | \$ 201,135,000 | \$ 47,825,000 | \$ 147,950,000 | \$ 0 | \$ 5,360,000 |
| 2019 Lease Revenue Bonds, Series E-2 | | | | | |
| MLK Medical Campus Parking Structure | \$ 29,660,000 | | \$ 29,660,000 | | |
| 2020 Lease Revenue Bonds | | | | | |
| LACMA Buildings | \$ 338,785,000 | \$ 338,785,000 | | | |
| 2021 Lease Revenue Bonds, Series F | | | | | |
| LAC+USC Medical Center Recuperative Care Center | \$ 12,750,000 | | \$ 12,750,000 | | |
| MLK Behavioral Health Center Renovation | 194,625,000 | | 194,625,000 | | |
| MLK Central Plan/Hospital Service Building | 2,565,000 | | 2,565,000 | | |
| Olive View Campus Recuperative Care Center | 13,125,000 | | 13,125,000 | | |
| Rancho Los Amigos Recuperative Care Center | 14,850,000 | | 14,850,000 | | |
| Fire Station 104 | 9,455,000 | | | | \$ 9,455,000 |
| Total 2021 Lease Revenue Bonds, Series F | \$ 247,370,000 | \$ 0 | \$ 237,915,000 | \$ 0 | \$ 9,455,000 |
| 2022 Lease Revenue Refunding Bonds, Series G (Forward Delivery) | | | | | |
| High Desert Multi Service Ambulatory Care Center | \$ 83,085,000 | | \$ 83,085,000 | | |
| MLK Multi Service Ambulatory Care Center | 101,150,000 | | 101,150,000 | | |
| MLK Data Center | 3,165,000 | | 3,165,000 | | |
| Fire Station 128 | 2,720,000 | | | | \$ 2,720,000 |
| Fire Station 132 | 4,460,000 | | | | 4,460,000 |
| Fire Station 150 | 6,845,000 | | | | 6,845,000 |
| Fire Station 156 | 4,050,000 | | | | 4,050,000 |
| Total 2022 Lease Revenue Refunding Bonds, Series G (Forward Delivery) | \$ 205,475,000 | \$ 0 | \$ 187,400,000 | \$ 0 | \$ 18,075,000 |
| 2022 Lease Revenue Refunding Bonds (Vermont Manchester) | \$ 46,840,000 | \$ 46,840,000 | | | |
| 2024 Lease Revenue Bonds (Vermont Corridor Site 2) Series 2024A (Tax-Exempt) and Series 2024B (Taxable) | \$ 212,135,000 | \$ 212,135,000 | | | |
| 2024 Lease Revenue Bonds Series H | | | | | |
| Yaroslavsky Family Support Center | \$ 97,140,000 | \$ 97,140,000 | | | |
| Manhattan Beach Public Library | 8,520,000 | | | | \$ 8,520,000 |
| Harbour UCLA | 446,630,000 | | \$ 446,630,000 | | |
| Total 2024 Lease Revenue Bonds Series H | \$ 552,290,000 | \$ 97,140,000 | \$ 446,630,000 | \$ 0 | \$ 8,520,000 |
| Total Long-Term Obligations | \$ 3,002,660,169 | \$ 1,480,264,137 | \$ 1,394,256,032 | \$ 86,730,000 | \$ 41,410,000 |
| Total Obligations | \$ 3,002,660,169 | \$ 1,480,264,137 | \$ 1,394,256,032 | \$ 86,730,000 | \$ 41,410,000 |

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 JULY 1, 2025**

| Title | Outstanding Principal | Total Future Payments | 2025-26 FY Payment Remaining |
|--|--------------------------|--------------------------|------------------------------------|
| Long-Term Obligations | | | |
| Long-Term Capital Projects | | | |
| 2010 Lease Revenue Bonds, Series B (Taxable) | \$ 579,385,000 | \$ 816,859,664 (1) | \$ 51,174,824 |
| 2011 High Desert Solar Complex (Taxable) | 1,150,169 | 1,171,387 (1) | 390,286 |
| 2015 Lease Revenue Refunding Bonds, Series B | 86,730,000 | 103,671,500 | 14,968,875 |
| 2016 Lease Revenue Bonds, Series D | 215,250,000 | 334,003,784 | 15,903,719 |
| 2018 Lease Revenue Bonds, Series A | 286,455,000 | 500,102,525 | 19,299,700 |
| 2019 Lease Revenue Bonds, Series E-1 | 201,135,000 | 352,331,375 | 14,093,250 |
| 2019 Lease Revenue Bonds, Series E-2 | 29,660,000 | 51,814,375 | 2,070,750 |
| 2020 Lease Revenue Bonds | 338,785,000 | 536,448,350 | 20,631,125 |
| 2021 Lease Revenue Bonds, Series F | 247,370,000 | 390,509,209 | 14,463,094 |
| 2022 Lease Revenue Bonds, Series G (Forward Delivery) | 205,475,000 | 311,577,125 | 17,313,250 |
| 2022 Lease Revenue Refunding Bonds (Vermont Manchester) | 46,840,000 | 63,089,500 | 4,853,775 |
| 2024 Lease Revenue Bonds, (Vermont Corridor Site 2) Series A (Tax-Exempt), B (Taxable) | 212,135,000 | 444,564,037 | 10,903,991 |
| 2024 Lease Revenue Bonds, Series H (New money and Refunding Bonds) | 552,290,000 | 1,023,413,719 | 37,896,613 |
| Total Long-Term Obligations | \$ 3,002,660,169 | \$ 4,929,556,551 | \$ 223,963,250 |

(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 July 1, 2025 | | |
| 2024-25 Assessed Valuation: \$2,129,442,901,086: (includes unitary valuation) | | |
| | Applicable % | Debt as of 7/1/25 |
| DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT | | |
| Metropolitan Water District | 48.061 % | \$ 8,244,865 |
| Los Angeles Community College District | 100.000 | 4,919,505,000 |
| Other Community College Districts | Various (1) | 5,221,004,178 |
| Arcadia Unified School District | 100.000 | 316,175,000 |
| Beverly Hills Unified School District | 100.000 | 590,278,688 |
| Glendale Unified School District | 100.000 | 309,897,419 |
| Long Beach Unified School District | 100.000 | 1,612,000,158 |
| Los Angeles Unified School District | 100.000 | 10,900,255,000 |
| Pasadena Unified School District | 100.000 | 330,830,000 |
| Pomona Unified School District | 100.000 | 432,919,701 |
| Redondo Beach Unified School District | 100.000 | 264,694,558 |
| Santa Monica-Malibu Unified School District | 100.000 | 1,247,025,000 |
| Torrance Unified School District | 100.000 | 388,755,634 |
| Other Unified School Districts | Various (1) | 5,490,637,584 |
| High School and School Districts | Various (1) | 2,689,100,784 |
| City of Los Angeles | 100.000 | 1,024,765,000 |
| City of Industry | 100.000 | 6,595,000 |
| City of Pasadena | 100.000 | 195,000,000 |
| Other Cities | 100.000 | 32,145,733 |
| Community Facilities Districts | 100.000 | 777,506,742 |
| 1915 Act and Benefit Assessment Bonds - Estimate | 100.000 | 91,767,681 |
| TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT | | \$ 36,849,103,725 |
| Less: Los Angeles Unified School District economically defeased general obligation bonds | | (461,235,000) |
| TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT | | \$ 36,387,868,725 |
| DIRECT AND OVERLAPPING GENERAL FUND DEBT | | |
| Los Angeles County General Fund Obligations | 100.000 % | \$ 3,036,637,390 |
| Los Angeles County Office of Education Certificates of Participation | 100.000 | 2,331,775 |
| Community College District Certificates of Participation | Various (2) | 41,837,770 |
| Baldwin Park Unified School District Certificates of Participation | 100.000 | 27,795,000 |
| Compton Unified School District Certificates of Participation | 100.000 | 19,265,000 |
| Los Angeles Unified School District Certificates of Participation | 100.000 | 225,010,000 |
| Paramount Unified School District Certificates of Participation | 100.000 | 18,093,000 |
| Other Unified School District Certificates of Participation | Various (2) | 191,111,148 |
| High School and Elementary School District General Fund Obligations | Various (2) | 148,866,602 |
| City of Beverly Hills General Fund Obligations | 100.000 | 51,915,000 |
| City of Los Angeles General Fund | 100.000 | 1,212,361,701 |
| City of Long Beach General Fund Obligations | 100.000 | 123,485,000 |
| City of Pasadena General Fund Obligations | 100.000 | 342,415,242 |
| City of Pasadena Pension Obligations Bonds | 100.000 | 124,905,000 |
| Other Cities' General Fund Obligations | 100.000 | 4,258,665,297 |
| TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT | | \$ 9,824,694,925 |
| Less: Cities | | (392,780,983) |
| TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT | | \$ 9,431,913,942 |
| OVERLAPPING TAX INCREMENT DEBT: (Successor Agencies): | | \$ 1,366,236,377 |
| TOTAL DIRECT DEBT | | \$ 3,036,637,390 |
| TOTAL GROSS OVERLAPPING DEBT | | \$ 45,003,397,037 |
| TOTAL NET OVERLAPPING DEBT | | \$ 44,149,381,054 |
| GROSS COMBINED TOTAL DEBT | | \$ 48,040,034,427 (3) |
| NET COMBINED TOTAL DEBT | | \$ 47,186,018,444 |
| <p>(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.</p> <p>(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.</p> <p>(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.</p> | | |
| RATIOS TO 2024-25 ASSESSED VALUATION | | |
| Total Gross Overlapping Tax and Assessment Debt | 1.73 % | |
| Total Net Overlapping Tax and Assessment Debt | 1.71 % | |
| Total Gross Direct Debt (\$3,036,637,390) | 0.14 % | |
| Gross Combined Total Debt | 2.26 % | |
| Net Combined Total Debt | 2.22 % | |
| Ratios to Redevelopment Successor Agency Incremental Valuation (\$297,877,923,302): | | |
| Total Overlapping Tax Increment Debt | 0.46 % | |
| 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

Economic Overview

With a 2024 gross product projection of \$825 billion, Los Angeles County's economy is larger than that of 44 states and all but 19 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 2024 with an increase in economic output of 2.9%, 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 5.8% in 2024, which reflects an increase of 0.7% from 2023. In 2025 and 2026, the job market is expected to improve with a projected unemployment rate of 5.5%.

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, 2024, K-12 schools and community college districts in the County had approximately \$39.5 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 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. On November 5, 2024, the voters approved Measure A authorizing one-half percent (0.50%) County sales tax to repeal and replace the Measure H one-quarter percent (0.25%) sales tax for County homeless services that was set to expire in 2027. Measure A went into effect on April 1, 2025, and is expected to raise over \$1 billion annually.

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 310,800 workers employed in this sector in 2024.

Higher Education

The County is home to an extensive education system, with 111 colleges and university campuses, including UCLA; 5 state university campuses; 69 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 begin phased openings in the summer of 2025. 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 2026, is located directly across the street from the University of Southern California and west of the Natural History Museum.

In June 2022, the Samuel Oschin Air and Space Center at Exposition Park broke ground on a new 200,000 square foot building addition to the California Science Center, located adjacent to the Los Angeles Memorial Coliseum. The \$425 million project will be the permanent home of the Space Shuttle Endeavour and will be the tallest structure in Exposition Park, peaking at 200 feet. Construction is expected to be completed by mid-2025.

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 to 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 \$2.0 billion arena, opened on August 15, 2024, in time for the 2024-25 NBA basketball season. The 17,800-seat arena includes 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 9.8 million people estimated to be residing within its borders. The 2024 population count experienced a slight increase from 2023, 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 48.6% Hispanic, 25.3% White, 16% Asian, 9% African American and 1.1% 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 92 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 80.7% of the adult population has a high school diploma or higher, and 35.5% 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 12.3%. By 2023, the County's unemployment rate experienced significant improvement, falling to 5.1%. In 2024 the unemployment rate increased to 5.8%. The County's employment outlook is projected to improve over the next two years, with the unemployment rate decreasing to 5.5% in 2025 and 2026. Table E details the County's historical unemployment rates from 2020 through 2024. Table F details the non-agricultural employment statistics by sector for the County from 2020 through 2024.

Personal Income

Total personal income in the County increased by an estimated 3.3% in 2024. The projected 2024 total personal income of \$781,629 billion represents an estimated 23.2% of the total personal income generated in California. Based on current projections, personal income is expected to decrease by 3.1% in 2025 and 2.0% in 2026. Table C provides a summary of the personal income statistics for the County from 2020 through 2024.

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 and 2024, the County's total taxable sales decreased by 3% per year. The \$202.3 billion of total estimated taxable sales in the County for 2024 represents 22.0% 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 2020 through 2024.

Industry

With an estimated annual economic output of \$825 billion in 2024, the County continues to rank among the world's largest economies. The County's 2024 Gross Product represents approximately 24.5% of the total economic output in California and 3.5% 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 2020 through 2024.

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. The value of two-way trade is reflected in the steady growth experienced by LACD over the previous decade, resulting in a record level of \$524 billion in 2022. Due to supply chain and labor related issues at west coast ports in 2023, the LACD experienced a decline in trade volume by 10.8% in 2023. In 2024, the value of two-way trade in the LACD grew by 10.1% from 2023, with LACD handling approximately \$515 billion worth of international trade.

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 eleventh 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 76.6 million passengers in 2024, representing a 166% increase from 2020, and 2.05% increase from 2023. The 2.4 million tons of air cargo handled at LAX in 2024 represents a decrease of 2.45% from 2020 levels, and an increase of 1.53% from 2023. The \$30 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 under construction and 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 19.9 million Twenty-foot Equivalent Unit ("TEU") containers in 2024, which represents a 19.8% increase in container volume from 2023.

The Port of Los Angeles is one of the largest man-made harbors in the world. In 2024, it was ranked as the busiest container port in the United States and the sixteenth (16th) 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 25 passenger and cargo terminals, including facilities to handle automobiles, containers, dry bulk and liquid bulk products. In 2024, the Port handled 10.3 million TEUs, which represents an increase of 19.3% in container volume from 2023.

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 eighteenth (18th) busiest in the world in 2024. The Port of Long Beach covers 3,520 acres with 12 separate piers, 80 berths, 73 cranes and 22 shipping terminals. In 2024, the port handled 9.65 million TEUs of container cargo, which represents an increase of 20.3% from 2023.

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 332 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 2025 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 2023, the Los Angeles region hosted 49.1 million visitors, representing a 97% recovery to pre-pandemic levels.

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 2024. 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 206% from 2012 to 2024.

In 2024, the residential real estate market experienced slight decline, as the average median home price decreased by 0.86% to \$888,188 from 2023. New and existing home sales increased by 4.02% from 54,839 in 2023 to 57,045 in 2024. 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 2024 to 8,414, which represents an 8% increase from 2023. 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 885 in 2023. The number of trustees deeds recorded increased in 2024 to 1,118, which represents a 26.3% increase from 2023.

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 2024-25, the Assessor reported a Net Local Roll of \$2.094 trillion, which represents an increase of 4.85% or \$97.0 billion from Fiscal Year 2023-24. The Fiscal Year 2024-25 Net Local Roll represents the largest revenue-producing valuation in the history of the County, and the fourteenth consecutive year of assessed valuation growth. The largest factors contributing to the increase in assessed valuation are transfers in ownership (\$53.464 billion) and an increase in the consumer price index (\$39.012 billion). For Fiscal Year 2025-26, the County Assessor is projecting an increase in the Net Local Roll of 3.25% from Fiscal Year 2024-25. The Assessor is scheduled to release the final assessment roll for Fiscal Year 2025-26 in July 2025.

The industrial market vacancy rates increased from 3.4% in 2023 to 4.9% in 2024. Office market vacancy rates increased from 22.8% in 2023 to 24.9% in 2024, 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 residences, 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
ECONOMIC AND DEMOGRAPHIC STATISTICAL TABLES

GROSS PRODUCT

POPULATION LEVELS

TOTAL PERSONAL INCOME

TOTAL TAXABLE SALES

UNEMPLOYMENT RATES

AVERAGE ANNUAL EMPLOYMENT

SUMMARY OF AIRPORT AND PORT ACTIVITY

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

TOTAL TONNAGE OF MAJOR WEST COAST PORTS

TOTAL CONTAINER TRAFFIC AT MAJOR U.S. PORTS

REAL ESTATE AND CONSTRUCTION INDICATORS

BUILDING PERMITS AND VALUATIONS

LARGEST PRIVATE SECTOR EMPLOYERS

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

| | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024*</u> |
|---|-------------|-------------|-------------|-------------|--------------|
| Los Angeles County | \$729 | \$774 | \$794 | \$802 | \$825 |
| State of California | 2,933 | 3,154 | 3,184 | 3,249 | 3,365 |
| United States | 20,268 | 21,495 | 22,035 | 22,671 | 23,305 |
| Los Angeles County as a % of California | 24.9% | 24.5% | 24.9% | 24.7% | 24.5% |

Source: Los Angeles County Economic Development Corporation; Bureau of Economic Analysis-US Department of Commerce
* 2024 Los Angeles County GDP values are annual projections

TABLE B: POPULATION LEVELS (in thousands)

| | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|---|-------------|-------------|-------------|-------------|-------------|
| Los Angeles County | 10,014 | 9,955 | 9,861 | 9,819 | 9,824 |
| State of California | 39,538 | 39,328 | 39,115 | 39,061 | 39,128 |
| Los Angeles County as a % of California | 25.3% | 25.3% | 25.2% | 25.1% | 25.1% |

Source: Los Angeles County Economic Development Corporation

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

| | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024*</u> |
|---|-------------|-------------|-------------|-------------|--------------|
| Los Angeles County | 678,549 | 719,455 | 722,936 | 756,659 | 781,629 |
| Orange County | 239,165 | 257,606 | 264,973 | 278,761 | 288,629 |
| San Diego County | 222,661 | 239,309 | 244,070 | 258,725 | 268,634 |
| Riverside County | 115,370 | 126,493 | 126,175 | 133,969 | 139,797 |
| San Bernardino County | 99,010 | 109,086 | 106,854 | 112,403 | 116,888 |
| Ventura County | 57,067 | 62,332 | 61,627 | 64,784 | 67,019 |
| State of California | 2,769,103 | 3,009,557 | 3,003,826 | 3,166,135 | 3,372,090 |
| Los Angeles County as a % of California | 24.5% | 23.9% | 24.1% | 23.9% | 23.2% |

Source: Los Angeles County Economic Development Corporation
* 2024 Data is Forecasted

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

| | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|---|-------------|-------------|-------------|-------------|-------------|
| Los Angeles County | 157,738 | 192,524 | 213,717 | 208,503 | 202,318 |
| State of California | 706,757 | 862,712 | 951,775 | 935,895 | 921,345 |
| Los Angeles County as a % of California | 22.3% | 22.3% | 22.5% | 22.3% | 22.0% |

Source: Los Angeles County Economic Development Corporation

TABLE E: UNEMPLOYMENT RATES

| | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|---------------------|-------------|-------------|-------------|-------------|-------------|
| Los Angeles County | 12.3% | 9.0% | 5.0% | 5.1% | 5.8% |
| State of California | 10.1% | 7.3% | 4.3% | 4.7% | 5.3% |
| United States | 8.1% | 5.4% | 3.6% | 3.6% | 4.0% |

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 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|----------------|----------------|----------------|----------------|----------------|
| Health Care & Social Assistance | 698.7 | 719.1 | 740.0 | 781.3 | 822.1 |
| Wholesale & Retail Trade | 576.8 | 598.7 | 609.9 | 605.1 | 595.4 |
| Government | 570.2 | 560.2 | 570.0 | 582.2 | 591.1 |
| Leisure and Hospitality | 393.7 | 434.2 | 512.4 | 534.1 | 537.4 |
| Manufacturing | 315.4 | 313.1 | 321.7 | 318.4 | 310.8 |
| Professional Scientific & Technical Services | 289.5 | 300.6 | 319.5 | 316.5 | 314.4 |
| Administrative & Support & Waste Services | 248.4 | 267.4 | 285.1 | 277.6 | 279.4 |
| Information | 191.1 | 208.8 | 234.9 | 193.1 | 189.8 |
| Transportation, Warehousing & Utilities | 207.9 | 215.2 | 223.6 | 217.9 | 218.6 |
| Other | 134.9 | 142.2 | 159.3 | 163.6 | 164.7 |
| Construction | 146.6 | 149.0 | 151.3 | 151.2 | 150.9 |
| Educational Services | 123.0 | 125.3 | 131.1 | 139.1 | 147.3 |
| Finance & Insurance | 132.3 | 129.0 | 126.6 | 122.6 | 120.0 |
| Real Estate & Rental & Leasing | 80.9 | 84.1 | 89.2 | 88.3 | 88.8 |
| Management of Companies & Enterprises | 63.1 | 62.8 | 62.3 | 62.7 | 64.0 |
| Total | 4,172.5 | 4,309.7 | 4,536.9 | 4,553.7 | 4,594.7 |

Source: Los Angeles County Economic Development Corporation; California Employment Development Department
 Note: 2024 employment is annualized quarterly data

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

| Type of Activity | 2020 | 2021 | 2022 | 2023 | 2024 |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| International Air Cargo (Tons) | | | | | |
| Los Angeles International Airport | 1,530.4 | 1,867.5 | 1,768.9 | 1,521.9 | 1,590.4 |
| As Percentage of Total Air Cargo | 62.09% | 62.79% | 64.22% | 64.27% | 66.14% |
| Total Air Cargo (Tons) | | | | | |
| Los Angeles International Airport | 2,464.8 | 2,974.1 | 2,754.6 | 2,368.1 | 2,404.4 |
| Long Beach Airport | 15.7 | 14.9 | 14.4 | 13.1 | 12.4 |
| Hollywood Burbank Airport | 56.6 | 53.9 | 44.6 | 37.3 | 37.4 |
| Total | 2,537.1 | 3,042.9 | 2,813.5 | 2,418.5 | 2,454.2 |
| International Air Passengers | | | | | |
| Los Angeles International Airport | 6,421.7 | 7,965.3 | 16,520.1 | 22,223.9 | 23,987.8 |
| As Percentage of Total Passengers | 22.3% | 16.6% | 25.1% | 29.6% | 31.3% |
| Total Air Passengers | | | | | |
| Los Angeles International Airport | 28,779.5 | 48,007.3 | 65,924.3 | 75,050.9 | 76,588.0 |
| Long Beach Airport | 1,043.8 | 2,104.1 | 3,242.8 | 3,739.3 | 4,148.1 |
| Hollywood Burbank Airport | 1,995.3 | 3,733.0 | 5,898.7 | 6,034.7 | 6,550.3 |
| Total | 31,818.6 | 53,844.3 | 75,065.9 | 84,824.9 | 87,286.3 |
| Container Volume (TEUs) | | | | | |
| Port of Los Angeles | 9,213.4 | 10,677.6 | 9,911.2 | 8,629.7 | 10,297.4 |
| Port of Long Beach | 8,113.3 | 9,384.4 | 9,133.7 | 8,018.7 | 9,649.7 |
| Total | 17,326.7 | 20,062.0 | 19,044.9 | 16,648.4 | 19,947.1 |

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 \$)

| <u>Customs District</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|-------------------------|-------------|-------------|-------------|-------------|-------------|
| Los Angeles, CA* | \$404,484 | \$478,305 | \$524,057 | \$467,656 | \$514,739 |
| New York, NY | 395,170 | 466,083 | 520,883 | 484,299 | 497,287 |
| Laredo, TX | 291,417 | 354,642 | 411,315 | 436,331 | 463,924 |
| Chicago, IL | 268,579 | 343,323 | 387,892 | 364,999 | 387,399 |
| Houston-Galveston, TX | 194,412 | 273,657 | 389,766 | 363,099 | 373,741 |
| Detroit, MI | 227,084 | 267,661 | 303,301 | 316,010 | 305,363 |
| New Orleans, LA | 194,171 | 228,358 | 279,946 | 261,333 | 264,631 |
| Savannah, GA | 170,466 | 200,787 | 226,052 | 220,148 | 245,490 |
| Cleveland, OH | 149,320 | 168,054 | 187,086 | 173,496 | 195,642 |
| Seattle, WA | 111,205 | 140,565 | 157,344 | 146,296 | 148,220 |

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)

| <u>Port</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|----------------------------|-------------|-------------|-------------|-------------|-------------|
| Los Angeles-Long Beach, CA | 213,643 | 234,536 | 222,745 | 202,353 | 233,970 |
| Tacoma, WA | 25,075 | 26,423 | 24,152 | 27,318 | 29,807 |
| Oakland, CA | 32,536 | 32,357 | 29,918 | 26,877 | 29,705 |
| Seattle, WA | 16,942 | 17,727 | 14,738 | 10,943 | 13,020 |
| Longview/Kalama, WA | 12,135 | 12,115 | 11,036 | 10,284 | 12,053 |
| Portland, OR | 11,112 | 12,749 | 12,256 | 10,800 | 14,880 |
| Port Hueneme | 5,821 | 6,885 | 8,055 | 7,889 | 8,341 |
| San Diego, CA | 3,943 | 4,350 | 4,698 | 4,968 | 5,425 |
| Vancouver, WA | 2,645 | 2,255 | 2,435 | 2,296 | 1,962 |

Source: Pacific Maritime Association, Annual Reports

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

| <u>Port</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|----------------------------|-------------|-------------|-------------|-------------|-------------|
| Los Angeles-Long Beach, CA | 17,327 | 20,062 | 19,045 | 16,648 | 19,947 |
| New York-New Jersey, NY | 7,586 | 8,986 | 9,494 | 7,810 | 8,699 |
| Savannah, GA | 4,682 | 5,613 | 5,892 | 4,928 | 5,546 |
| Seattle-Tacoma, WA | 3,320 | 3,736 | 3,384 | 2,974 | 3,341 |
| Norfolk, VA | 2,813 | 3,523 | 3,703 | 3,288 | 3,500 |
| Houston, TX | 2,989 | 3,453 | 3,975 | 3,835 | 4,140 |
| Charleston, SC | 2,310 | 2,751 | 2,792 | 2,482 | 2,497 |
| Oakland, CA | 2,462 | 2,449 | 2,338 | 2,066 | 2,263 |

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 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|
| 1. New & Existing Median Home Prices | \$684,771 | \$793,229 | \$868,104 | \$895,890 | \$888,188 |
| 2. New & Existing Home Sales | 77,571 | 96,237 | 69,951 | 54,839 | 57,045 |
| 3. Notices of Default Recorded | 4,779 | 3,571 | 7,213 | 7,792 | 8,414 |
| 4. Office Market Vacancy Rates | 16.5% | 19.1% | 20.8% | 22.8% | 24.9% |
| 5. Industrial Market Vacancy Rates | 2.3% | 0.7% | 0.9% | 3.4% | 4.9% |

Source: CoreLogic, Cushman & Wakefield

TABLE L: BUILDING PERMITS AND VALUATIONS

| | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|----------------|----------------|-----------------|----------------|-----------------|
| Residential Building Permits | | | | | |
| 1. New Residential Permits (Units) | | | | | |
| a. Single Family | 6,219 | 7,338 | 8,301 | 6,504 | 7,405 |
| b. Multi-Family | 14,077 | 16,718 | 18,912 | 11,752 | 9,260 |
| Total Residential Building Permits | 20,296 | 24,056 | 27,213 | 18,256 | 16,665 |
| Building Valuations | | | | | |
| 2. Residential Building Valuations (in millions of \$) | | | | | |
| a. Single Family | \$1,877 | \$2,089 | \$2,180 | \$1,681 | \$2,154 |
| b. Multi-Family | 2,793 | 3,027 | 3,524 | 2,016 | 1,648 |
| c. Alterations and Additions | 1,017 | 909 | 1,423 | 1,401 | 2,188 |
| Residential Building Valuations Subtotal | \$5,687 | \$6,025 | \$7,127 | \$5,098 | \$5,990 |
| 3. Non-Residential Building Valuations (in millions of \$) | | | | | |
| a. Office Buildings | \$242 | \$162 | \$70 | \$80 | \$242 |
| b. Retail Buildings | 897 | 170 | 879 | 607 | 452 |
| c. Hotels and Motels | 232 | 53 | 41 | 77 | 0 |
| d. Industrial Buildings | 32 | 28 | 25 | 138 | 25 |
| e. Alterations | 1,243 | 949 | 2,417 | 1,846 | 2,216 |
| f. Other | 879 | 508 | 752 | 1,319 | 1,267 |
| Non-Residential Building Valuations Subtotal | \$3,525 | \$1,870 | \$4,184 | \$4,067 | \$4,202 |
| Total Building Valuations (in millions) | \$9,212 | \$7,895 | \$11,311 | \$9,165 | \$10,192 |

Source: California Building Industry Association

TABLE M: LARGEST PRIVATE SECTOR EMPLOYERS IN LOS ANGELES COUNTY

| Company (in order of 2024 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
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
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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, 2024, 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, 2024, 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% | 10% |

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The 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

The County's 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 12, 2024

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2024**

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, 2024. We recommend that this information be used in conjunction with additional information contained in the letter of transmittal.

Financial Highlights

At the end of the current year, the net position (total assets and deferred outflows of resources, reduced by total liabilities and deferred inflows of resources) of the County was negative \$10.447 billion. Net position is classified into three categories and the unrestricted component was negative \$35.141 billion.

During the current year, the County's net position increased by \$1.412 billion. Net position related to governmental activities increased by \$1.090 billion, while net position related to business-type activities increased by \$322 million.

At the end of the current year, the County's General Fund reported a total fund balance of \$7.693 billion. The fund balance categories and amounts consisted of nonspendable fund balance of \$294 million, restricted fund balance of \$89 million, committed fund balance of \$1.070 billion, assigned fund balance of \$1.345 billion, and \$4.895 billion of unassigned fund balance.

The County's capital asset balances were \$23.606 billion at year-end and increased by \$537 million during the year.

During the current year, the County's long-term debt related to bonds, notes and loans from direct borrowings and direct placements increased by \$131 million. Newly issued and accreted long-term debt of \$476 million was less than the long-term debt maturities of \$345 million.

Overview of the Basic Financial Statements

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

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

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

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2024**

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.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2024**

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.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2024**

REQUIRED SUPPLEMENTARY INFORMATION

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$10.447 billion at the close of the most recent fiscal year.

Summary of Net Position
As of June 30, 2024 and 2023 (in thousands)

| | Governmental Activities | | Business-type Activities | | Total | |
|----------------------------------|----------------------------|------------------------|-----------------------------|---------------------|------------------------|------------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Current and other assets | \$ 24,777,388 | \$ 22,643,936 | \$ 5,028,768 | \$ 4,663,966 | \$ 29,806,156 | \$ 27,307,902 |
| Capital assets | 20,093,030 | 19,709,385 | 3,513,144 | 3,359,596 | 23,606,174 | 23,068,981 |
| Total assets | <u>44,870,418</u> | <u>42,353,321</u> | <u>8,541,912</u> | <u>8,023,562</u> | <u>53,412,330</u> | <u>50,376,883</u> |
| Deferred outflows of resources | <u>10,817,024</u> | <u>10,817,003</u> | <u>1,658,774</u> | <u>1,634,388</u> | <u>12,475,798</u> | <u>12,451,391</u> |
| Current and other liabilities | 7,952,565 | 7,719,806 | 1,072,810 | 958,829 | 9,025,375 | 8,678,635 |
| Long-term liabilities | <u>48,032,219</u> | <u>46,002,627</u> | <u>7,993,020</u> | <u>7,682,704</u> | <u>56,025,239</u> | <u>53,685,331</u> |
| Total liabilities | <u>55,984,784</u> | <u>53,722,433</u> | <u>9,065,830</u> | <u>8,641,533</u> | <u>65,050,614</u> | <u>62,363,966</u> |
| Deferred inflows of resources | <u>9,655,293</u> | <u>10,490,505</u> | <u>1,629,595</u> | <u>1,832,739</u> | <u>11,284,888</u> | <u>12,323,244</u> |
| Net position: | | | | | | |
| Net investment in capital assets | 16,229,559 | 15,833,971 | 2,590,331 | 2,525,430 | 18,819,890 | 18,359,401 |
| Restricted | 5,788,406 | 5,083,496 | 85,492 | 84,718 | 5,873,898 | 5,168,214 |
| Unrestricted (deficit) | <u>(31,970,600)</u> | <u>(31,960,081)</u> | <u>(3,170,562)</u> | <u>(3,426,470)</u> | <u>(35,141,162)</u> | <u>(35,386,551)</u> |
| Total net position | <u>\$ (9,952,635)</u> | <u>\$ (11,042,614)</u> | <u>\$ (494,739)</u> | <u>\$ (816,322)</u> | <u>\$ (10,447,374)</u> | <u>\$ (11,858,936)</u> |

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2024

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

Current and Other Assets

Current and other assets increased by \$2.133 billion for governmental activities. There was an increase of \$1.797 billion in pooled cash and investments, largely due to the improved cash position of the County's General Fund, Mental Health Services Act (MHSA) fund and the nonmajor special revenue funds of \$986 million, \$456 million and \$286 million, respectively, \$366 million in other receivables primarily from mental health, social services, and General Fund health programs, and \$42 million in taxes receivable accrued at year-end. This was offset by a decrease of \$112 million in internal receivables from the prior year.

For business-type activities, current and other assets increased by \$365 million. The business-type activities other receivables and internal receivables increased by \$299 million and \$112 million, respectively, from the prior year. This was offset by a decrease of \$46 million in accounts receivables from the prior year.

Deferred Outflows of Resources

In the current year, the County's deferred outflows of resources balances were \$12.476 billion. The deferred outflows of resources were \$10.817 billion and \$1.659 billion for governmental and business-type activities, respectively. The total deferred outflows of resources amounts and net increases of \$24 million were mostly related to pension and OPEB RHC. The total pension related deferred outflows increased by \$210 million and \$57 million for governmental and business-type activities, respectively, from the prior year. The total OPEB RHC related deferred outflows decreased by \$208 million and \$32 million for governmental and business-type activities, respectively, from the prior year. The pension and OPEB RHC amounts vary from year to year due to differences between projected and actual experience, assumption changes and changes in proportion.

Liabilities

Current and other liabilities increased by \$233 million for governmental activities primarily from an increase in advances payable of \$251 million, accounts payable of \$82 million, and accrued payroll of \$37 million at year-end. This was offset by a decrease in other payables of \$137 million for amounts owed at year-end. For business-type activities, a net increase of \$114 million in current and other liabilities was largely associated with an increase in accounts payable of \$105 million for amounts owed at year-end.

Long-term liabilities increased by \$2.030 billion and \$310 million for governmental and business-type activities, respectively. Net pension liabilities significantly increased in the current year by \$767 million and \$146 million for governmental and business-type activities, respectively. Net OPEB liabilities increased by \$353 million and \$32 million for governmental and business-type activities, respectively. Net Pension and OPEB liabilities changes were due to the projected and actual experience, assumption changes and changes in proportion, offset by the increase in plan fiduciary net position due to improved investment performance.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2024

Liabilities-Continued

For governmental activities, litigation and self-insurance liabilities increased by approximately \$612 million 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.

For business-type activities, liabilities for accrued compensated absences and workers' compensation were higher by \$21 million and \$10 million, respectively. For business-type activities, bonds, notes and loans from direct placements were higher by \$117 million. Amounts owed to third party payors by the County's hospitals were higher by \$5 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 \$11.285 billion. Deferred inflows of resources decreased by \$835 million and \$203 million for governmental and business-type activities, respectively. The total OPEB RHC and LTD related deferred inflows decreased by \$634 million and \$153 million for governmental and business-type activities, respectively, from the prior year. Pension related deferred inflows of resources decreased by \$211 million and \$49 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.

Deferred inflows of resources for leases increased by \$12 million in governmental activities. For Public-Private and Public-Public Partnerships (PPPs), there were \$83 million of related deferred inflows of resources recognized in the current year, which represents a decrease of \$2 million from the prior year in governmental activities. This amount represents the present value of installment payments associated with private operators of twenty County golf courses, as discussed in Note 6.



**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2024**

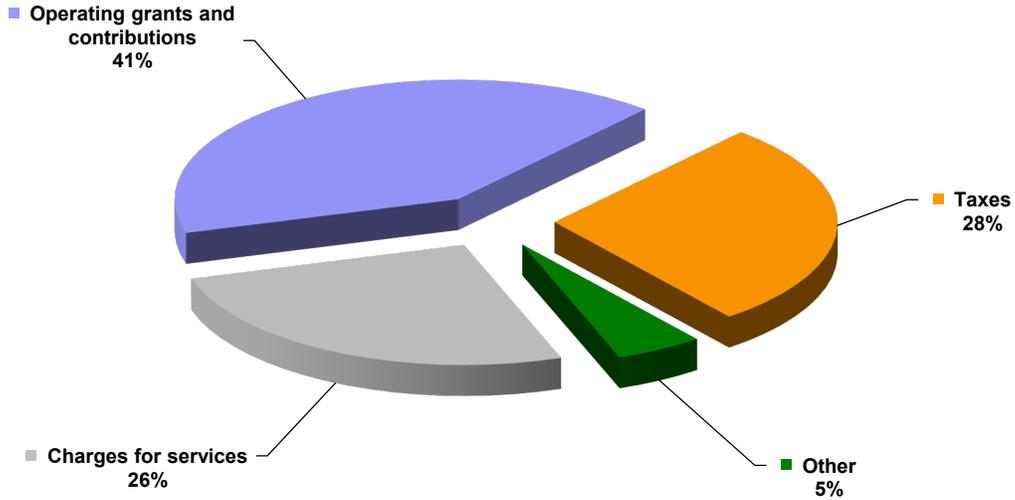
The following table details and identifies changes in net position for governmental and business-type activities:

Summary of Changes in Net Position
For the Years Ended June 30, 2024 and 2023
(in thousands)

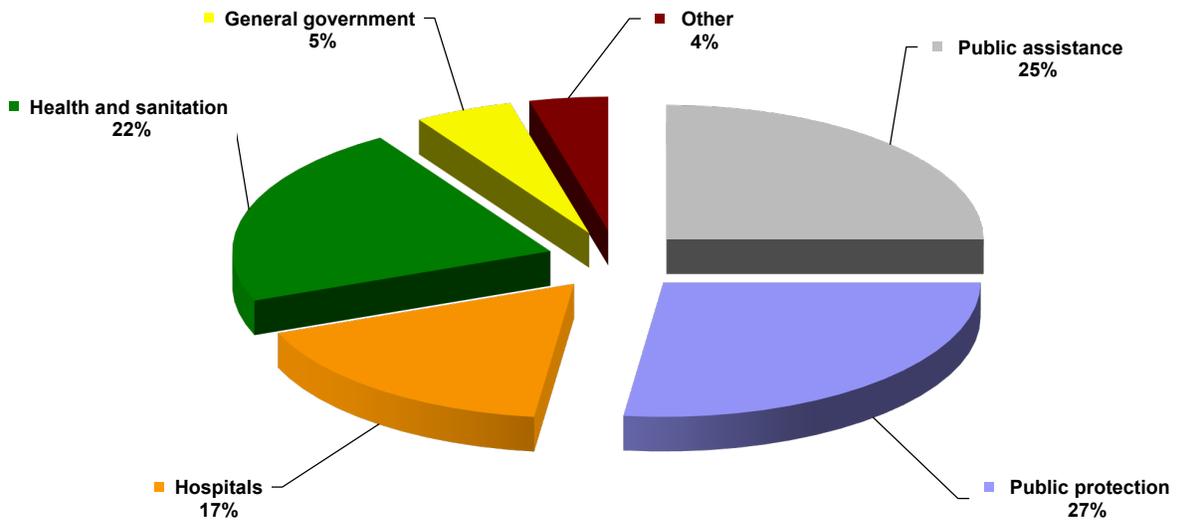
| | Governmental Activities | | Business-type Activities | | Total | |
|---------------------------------------|-------------------------|------------------------|--------------------------|---------------------|------------------------|------------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 4,757,465 | \$ 4,342,851 | \$ 5,367,328 | \$ 5,018,952 | \$ 10,124,793 | \$ 9,361,803 |
| Operating grants and contributions | 15,578,862 | 14,134,795 | 185,668 | 182,601 | 15,764,530 | 14,317,396 |
| Capital grants and contributions | 58,660 | 64,023 | 326 | 1,193 | 58,986 | 65,216 |
| General revenues: | | | | | | |
| Taxes | 10,811,926 | 10,297,844 | 9,101 | 8,368 | 10,821,027 | 10,306,212 |
| Unrestricted grants and contributions | 679,353 | 632,188 | 966 | 114 | 680,319 | 632,302 |
| Investment income | 863,672 | 347,504 | 53,810 | 22,949 | 917,482 | 370,453 |
| Miscellaneous | 253,977 | 278,413 | 303 | 59 | 254,280 | 278,472 |
| Total revenues | 33,003,915 | 30,097,618 | 5,617,502 | 5,234,236 | 38,621,417 | 35,331,854 |
| Expenses: | | | | | | |
| General government | 1,884,559 | 1,626,902 | | | 1,884,559 | 1,626,902 |
| Public protection | 10,040,684 | 10,535,212 | | | 10,040,684 | 10,535,212 |
| Public ways and facilities | 585,307 | 543,472 | | | 585,307 | 543,472 |
| Health and sanitation | 8,032,810 | 6,906,927 | | | 8,032,810 | 6,906,927 |
| Public assistance | 9,426,531 | 10,390,815 | | | 9,426,531 | 10,390,815 |
| Education | 173,303 | 154,258 | | | 173,303 | 154,258 |
| Recreation and cultural services | 534,164 | 588,735 | | | 534,164 | 588,735 |
| Interest on long-term debt | 178,369 | 161,604 | | | 178,369 | 161,604 |
| Hospitals | | | 6,215,647 | 5,560,504 | 6,215,647 | 5,560,504 |
| Waterworks | | | 118,530 | 113,074 | 118,530 | 113,074 |
| Aviation | | | 19,951 | 19,677 | 19,951 | 19,677 |
| Total expenses | 30,855,727 | 30,907,925 | 6,354,128 | 5,693,255 | 37,209,855 | 36,601,180 |
| Excess (deficiency) before transfers | 2,148,188 | (810,307) | (736,626) | (459,019) | 1,411,562 | (1,269,326) |
| Transfers | (1,058,209) | (1,117,417) | 1,058,209 | 1,117,417 | | |
| Change in net position | 1,089,979 | (1,927,724) | 321,583 | 658,398 | 1,411,562 | (1,269,326) |
| Net position - beginning | (11,042,614) | (9,114,890) | (816,322) | (1,474,720) | (11,858,936) | (10,589,610) |
| Net position - ending | \$ (9,952,635) | \$ (11,042,614) | \$ (494,739) | \$ (816,322) | \$ (10,447,374) | \$ (11,858,936) |

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

REVENUES BY SOURCE – ALL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024



EXPENSES BY TYPE – ALL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024



COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2024

Governmental Activities

Revenues from governmental activities increased by \$2.906 billion (9.7%) when compared with the prior year. The most significant changes in specific revenue sources were experienced in the following areas:

- Program revenues recognized from operating grants and contributions increased by \$1.444 billion, which was primary attributable to an increase in health and sanitation and public assistance from State and federal revenues. Health and sanitation revenues grew by \$1.027 billion primarily from higher MHPA State revenues of \$450 million, higher reimbursable costs associated with mental health services of \$522 million and public health programs of \$179 million and offset by lower State realignment revenues of \$27 million. Revenues for public assistance programs grew by \$293 million as there were higher administrative and program reimbursable costs of \$445 million for public social services, children and family services, and homeless and housing programs which was offset by a reduction of COVID-19 revenues of \$166 million. General government revenues grew by \$57 million primarily from \$33 million of State revenues to fund capital projects and \$25 million for the Internal Services Department energy grant and American Rescue Plan (ARP) Digital Divide program. Revenues for public protection programs increased by \$53 million primarily due to the State 2011 Realignment revenues in the Probation department.
- Taxes, the County's largest general revenue source, were \$514 million higher than the prior year and were mostly attributable to property taxes and sales and other taxes, which grew by \$498 million and \$16 million, respectively. The County's total taxable assessed property tax value is \$2.024 trillion, which grew by 5.92% in the current year and property tax revenue increased by \$436 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 \$532 million and increased by \$27 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 \$469 million, an increase of \$4 million compared to the prior year. Other general revenues also increased by \$11 million from the Homeless and Housing Measure H sales tax and \$2 million from the local generated sales tax due to higher prices and increased consumer spending. This was offset by a decrease in deed transfer tax revenue of \$8 million due to the decline in real estate sales.
- Program revenues recognized from charges for services increased by \$415 million which was primary attributable to an increase in health and sanitation and public protection functional categories by \$342 million and \$73 million, respectively. Health and sanitation increase was due to an increase in health services administration and health community programs of \$256 million and \$76 million, respectively. The public protection increase was due to an increase in Sheriff law enforcement and Justice, Care Opportunities department (JCOD) programs by \$51 million and \$17 million, respectively.
- Investment income increased by \$516 million due to an increase in interest income of \$269 million and a change in the fair value in investments at year-end of \$247 million, which was primarily from changes in market yields throughout the fiscal year.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2024

Governmental Activities-Continued

Expenses related to governmental activities decreased by \$52 million (0.2%) during the current year. This was attributable to an increase in salaries and employee benefit (S&EB) expenses of \$1.262 billion and a decrease in operating expenses of \$1.314 billion. The S&EB increase was largely attributable for general salary increases by \$909 million, an increase in pension expenses by \$610 million, and a decrease in OPEB expenses by \$241 million, in all functional categories.

The decrease in the operating expenses of \$1.314 billion was primarily from public assistance and public protection by \$1.219 billion and \$1.084 billion, respectively. In addition, health and sanitation, general government and public ways and facilities operating expenses increased by \$818 million, \$101 million and \$46 million, respectively. Public assistance operating expenses were higher from public social services programs by \$328 million, higher children and family services programs by \$85 million, and lower affordable and homeless housing programs by \$114 million. In addition, litigation and self-insurance expenses were lower by \$1.502 billion primarily from the AB 218 prior year estimates. Public protection operating expenses were higher from Consumer and Business Affairs and Public Works programs by \$66 million and \$51 million, respectively. In addition, litigation and self-insurance expenses were lower by \$1.123 billion primarily from the AB 218 prior year estimates.

Health and sanitation operating expenses were higher by \$818 million primarily for mental health and health administration and community programs of \$478 million and \$343 million, respectively. General government operating expenses were higher by \$101 million primarily from the Public Works and Economic Development departments of \$24 million and \$68 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 \$46 million.

Interest on long-term debt was \$178 million, an increase of \$17 million from the prior year. Depreciation/amortization expense was \$674 million in the current year, an increase of \$90 million from the prior year amount of \$584 million in all functional categories.

Business-type Activities

Revenues from business-type activities for the current year were \$5.618 billion, an increase of \$383 million (7.3%) from the previous year. The most significant increase was in charges for services to the County's hospitals by \$338 million primarily associated with an increase in Global Payment Program and Managed Care Rate Supplement revenues by \$149 million and \$155 million, respectively. 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. Business-type activities for investment income increased by \$31 million due to an increase in interest income of \$13 million and a change in the fair value in investments at year-end of \$18 million, which was primarily from changes in market yields throughout the fiscal year.

Expenses related to business-type activities increased from the previous year by a net total of \$661 million (11.6%), and were associated primarily with the County's hospitals, where expenses increased by \$655 million. The hospital expenses for S&EB consisted of an increase from general salary increases and pension expenses of \$143 million and \$95 million, respectively. The S&EB increase was offset by a decrease in OPEB expenses of \$46 million. In addition, there was an increase of \$204 million for services and supplies and professional services expenses related to an increase in patient care services and an increase in the County's hospital intergovernmental transfer expense of \$242 million primarily for the Managed Care Rate Supplement, Enhanced Payment, and Global Payment programs.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2024**

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 \$14.015 billion, an increase of \$1.860 billion in comparison with the prior year. Of the total fund balances, \$394 million is nonspendable to indicate the extent that funds are not in spendable form or are required to remain intact. An additional \$5.857 billion is classified as restricted, \$1.240 billion as committed, and \$1.629 billion as assigned. The remaining balance of \$4.895 billion is classified as unassigned and is entirely associated with the General Fund.

Revenues from all governmental funds for the current year were \$32.912 billion, an increase of \$2.802 billion (9.3%) from the previous year. Expenditures for all governmental funds in the current year were \$30.361 billion, an increase of \$2.040 billion (7.2%) from the previous year. In addition, net other financing uses were \$692 million, an increase of \$81 million (13.3%) as compared to \$611 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 \$1.210 billion (18.7%). At the end of the current fiscal year, the General Fund's total fund balance was \$7.693 billion. Of this amount, \$294 million is classified as nonspendable, \$89 million as restricted, \$1.070 billion as committed, \$1.345 billion as assigned and the remaining \$4.895 billion is classified as unassigned.

General Fund revenues during the current year were \$27.263 billion, an increase of \$2.042 billion (8.1%) from the previous year. General Fund expenditures during the current year were \$26.396 billion, an increase of \$1.782 billion (7.2%) from the previous year. Net other financing sources/uses was positive \$342 million in the current year as compared to positive \$258 million in the prior year.

Following are significant changes in General Fund revenues and expenditures:

- Intergovernmental revenues increased by \$861 million overall, and were primarily associated with an increase in State revenue by \$380 million, federal revenue by \$456 million and other governmental agencies revenue by \$24 million. State and federal revenues related to the COVID-19 federal and State grants funds decreased by \$583 million and were offset by an increase of \$178 million from the ARP funds. Health Services Realignment State sales tax and vehicle license fees were higher by \$52 million primarily due to higher prices and consumer spending. Other State and federal revenue growth was attributable to higher levels of reimbursable program and administrative costs in the mental health, social services, public health, probation, and sheriff programs of \$522 million, \$431 million, \$179 million, \$59 million, and \$27 million, respectively. This was offset by lower levels of reimbursable programs and administrative costs in health services administration and diversion reentry programs of \$110 million and \$73 million, respectively.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2024**

Governmental Funds-Continued

- Charges for services increased by \$444 million. The significant increases were primarily associated in the health services administration, ambulatory care and community health programs of \$256 million, \$76 million and \$38 million, respectively, which was associated with the Global Payment Program and community support services. Also, there was an increase in charges for services for public health programs of \$24 million. The Sheriff's department law enforcement services revenues and JCOD programs for court services increased by \$50 million and \$17 million, respectively. This was offset by \$29 million in lower election services from the Registrar-Recorder from the prior year.
- Revenues from taxes increased by \$378 million and were primarily associated with an increase in property taxes of \$385 million and a decrease in other taxes of \$7 million. The property taxes increase was primarily associated with \$369 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, \$1 million higher than the prior year. Property tax was also reflected in "pass through" property tax revenues, which were \$23 million higher in the current year. Documentary transfer taxes decreased other taxes by \$8 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 \$1 million from increased consumer spending and higher prices.
- Investment income resulted in an increase of \$330 million due to an increase of \$176 million in interest earnings and an increase of \$154 million in the fair value change in investments at year-end, which was primarily from changes in market yields throughout the fiscal year.
- General Fund expenditures increased by a total of \$1.782 billion, or 7.2%. Current expenditures increased by \$1.900 billion, and debt service and capital outlay expenditures decreased by \$118 million.
 - Health and sanitation expenditures increased by \$1.033 billion. This was primarily due to an increase of \$479 million in mental health expenditures and \$474 million in the general fund health services administration, ambulatory care, correctional health, and community health programs. There was also an increase of \$237 million for general salary increase for S&EB costs. This was offset by a decrease of \$69 million in expenditures for public health programs.
 - Public assistance expenditures increased by \$389 million. This was primarily due to an increase of expenditures of \$325 million for public social services, \$86 million for children and family services, and \$32 million for homeless and housing programs. There was also an increase of \$196 million for general salary increase for S&EB costs. This was offset by a decrease in affordable housing and aging and disabilities programs of \$200 million and \$27 million, respectively.
 - Public protection program costs were higher by \$315 million, and were primarily associated with an increase in S&EB expenditures of \$260 million and an increase in law enforcement expenditures of \$65 million for consumer and business affairs programs.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2024

Governmental Funds-Continued

- General government spending increased by \$151 million and was primarily associated with increased expenditures of \$68 million for the Economic Opportunity department, \$57 million for the Care First and Community Investment (CFCI) program, and \$47 million for costs associated with capital improvements. This was offset by a decreased expenditures of \$64 million for judgments and damages, \$28 million for the Internal Services Department, and \$31 million in rent expense. There was a net increase of \$108 million for general salary increases in S&EB.

The Fire Protection District reported a year-end fund balance of \$259 million, which represented an increase of \$43 million compared to the previous year increase of \$27 million, resulting in a net difference of \$16 million. The Fire Protection District responds to a number of major incidents and emergencies and provides essential fire protection and emergency medical services during the fiscal year. Revenues increased by \$73 million, of which \$49 million was related to property taxes and primarily associated with growth in assessed property values, \$14 million in charges for services, and \$10 million in investment income. Expenditures were higher by \$30 million, of which S&EB were higher by \$61 million for general salary increases and and offset by lower services and supplies cost of \$29 million.

The Flood Control District reported a year-end fund balance of \$270 million, which represented a decrease of \$94 million in fund balance compared to the previous year's decrease of \$42 million, resulting in a net difference of \$52 million. The change in fund balance was primarily due to higher services and supplies and capital assets infrastructure expenditures of \$35 million for infrastructure improvement projects to support flood protection and water conservation. Revenues declined by \$6 million due to a decrease in charges of services of \$15 million, \$9 million from higher property taxes due to growth in assessed valuation, \$10 million from higher interest revenue due to favorable interest rates. There was also a net increase of other financing uses of \$12 million.

The LA County Library Fund reported a year-end fund balance of \$168 million, which represented a decrease of \$1 million in fund balance compared to the previous year increase of \$38 million, resulting in a net difference of \$39 million. Revenues increased by \$11 million, of which \$6 million was related to property taxes associated with growth in assessed valuation, \$4 million lower State and federal revenues and \$9 million higher investment income. Expenditures were \$11 million higher than the previous year and other financing sources were lower by \$39 million.

The Regional Park and Open Space District reported a year-end fund balance of \$791 million, which represented an increase of \$115 million in fund balance compared to the previous year increase of \$101 million, resulting in a net difference of \$14 million. The net change in fund balance was primarily attributable to an increase in investment income of \$23 million from higher interest rates. Property tax increased by \$7 million from the previous year due to growth in assessed valuation. Expenditures were higher by \$16 million due to an increase in program awards to empower communities and preserve parks and open space from the previous year.

The MHSF Fund reported a year-end fund balance of \$1.549 billion, which represented a decrease of \$316 million in fund balance compared to the previous decrease of \$46 million, resulting in a net difference of \$362 million. Current year revenues were higher by \$486 million, primarily from an increase of \$450 million in State revenues and investment income of \$36 million, while transfers out increased by \$124 million to support the five MHSF program components (Community Services and Supports; Prevention and Early Intervention; Innovation; Workforce Education and Training; and Capital Facilities and Technological Needs).

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2024

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.

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 \$92 million for the Rancho Los Amigos National Rehabilitation Center to \$442 million for the Los Angeles General Medical Center. The total subsidy amount was \$954 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 \$906 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 (\$101 million), Harbor-UCLA Medical Center (\$68 million), and Olive-View UCLA Medical Center (\$40 million). The total current year amount of \$209 million in Measure B transfers increased by \$16 million from the prior year.

Waterworks Fund reported year-end net position of \$764 million, which was \$2 million higher than the previous year, resulting in a net difference of \$11 million from the prior year. Revenues of \$101 million were slightly higher by \$10 million than the previous year's amount of \$91 million. Current year operating expenses of \$118 million were slightly higher by \$6 million than the previous year. Net nonoperating revenues increased by \$7 million primarily from higher investment income of \$5 million.

General Fund Budgetary Highlights

The accompanying basic financial statements include a Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual on Budgetary Basis for the County's General Fund. The County's budgetary basis of accounting is discussed in Notes 1 and 16 to the basic financial statements. There are approximately 160 separate budget units within the General Fund, excluding capital improvement projects, which are individually budgeted. The data presented below represents the net budgetary changes for the General Fund in a highly summarized format. Accordingly, in certain instances, budgets have been increased for programs within a category even though actual amounts have not been realized for the category in its entirety. Under the budgetary basis, there was a net increase of \$452 million in the General Fund's available (unassigned) fund balance from the previous year.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2024**

Budgetary Summary - Revenues/Financing Sources

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

| <u>Category</u> | Increase (Decrease) From Original Budget | Final Budget Amount | Actual Amount | Variance- Positive (Negative) |
|-----------------------------------|---|------------------------|----------------------|-------------------------------------|
| Taxes | \$ 5,422 | \$ 7,859,100 | \$ 8,025,301 | \$ 166,201 |
| Intergovernmental revenues | 780,208 | 16,354,894 | 14,709,603 | (1,645,291) |
| Charges for services | 494,398 | 3,456,959 | 3,361,713 | (95,246) |
| All other revenues | 59,269 | 829,001 | 1,170,676 | 341,675 |
| Other sources and transfers in | 192,882 | 2,038,225 | 1,347,823 | (690,402) |
| Total | \$ 1,532,179 | \$ 30,538,179 | \$ 28,615,116 | \$ (1,923,063) |

Changes from Amounts Originally Budgeted

During the year, net increases in budgeted revenues and other financing sources were approximately \$1.532 billion. The changes occurred in the following areas:

- The budget for "Taxes" increased by \$6 million. The \$6 million increase was primarily associated with year-end budgetary changes that are designed to demonstrate compliance with legal provisions related to the appropriations of revenues from property taxes and certain other tax related revenues.
- The estimated revenue for "Intergovernmental revenues" increased by \$780 million. The increase is primarily from COVID-19 federal ARP revenues, which is associated with \$463 million for a variety of ARP programs and \$336 million under the ARP Revenue Loss Provision. On November 6, 2023, the County identified revisions to its ARP spending plan and reallocated funds for housing and homelessness programs, affordable housing, support the health and public health response to COVID-19, direct community investments and grants, support for tenants and landlords, workforce development services, economic support for small businesses and nonprofits, and programs targeting people who need assistance. The remaining net budget decreases of \$19 million were related to a variety of federal and State funded programs.
- The estimated revenue for "Charge for services" increased by \$494 million. The increase is primarily from \$284 million for health services administration services, \$163 million for the ambulatory care network services, \$32 million for the Sheriff's department contracted services and \$8 million for Public Health services. There were \$7 million of net budget increases in charges for services from a variety of programs.
- The budget for "All other revenues" increased by \$59 million primarily from \$38 million in investment income due to higher interest rates and \$11 million for increases in Public Works licenses, permits, and franchises revenues. There were \$10 million in net budget increases for miscellaneous revenues.
- The budget for "Other sources and transfers in" increased by \$193 million from transfers of \$124 million from the Nonmajor Other Special Revenue for capital projects, \$54 million from the MHSA fund for General Fund mental health programs and \$15 million in other transfers for a variety of programs.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2024

Actual Revenues/Financing Sources Compared with Final Budget Amounts

Actual revenues and other financing sources recognized by the General Fund were approximately \$28.615 billion. This amount was \$1.923 billion, or 6.3%, lower than budget. As discussed below, the changes occurred in the following areas.

- Actual "Taxes" were higher by \$166 million from the amount budgeted. Of this increase, \$149 million increase was associated with property tax revenue due to a growth in assessed property values. Other taxes increased primarily from an increase in aircraft assessment, transient occupancy tax, and local sales revenue by \$15 million, \$13 million, and \$7 million, respectively. There were net decrease in deed transfer taxes of \$18 million due to a decline in real estate transactions.
- Actual "Intergovernmental revenues" were \$1.645 billion lower than the amount budgeted. The ARP programs in various departments accounted for \$238 million as these program costs were not completed prior to year-end. Approximately \$439 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. Health, correctional, and community health program, Public health, Mental health, Economic opportunity, and Homeland Security grants, accounted for approximately \$177 million, \$173 million, \$72 million, \$32 million, and \$23 million, respectively, which experienced lower than anticipated reimbursable costs and correspondingly lower than expected revenues. Budgeted intergovernmental revenues of \$366 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 \$25 million experienced lower than anticipated revenue for State funded homeless and housing initiatives. Probation and Sheriff budgeted intergovernmental revenues were lower by \$25 million, which experienced lower than anticipated reimbursable operating expenditures and staffing vacancies. Programs that support criminal justice reform in the Office of Diversion and Reentry, JCOD, and Youth Development budgeted intergovernmental revenues were lower by \$46 million as new programs and initiatives were still being developed prior to year-end. There were net decreases of \$29 million from a variety of programs.
- Actual "Charges for services" were \$95 million lower than the amount budgeted. The decrease was primarily attributable to \$32 million, \$20 million and \$16 million of costs associated with ambulatory care network, community health services, and public health 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 were \$13 million lower than the budgeted amount as they develop and continue to ramp up services. Registrar-Recorder experienced a \$19 million decline of revenue from election services. There were net increases of \$5 million from a variety of programs.
- Actual "All other revenues" were \$341 million higher than budgeted. Interest revenue was higher by \$254 million due to a changes in the market yields throughout the fiscal year. Miscellaneous revenues were primarily higher from the Rent Expense, Health Services Administration and Community Health Services programs by \$45 million. Fine and penalties were higher by \$49 million. License Permits and Franchise revenues were higher by \$4 million. There were net decreases of \$11 million from other revenues for the remaining variance.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2024**

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

- The actual amount of "Other sources and transfers in" was \$690 million lower than the amount budgeted. Of this amount, mental health programs funded by the MHSA Fund did not fully materialize at the budgeted level and "transfers in" were \$371 million lower than budgeted. The Homeless and Housing Measure H costs were \$165 million less than budgeted for General Fund programs. Costs associated with Consumer protection, Probation, Sheriff, JCOD, and Youth development departmental programs funded by the Other Public Protection Special Revenue Funds were \$54 million less than budgeted. Costs associated with the public health programs funded by the Health and Sanitation Special Revenue funds were \$13 million less than budgeted. In addition, "transfers in" totaling \$66 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 \$21 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):

| <u>Category</u> | Increase (Decrease) From Original Budget | Final Budget Amount | Actual Amount | Variance- Positive |
|--------------------------|---|------------------------|----------------------|-----------------------|
| General government | \$ (20,685) | \$ 3,821,756 | \$ 1,879,693 | \$ 1,942,063 |
| Public protection | 344,601 | 7,552,904 | 7,185,630 | 367,274 |
| Health and sanitation | 258,447 | 8,802,606 | 7,791,294 | 1,011,312 |
| Public assistance | 26,403 | 10,001,015 | 9,097,590 | 903,425 |
| All other expenditures | 414,518 | 2,682,484 | 982,445 | 1,700,039 |
| Transfers out | 302,598 | 1,072,368 | 1,069,312 | 3,056 |
| Contingencies | (77,561) | (185) | | (185) |
| Fund balance changes-net | 283,858 | 369,720 | 157,576 | 212,144 |
| Total | \$ 1,532,179 | \$ 34,302,668 | \$ 28,163,540 | \$ 6,139,128 |

Changes from Amounts Originally Budgeted

During the year, net increases in General Fund appropriations and fund balance component changes were approximately \$1.532 billion. The most significant changes occurred in the following areas:

- "Public protection" appropriations increased by \$345 million. An increase of \$24 million of S&EB was appropriated to reflect the general S&EB increases. Law enforcement appropriations increased by \$197 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 federal grant programs. The Consumer and Business Affairs appropriations increased by \$47 million for ARP programs to provide mortgage relief, expand the income tax assistance program, financial coaching, landlord-tenant mediation, and rent relief. District attorney appropriations increased by \$26 million to pay for operation costs in services and supplies, insurance, litigation, and settlements costs. Probation appropriations were increased by \$31 million to fund the department operation costs which include increases in services and supplies, contracts, equipment purchases, insurance, and legal settlements. There were net increases of \$20 million for other public protection programs.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2024

Changes from Amounts Originally Budgeted-Continued

- "Health and sanitation" appropriations were increased by \$258 million. General Fund health services operations that support Administration, Ambulatory care network, and Correctional health appropriations increased by \$305 million to fund increased costs related to intergovernmental transfers, registry staffing, medical supplies, pharmaceuticals, and equipment purchases which was offset by a decrease in S&EB appropriations of \$59 million. Mental health appropriations increased by \$48 million to fund the innovative interim housing outreach program, temporary mental health shelter beds, and mental health contract providers. Public health appropriations increased by \$149 million primarily for the expansion of substance use disorder contracted services and ARP funded programs for COVID-19 community testing. Community health programs, a newly established budget, provides comprehensive services for the patient populations that are also experiencing non-medical factors that influence a patient health outcomes appropriations decreased by \$189 million. There were net increases of \$4 million for other health and sanitation programs.
- Appropriations for "All other expenditures" were increased by \$415 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 \$303 million. The increase was primarily attributable to augmenting the amount of fund transfers from the General Fund to the various Hospital Enterprise Funds.
- Net fund balance budgetary changes of \$284 million had the effect of reducing the available (unassigned) fund balance component. The changes were largely attributable to increasing the reserve for rainy day funds and committed for American Rescue Plan for capital programs by \$124 million and \$209 million, respectively. The remaining variance of \$49 million was attributable to various other fund balance accounts.

Actual Expenditures/Other Financing Uses Compared with Final Budget Amount

Actual expenditures/other financing uses for the current year were \$6.139 billion (17.9%) lower than the final total budget of \$34.303 billion. There were budgetary savings in all functional expenditure categories. Following are the functional areas that recognized the variations from the final budget:

- General government expenditures were \$1.942 billion less than the budgeted amount. Of this amount, the budgetary savings was largely attributable to appropriations not associated with specific County departments, such as provisional appropriations and central non-departmental appropriations by \$1.249 billion. The CFCI Program not associated with a specific County department had budgetary savings of \$197 million as they continue to design, develop, launch and implement Board-approved CFCI programs. The Board of Supervisors had budgetary savings of \$127 million to be spent in future years for various community projects. S&EB savings for general government operations of \$122 million were due to vacancies and hiring delays. The Department of Economic Opportunity had budgetary savings of \$100 million to be spent in future years for economic development initiatives within the County. Chief Executive Office had budgetary savings of \$47 million due to lower than anticipated operational costs. Judgments and damages had budgetary savings of \$32 million due to lower than anticipated legal settlements costs. The remaining net budgetary savings of \$68 million was spread across the general government departments and was mostly related to savings in the areas of services and supplies.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2024**

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

- Overall expenditures for the "health and sanitation" category were \$1.011 billion less than the budgeted amount. Specifically, the budgetary savings were from the mental health, community health programs, CFCI health programs, public health programs, and health services administration of \$289 million, \$240 million, \$116 million, \$75 million, \$17 million, respectively, due to lower than anticipated costs for professional, contracted, and information technology services, and implementing new programs. There was also \$265 million from S&EB savings due to staffing vacancies and hiring delays. The remaining variance of \$9 million was related to other health and sanitation programs.
- Actual "public assistance" expenditures were \$903 million lower than the final budget. The variance of \$309 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 \$231 million and \$253 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. The Aging and Disabilities department was lower than budgeted by \$13 million due to lower than anticipated costs to support older adults, adults with disabilities and community programs. In addition, there were S&EB savings of \$95 million due to the hiring delays and vacancies. The remaining variance of \$2 million was related to other public assistance programs.
- The category referred to as "all other expenditures" reflected actual spending of \$1.700 billion less than the budgeted amount. Of this variance, \$1.672 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, 2024, were \$23.606 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.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2024**

The total increase in the County's capital assets (net of depreciation/amortization) for the current fiscal year was \$537.19 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 | Increase (Decrease) |
|-----------------------------|----------------------|----------------------|------------------------|
| Land and easements | \$ 7,840,427 | \$ 7,815,091 | \$ 25,336 |
| Buildings and improvements | 6,319,349 | 6,141,339 | 178,010 |
| Infrastructure | 3,740,931 | 3,856,261 | (115,330) |
| Equipment | 635,142 | 599,197 | 35,945 |
| Software | 133,770 | 166,611 | (32,841) |
| Capital assets, in progress | 3,340,491 | 2,876,906 | 463,585 |
| Lease assets | 1,498,670 | 1,526,637 | (27,967) |
| Subscription assets | 97,394 | 86,939 | 10,455 |
| | <u>\$ 23,606,174</u> | <u>\$ 23,068,981</u> | <u>\$ 537,193</u> |

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 \$464 million.

Governmental activities for capital assets, in progress, increased by \$403 million which included major buildings and improvements construction-in-progress for general government of \$67 million, public protection of \$104 million, health and sanitation of \$62 million, public assistance of \$16 million, and recreation and cultural services of \$130 million. The major projects include \$53 million for various deferred maintenance projects under the Facility Reinvestment Program, \$41 million for the Natural History Museum Commons Renovation, \$22 million for the Hall of Administration retrofit and repairs, and \$20 million for the Natural History Museum La Brea Tar Pits. In addition, there were capitalized software-in-progress costs of \$18 million for the Assessor's Modernization Project Phase 4 and \$10 million for the Registrar-Recorder/County Clerk's Voting System for all People Tally System and Ballot Marking Devices and Manager Enhancement. There was also a net increase in buildings and improvements totaling \$73 million. Completed major capital projects processed in the current year included \$30 million for the East Los Angeles Sustainable Median Stormwater Capture project, \$12 million for the Rancho Los Amigos South Campus Sports Center, \$12 million for Tenant Improvements, \$10 million for the Hall of Records 7th Floor Renovation, \$11 million for the Santa Clarita Fire Station No. 104, \$10 million for the Park to Playa Trail: Stoneview Nature Center to Kenneth Hahn State Recreational Area Segment, \$5 million for the Harbor-UCLA Medical Center Mental Health Adult Outpatient Program Interim Facility project, \$5 million for the Harbor-UCLA Medical Center Mental Health Children's Outpatient Clinic project.

Business-type activities capital assets, in progress, increased by \$61 million which included major buildings and improvements construction-in-progress of \$245 million for the Harbor-UCLA Medical Center Replacement Program and \$10 million for the Olive View-UCLA Medical Center Fire Alarm and Nurse Call Systems project. Completed major capital projects included \$75 million for various projects within the Harbor-UCLA Medical Center Replacement Program and \$72 million for the Olive View-UCLA Medical Center Fire Alarm and Nurse Call Systems project.

As of June 30, 2024, there were \$923.63 million of capital asset commitments outstanding. Major capital asset commitments include \$905.98 million for the Harbor-UCLA Medical Center Replacement Program and \$15.39 million for various deferred maintenance projects under the Facility Reinvestment Program.

**COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2024**

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, increased by \$131 million, as newly issued debt and accretions of \$476 million were more than the debt maturities of \$345 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 \$460 million were issued for governmental and business-type activities in the amounts of \$205 million and \$255 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 slightly decreased by \$2 million, as newly issued leases of \$152 million were lower than the lease maturities of \$154 million related to governmental and business-type activities. Subscription liabilities slightly decreased by \$2 million from the prior year. 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 \$16 million as of June 30, 2024.

In addition to the above borrowing, the County continued to finance General Fund cash flow shortages occurring periodically during the fiscal year by selling \$700 million in tax and revenue anticipation notes. The notes matured and were redeemed on June 28, 2024.

Bond Ratings

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

| | <u>Moody's</u> | <u>S&P</u> | <u>Fitch</u> |
|--------------------------------|----------------|----------------|--------------|
| Certificates of Participation | Aa3 | AA+ | AA+ |
| Equipment/Non-Essential Leases | Aa2 | AA+ | AA+ |
| Operating/Non-Essential Leases | Aa2 | AA+ | AA+ |
| Short-Term | MIG1 | SP-1+ | F1+ |

During the current year, the County's bond ratings assigned by Fitch for Certificates of Participation, Equipment Leases, and Operating Leases were upgraded from the previous year.

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2024

Economic Conditions and Outlook

Los Angeles County's FY 2024-2025 budget makes major investments in mental health services complemented by substantial funding to sustain the County's accelerated emergency response to the homelessness crisis, along with programs to create jobs, expand food resources, support families, and advance the Board of Supervisors' Care First, Jails Last vision. The County's 2024-2025 Budget represents a balanced plan, devoting limited resources to the highest priority programs while maintaining the County's safety net, other basic services, and recent innovations aimed at alleviating poverty, such as the County's expanding the guaranteed income programs. The County budget also seeks to ensure we are prepared for challenges ahead, including safeguarding the County against both economic and cybersecurity threats. 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 2024-2025 Budget on June 24, 2024. The Budget was adopted based on estimated fund balances that would be available at the end of 2023-2024. The Board updated the Budget on October 8, 2024 to reflect final 2023-2024 fund balances and other pertinent financial information. For the County's General Fund, the 2024-2025 Budget utilized \$4.216 billion of fund balance, which exceeded the previously estimated fund balance of \$2.776 billion. Of the additional fund balance of \$1.440 billion, \$505 million was used to carryover lapsed appropriations and ensure the continuity of funded program initiatives. The remaining \$935 million 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, provide immigrant assistance services, help children and families, older adults and people with disabilities, address public assistance cost increases, 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.

The County faces multiple challenges that are expected to significantly affect its fiscal outlook over the next several years, including slower growth of its locally generated revenues, expiration of hundreds of millions in COVID-19 related federal funding as well as homelessness funding, and potentially outsized legal settlements and judgments resulting from Assembly Bill (AB) 218, which allowed plaintiffs to file sexual assault lawsuits against the County that were previously time-barred. These budgetary pressures are likely to limit our ability to fund new and expanded programs in future years and will inhibit the growth that mandates CFCI funding, among other impacts. The County will continue to advocate for additional federal and State funding.

The economic outlook and growth remains mostly positive from continued strength in the jobs market and consumption, which help drive modest economic growth. Conversely, the economy still faces challenges even though inflation is easing from the post-pandemic highs, federal reserve lowering interest rates and the housing market. In September 2024 and November 2024, the Federal Reserve board lowered the federal funds rate by 0.50% and 0.25% percentage points, respectively. While housing prices remain high, the easing of the interest rates should lower mortgage rates which can encourage prospective buyers to borrow and increase the homeowners' willingness to purchase a new home within their affordability. We will closely monitor key economic indicators 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) issued their fiscal outlook on November 20, 2024

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)-Continued
FOR THE YEAR ENDED JUNE 30, 2024

and reports that the State of California legislators approved a balanced budget for FY 2024-25 and also proactively, addressed the anticipated budget problems for FY 2025-26. The LAO reports three key challenges: 1) Revenues running ahead of the broader economy; 2) 2025-26 Budget roughly balanced; and 3) No capacity for new commitments on the State budget. Income tax revenues are being driven by the recent stock market rally, which call into question the sustainability in the absence of improvements to the State's broader economy. Although the revenue improvements are ahead of the budget estimates, this is offset by the spending increases to balance the budget. The LAO provides a cautious outlook and the State continues to face a double-digit operating deficit in the years to come. The State does not have the capacity to add new commitments, particularly ones that are ongoing. The State legislature will need to address these future deficits. Health and human services programs are subject to considerable challenges and uncertainty as the County depends on funding from the State and federal government.

The results of the November 5, 2024 nationwide election will bring transition to the United States presidency and federal administration. The County receives substantial federal revenues and operates many programs which are subject to federal rules and regulations. Federal assistance is especially critical to the County's ability to operate its four County hospitals, health care and public health network and public assistance programs, including services to our immigrant population. The County will be carefully monitoring 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.

In addition, on November 5, 2024, the voters of Los Angeles County successfully passed three ballot measures: 1) Homeless Services and Affordable Housing Ordinance (Measure A) which is estimated to generate \$1.076 billion in annual sales tax revenue; 2) Consolidated Fire Protection District of Los Angeles County Emergency Response and Infrastructure Ordinance (Measure E) is estimated to generate \$152 million in revenue; and 3)) Los Angeles County Government Structure, Ethics, and Accountability Charter Amendment (Measure G) with the fiscal impact not determinable. Details of the measures are further discussed in the subsequent event note 23.

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, 2024 (in thousands)

| | PRIMARY GOVERNMENT | | | DISCRETELY PRESENTED COMPONENT UNITS |
|--|----------------------------|-----------------------------|------------------------|--|
| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL | |
| ASSETS | | | | |
| Pooled cash and investments: (Notes 1 and 4) | | | | |
| Operating | \$ 11,288,085 | 1,019,842 | \$ 12,307,927 | \$ 267,354 |
| Other | 6,488,947 | 38,473 | 6,527,420 | |
| Total pooled cash and investments | <u>17,777,032</u> | <u>1,058,315</u> | <u>18,835,347</u> | <u>267,354</u> |
| Other investments (Note 4) | 62,549 | | 62,549 | 814,333 |
| Taxes receivable | 419,180 | 939 | 420,119 | |
| Accounts receivable - net (Note 14) | | 2,521,430 | 2,521,430 | 25,991 |
| Interest receivable | 71,410 | 4,418 | 75,828 | 1,140 |
| Lease receivable (Note 9) | 1,885,346 | 19,718 | 1,905,064 | 7,040 |
| Other receivables | 4,544,444 | 1,103,849 | 5,648,293 | 55,589 |
| Internal balances (Note 15) | (154,434) | 154,434 | | |
| Inventories | 166,742 | 37,957 | 204,699 | 10,305 |
| Restricted assets (Note 4) | 5,119 | 127,708 | 132,827 | 14,470 |
| Net pension asset | | | | 3,493 |
| Capital assets: (Notes 1, 5, 9 and 10) | | | | |
| Capital assets, not being depreciated | 10,376,968 | 803,950 | 11,180,918 | 93,292 |
| Capital assets, net of accumulated depreciation/ amortization | 9,716,062 | 2,709,194 | 12,425,256 | 109,876 |
| Total capital assets | <u>20,093,030</u> | <u>3,513,144</u> | <u>23,606,174</u> | <u>203,168</u> |
| TOTAL ASSETS | <u>44,870,418</u> | <u>8,541,912</u> | <u>53,412,330</u> | <u>1,402,883</u> |
| DEFERRED OUTFLOWS OF RESOURCES (Note 20) | <u>10,817,024</u> | <u>1,658,774</u> | <u>12,475,798</u> | <u>33,153</u> |
| LIABILITIES | | | | |
| Accounts payable | 900,669 | 922,873 | 1,823,542 | 79,496 |
| Accrued payroll | 642,706 | 123,704 | 766,410 | |
| Other payables | 33,257 | 12,423 | 45,680 | 13,834 |
| Accrued interest payable | 13,999 | 12,630 | 26,629 | |
| Advances payable | 6,361,934 | 1,180 | 6,363,114 | 3,652 |
| Long-term liabilities: (Note 11) | | | | |
| Due within one year | 1,589,073 | 464,968 | 2,054,041 | 7,256 |
| Due in more than one year | 46,443,146 | 7,528,052 | 53,971,198 | 123,238 |
| TOTAL LIABILITIES | <u>55,984,784</u> | <u>9,065,830</u> | <u>65,050,614</u> | <u>227,476</u> |
| DEFERRED INFLOWS OF RESOURCES (Note 20) | <u>9,655,293</u> | <u>1,629,595</u> | <u>11,284,888</u> | <u>15,560</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 16,229,559 | 2,590,331 | 18,819,890 | 162,479 |
| Restricted for: | | | | |
| Capital projects | 35,808 | | 35,808 | |
| Debt service | 201,214 | 85,492 | 286,706 | |
| Permanent funds - nonspendable | 2,179 | | 2,179 | |
| General government | 293,753 | | 293,753 | |
| Public protection | 885,937 | | 885,937 | |
| Public ways and facilities | 1,081,710 | | 1,081,710 | |
| Health and sanitation | 1,910,667 | | 1,910,667 | |
| Public assistance | 551,382 | | 551,382 | |
| Education | 3,138 | | 3,138 | |
| Recreation | 822,618 | | 822,618 | |
| Community development | | | | 690,890 |
| First 5 LA | | | | 274,451 |
| Unrestricted (deficit) | (31,970,600) | (3,170,562) | (35,141,162) | 65,180 |
| TOTAL NET POSITION (DEFICIT) (Note 3) | <u>\$ (9,952,635)</u> | <u>(494,739)</u> | <u>\$ (10,447,374)</u> | <u>\$ 1,193,000</u> |

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, 2024 (in thousands)

| FUNCTIONS | PROGRAM REVENUES | | | |
|--------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
| | EXPENSES | CHARGES FOR SERVICES | OPERATING GRANTS AND CONTRIBUTIONS | CAPITAL GRANTS AND CONTRIBUTIONS |
| PRIMARY GOVERNMENT: | | | | |
| Governmental activities: | | | | |
| General government | \$ 1,884,559 | 689,191 | 255,612 | 28,005 |
| Public protection | 10,040,684 | 1,778,350 | 2,296,089 | 7,308 |
| Public ways and facilities | 585,307 | 33,822 | 347,057 | 4,665 |
| Health and sanitation | 8,032,810 | 2,086,480 | 4,883,315 | 18,682 |
| Public assistance | 9,426,531 | 13,232 | 7,779,377 | |
| Education | 173,303 | 3,625 | 6,034 | |
| Recreation and cultural services | 534,164 | 152,765 | 11,378 | |
| Interest on long-term debt | 178,369 | | | |
| Total governmental activities | <u>30,855,727</u> | <u>4,757,465</u> | <u>15,578,862</u> | <u>58,660</u> |
| Business-type activities: | | | | |
| Hospitals | 6,215,647 | 5,250,557 | 184,346 | |
| Waterworks | 118,530 | 101,020 | 977 | 176 |
| Aviation | 19,951 | 15,751 | 345 | 150 |
| Total business-type activities | <u>6,354,128</u> | <u>5,367,328</u> | <u>185,668</u> | <u>326</u> |
| Total primary government | <u>\$ 37,209,855</u> | <u>10,124,793</u> | <u>15,764,530</u> | <u>58,986</u> |
| DISCRETELY PRESENTED COMPONENT UNITS | <u>\$ 1,011,529</u> | <u>37,580</u> | <u>1,006,679</u> | <u>9,260</u> |

GENERAL REVENUES:

Taxes:

Property taxes

Utility users taxes

Voter approved taxes

Documentary transfer taxes

Other taxes

Sales and use taxes, levied by the State

Grants and contributions not restricted to special programs

Investment income

Miscellaneous

TRANSFERS - NET

Total general revenues and transfers

CHANGE IN NET POSITION

NET POSITION (DEFICIT), JULY 1, 2023

NET POSITION (DEFICIT), JUNE 30, 2024

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 |
| \$ (911,751) | | \$ (911,751) | | PRIMARY GOVERNMENT: |
| (5,958,937) | | (5,958,937) | | Governmental activities: |
| (199,763) | | (199,763) | | General government |
| (1,044,333) | | (1,044,333) | | Public protection |
| (1,633,922) | | (1,633,922) | | Public ways and facilities |
| (163,644) | | (163,644) | | Health and sanitation |
| (370,021) | | (370,021) | | Public assistance |
| (178,369) | | (178,369) | | Education |
| (10,460,740) | | (10,460,740) | | Recreation and cultural services |
| | | | | Interest on long-term debt |
| | | | | Total governmental activities |
| | (780,744) | (780,744) | | Business-type activities: |
| | (16,357) | (16,357) | | Hospitals |
| | (3,705) | (3,705) | | Waterworks |
| | (800,806) | (800,806) | | Aviation |
| (10,460,740) | (800,806) | (11,261,546) | | Total business-type activities |
| | | | | Total primary government |
| | | | \$ 41,990 | DISCRETELY PRESENTED COMPONENT UNITS |
| 9,341,988 | 9,101 | 9,351,089 | | GENERAL REVENUES: |
| 57,422 | | 57,422 | | Taxes: |
| 557,745 | | 557,745 | | Property taxes |
| 76,595 | | 76,595 | | Utility users taxes |
| 49,437 | | 49,437 | | Voter approved taxes |
| 728,739 | | 728,739 | | Documentary transfer taxes |
| | | | | Other taxes |
| 679,353 | 966 | 680,319 | | Sales and use taxes, levied by the State |
| 863,672 | 53,810 | 917,482 | 42,969 | Grants and contributions not restricted to special programs |
| 253,977 | 303 | 254,280 | 389 | Investment income |
| (1,058,209) | 1,058,209 | | | Miscellaneous |
| 11,550,719 | 1,122,389 | 12,673,108 | 43,358 | TRANSFERS - NET |
| 1,089,979 | 321,583 | 1,411,562 | 85,348 | Total general revenues and transfers |
| | | | | CHANGE IN NET POSITION |
| (11,042,614) | (816,322) | (11,858,936) | 1,107,652 | NET POSITION (DEFICIT), JULY 1, 2023 |
| \$ (9,952,635) | (494,739) | \$ (10,447,374) | \$ 1,193,000 | NET POSITION (DEFICIT), JUNE 30, 2024 |

COUNTY OF LOS ANGELES
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024 (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 | \$ 4,537,551 | 262,836 | 347,792 | 161,477 | 785,314 |
| Other | 6,382,186 | 15,307 | 3,163 | 4,316 | 3,913 |
| Total pooled cash and investments | 10,919,737 | 278,143 | 350,955 | 165,793 | 789,227 |
| Other investments (Note 4) | 2,152 | | | 113 | |
| Taxes receivable | 305,769 | 62,148 | 15,941 | 8,941 | 2,083 |
| Interest receivable | 51,507 | 915 | 1,103 | 509 | 2,204 |
| Lease receivable (Note 9) | 1,846,351 | | 34,055 | | |
| Other receivables | 4,140,119 | 49,944 | 3,732 | 2,271 | 1,713 |
| Due from other funds (Note 15) | 1,132,681 | 1,367 | 32,714 | 12,956 | 4 |
| Advances to other funds (Note 15) | 17,806 | | 6,141 | | |
| Inventories | 142,429 | 12,173 | 1,101 | 8 | |
| TOTAL ASSETS | 18,558,551 | 404,690 | 445,742 | 190,591 | 795,231 |
| DEFERRED OUTFLOWS OF RESOURCES (Note 20) | | | | | |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 18,558,551 | 404,690 | 445,742 | 190,591 | 795,231 |
| LIABILITIES | | | | | |
| Accounts payable | \$ 762,224 | 7,351 | 11,266 | 4,089 | 37 |
| Accrued payroll | 555,409 | 56,032 | | 4,921 | |
| Other payables | 27,020 | 2,794 | | 564 | |
| Due to other funds (Note 15) | 619,244 | 24,358 | 43,902 | 6,278 | 3,225 |
| Advances payable | 6,224,093 | | 75,948 | | |
| Third party payor (Notes 11 and 14) | 215,649 | | | | |
| TOTAL LIABILITIES | 8,403,639 | 90,535 | 131,116 | 15,852 | 3,262 |
| DEFERRED INFLOWS OF RESOURCES (Note 20) | 2,462,203 | 55,012 | 44,695 | 6,336 | 1,455 |
| FUND BALANCES (Note 21) | | | | | |
| Nonspendable | 293,753 | 12,173 | 1,101 | 8 | |
| Restricted | 88,654 | 246,970 | 268,731 | 88,616 | 790,514 |
| Committed | 1,070,313 | | | | |
| Assigned | 1,345,188 | | 99 | 79,779 | |
| Unassigned | 4,894,801 | | | | |
| TOTAL FUND BALANCES | 7,692,709 | 259,143 | 269,931 | 168,403 | 790,514 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 18,558,551 | 404,690 | 445,742 | 190,591 | 795,231 |

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) |
| \$ 1,896,049 | 3,259,160 | \$ 11,250,179 | Operating |
| 7,588 | 62,171 | 6,478,644 | Other |
| 1,903,637 | 3,321,331 | 17,728,823 | Total pooled cash and investments |
| | 60,284 | 62,549 | Other investments (Note 4) |
| | 24,298 | 419,180 | Taxes receivable |
| 5,954 | 9,079 | 71,271 | Interest receivable |
| | 4,940 | 1,885,346 | Lease receivable (Note 9) |
| | 250,496 | 4,448,275 | Other receivables |
| | 48,136 | 1,227,858 | Due from other funds (Note 15) |
| | 11,307 | 35,254 | Advances to other funds (Note 15) |
| | 1 | 155,712 | Inventories |
| 1,909,591 | 3,729,872 | 26,034,268 | TOTAL ASSETS |
| | 175,088 | 175,088 | DEFERRED OUTFLOWS OF RESOURCES (Note 20) |
| \$ 1,909,591 | 3,904,960 | \$ 26,209,356 | TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES |
| | | | LIABILITIES |
| | 108,260 | \$ 893,227 | Accounts payable |
| | 109 | 616,471 | Accrued payroll |
| | | 30,378 | Other payables |
| 360,866 | 428,714 | 1,486,587 | Due to other funds (Note 15) |
| | 61,752 | 6,361,793 | Advances payable |
| | 246 | 215,895 | Third party payor (Notes 11 and 14) |
| 360,866 | 599,081 | 9,604,351 | TOTAL LIABILITIES |
| | 20,843 | 2,590,544 | DEFERRED INFLOWS OF RESOURCES (Note 20) |
| | | | FUND BALANCES (Note 21) |
| | 86,758 | 393,793 | Nonspendable |
| 1,548,725 | 2,824,551 | 5,856,761 | Restricted |
| | 169,772 | 1,240,085 | Committed |
| | 203,955 | 1,629,021 | Assigned |
| | | 4,894,801 | Unassigned |
| 1,548,725 | 3,285,036 | 14,014,461 | TOTAL FUND BALANCES |
| \$ 1,909,591 | 3,904,960 | \$ 26,209,356 | 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, 2024 (in thousands)

| | | |
|---|------------------|-----------------------|
| Fund balances - total governmental funds (page 33) | | \$ 14,014,461 |
| 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 | \$ 7,672,751 | |
| Construction in progress | 2,704,891 | |
| Buildings and improvements - net | 5,807,526 | |
| Equipment - net | 368,691 | |
| Intangible software - net | 230,350 | |
| Infrastructure - net | <u>3,185,109</u> | 19,969,318 |
| 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 | \$ 6,220 | |
| Deferred outflows from OPEB | 4,755,417 | |
| Deferred outflows from pension | 5,598,667 | |
| Deferred inflows from gains on refunding of debt | (10,595) | |
| Deferred inflows from private-public partnerships | (82,577) | |
| Deferred inflows from OPEB | (7,141,551) | |
| Deferred inflows from pension | <u>(222,602)</u> | 2,902,979 |
| 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 | \$ (175,088) | |
| Deferred inflows from tobacco settlement revenues | 175,088 | |
| Deferred inflows from property taxes | 281,849 | |
| Deferred inflows from long-term receivables | <u>248,261</u> | 530,110 |
| Other long-term asset transactions are not available for the current period and are not recognized in governmental funds: | | |
| Receivables related to capital assets | | 546 |
| Installment receivables from public-private and public-public partnerships | | 82,577 |
| Accrued interest payable is not recognized in governmental funds | | (13,658) |
| 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 | \$ (2,246,661) | |
| Unamortized premiums on bonds | (282,828) | |
| Accreted interest on bonds | (19,533) | |
| Lease liability | (1,574,321) | |
| Subscription liability | (83,867) | |
| Financed purchase obligations | (15,572) | |
| Accrued compensated absences | (2,176,141) | |
| Workers' compensation | (3,223,497) | |
| Litigation and self-insurance | (4,344,298) | |
| Pollution remediation obligation | (55,136) | |
| Net pension liability | (11,670,248) | |
| Net OPEB liability | (20,390,697) | |
| Third party payor liability | <u>(133,635)</u> | (46,216,434) |
| Assets and liabilities of internal service funds are included in governmental activities in the accompanying statement of net position. | | <u>(1,222,534)</u> |
| Net position (deficit) of governmental activities (page 29) | | <u>\$ (9,952,635)</u> |

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



COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024 (in thousands)

| | GENERAL FUND | FIRE PROTECTION DISTRICT | FLOOD CONTROL DISTRICT | LA COUNTY LIBRARY | REGIONAL PARK AND OPEN SPACE DISTRICT |
|--|---------------------|--------------------------------|------------------------------|----------------------|--|
| REVENUES | | | | | |
| Taxes | \$ 8,022,298 | 1,168,396 | 212,445 | 127,085 | 117,108 |
| Licenses, permits and franchises | 85,169 | 21,112 | 1,779 | 1 | |
| Fines, forfeitures and penalties | 187,773 | 3,716 | 1,071 | 584 | 588 |
| Revenue from use of money and property: | | | | | |
| Investment income (Note 4) | 575,960 | 8,421 | 23,007 | 8,716 | 32,765 |
| Rents and concessions (Note 9) | 60,513 | 21 | 6,840 | 7 | |
| Lease revenue (Note 9) | 68,055 | | 1,360 | | |
| Royalties | 15 | | 653 | | |
| Intergovernmental revenues: | | | | | |
| Federal | 5,822,358 | 12,043 | 5,425 | 3,221 | |
| State | 8,802,375 | 11,794 | 7,163 | 3,183 | |
| Other | 40,779 | 2,593 | 1,563 | 149 | |
| Charges for services | 3,352,030 | 310,916 | 119,528 | 2,718 | 96 |
| Miscellaneous | 246,157 | 1,187 | 404 | 3,397 | |
| TOTAL REVENUES | 27,263,482 | 1,540,199 | 381,238 | 149,061 | 150,557 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 2,021,666 | | | | |
| Public protection | 7,035,302 | 1,530,380 | 462,770 | | |
| Public ways and facilities | | | | | |
| Health and sanitation | 7,501,812 | | | | |
| Public assistance | 8,938,477 | | | | |
| Education | | | | 170,070 | |
| Recreation and cultural services | 488,624 | | | | 35,766 |
| Debt service: | | | | | |
| Principal | 145,767 | 7,549 | 1,376 | 811 | |
| Interest and other charges | 71,855 | 903 | 56 | 318 | |
| Capital outlay | 192,659 | 1,429 | | 651 | |
| TOTAL EXPENDITURES | 26,396,162 | 1,540,261 | 464,202 | 171,850 | 35,766 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 867,320 | (62) | (82,964) | (22,789) | 114,791 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in (Note 15) | 1,354,882 | 55,284 | | 44,913 | |
| Transfers out (Note 15) | (1,206,296) | (14,079) | (11,500) | (23,768) | |
| Issuance of debt (Note 11) | | | | | |
| Sales of capital assets | 1,087 | 134 | 71 | 1 | |
| Leases (Notes 5 and 9) | 146,917 | 1,429 | | 651 | |
| Subscriptions (Notes 5 and 10) | 45,742 | | | | |
| TOTAL OTHER FINANCING SOURCES (USES) | 342,332 | 42,768 | (11,429) | 21,797 | |
| NET CHANGE IN FUND BALANCES | 1,209,652 | 42,706 | (94,393) | (992) | 114,791 |
| FUND BALANCES, JULY 1, 2023 | 6,483,057 | 216,437 | 364,324 | 169,395 | 675,723 |
| FUND BALANCES, JUNE 30, 2024 | <u>\$ 7,692,709</u> | <u>259,143</u> | <u>269,931</u> | <u>168,403</u> | <u>790,514</u> |

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 |
| \$ | 1,021,125 | \$ 10,668,457 | Taxes |
| | 26,127 | 134,188 | Licenses, permits and franchises |
| | 33,984 | 227,716 | Fines, forfeitures and penalties |
| | | | Revenue from use of money and property: |
| 75,840 | 137,901 | 862,610 | Investment income (Note 4) |
| | 46,834 | 114,215 | Rents and concessions (Note 9) |
| | 283 | 69,698 | Lease revenue (Note 9) |
| | 4 | 672 | Royalties |
| | | | Intergovernmental revenues: |
| | 13,988 | 5,857,035 | Federal |
| 1,021,826 | 497,099 | 10,343,440 | State |
| | 15,604 | 60,688 | Other |
| | 439,980 | 4,225,268 | Charges for services |
| | 97,343 | 348,488 | Miscellaneous |
| <u>1,097,666</u> | <u>2,330,272</u> | <u>32,912,475</u> | TOTAL REVENUES |
| | | | EXPENDITURES |
| | | | Current: |
| | 13,045 | 2,034,711 | General government |
| | 302,624 | 9,331,076 | Public protection |
| | 551,752 | 551,752 | Public ways and facilities |
| | 230,668 | 7,732,480 | Health and sanitation |
| | 248,042 | 9,186,519 | Public assistance |
| | 2,047 | 172,117 | Education |
| | 11,658 | 536,048 | Recreation and cultural services |
| | | | Debt service: |
| | 200,018 | 355,521 | Principal |
| | 109,920 | 183,052 | Interest and other charges |
| | 82,757 | 277,496 | Capital outlay |
| | <u>1,752,531</u> | <u>30,360,772</u> | TOTAL EXPENDITURES |
| <u>1,097,666</u> | <u>577,741</u> | <u>2,551,703</u> | EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES |
| | | | OTHER FINANCING SOURCES (USES) |
| | 230,240 | 1,685,319 | Transfers in (Note 15) |
| (781,814) | (741,660) | (2,779,117) | Transfers out (Note 15) |
| | 205,589 | 205,589 | Issuance of debt (Note 11) |
| | 252 | 1,545 | Sales of capital assets |
| | | 148,997 | Leases (Notes 5 and 9) |
| | | 45,742 | Subscriptions (Notes 5 and 10) |
| <u>(781,814)</u> | <u>(305,579)</u> | <u>(691,925)</u> | TOTAL OTHER FINANCING SOURCES (USES) |
| 315,852 | 272,162 | 1,859,778 | NET CHANGE IN FUND BALANCES |
| 1,232,873 | 3,012,874 | 12,154,683 | FUND BALANCES, JULY 1, 2023 |
| <u>\$ 1,548,725</u> | <u>3,285,036</u> | <u>\$ 14,014,461</u> | FUND BALANCES, JUNE 30, 2024 |

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, 2024 (in thousands)

| | | |
|---|------------------|---------------------|
| Net change in fund balances - total governmental funds (page 37) | | \$ 1,859,778 |
| 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 | \$ 847,820 | |
| Less - current year depreciation expense | (477,292) | |
| Expenditures for right-to-use lease and subscription assets | 194,739 | |
| Less - current year amortization expense | <u>(177,013)</u> | 388,254 |
| 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. | | (22,412) |
| Contribution of capital assets is not recognized in the governmental funds. | | 30,655 |
| Amortization of gain or loss on refunding of debt are reported as interest expense in the governmental activities, but not reported for governmental funds. | | (1,454) |
| Changes in unavailable revenues are reported as changes in deferred inflows of resources for governmental funds, but were recognized when earned for governmental activities. | | 997 |
| Timing differences result in more or less revenues and expenses in the statement of activities. | | |
| Change in accrued interest on long-term receivables | \$ (328) | |
| Change in unamortized premiums | <u>6,258</u> | 5,930 |
| Issuance of long-term debt provides resources in the governmental funds, but increases long-term liabilities in the statement of net position. | | (400,328) |
| Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position: | | |
| Bonds | \$ 64,549 | |
| Notes, loans, and lease revenue obligation notes | 136,653 | |
| Other long-term notes, loans, leases and subscriptions | <u>154,319</u> | 355,521 |
| 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 | \$ (175,100) | |
| Change in litigation and self-insurance | (612,135) | |
| Change in pollution remediation obligation | (17,970) | |
| Change in accrued compensated absences | (83,836) | |
| Change in net pension liability, net of related deferred outflows of resources and deferred inflows of resources | (331,526) | |
| Change in net OPEB liability, net of related deferred outflows of resources and deferred inflows of resources | 73,129 | |
| Change in third party payor liability | 2,988 | |
| Change in accrued interest payable | 452 | |
| Change in accretion of tobacco settlement bonds | (5,306) | |
| Transfer of capital assets between governmental fund and enterprise fund | <u>34,541</u> | (1,114,763) |
| Internal service funds that are reported with governmental activities. | | <u>(12,199)</u> |
| Change in net position of governmental activities (page 31) | | <u>\$ 1,089,979</u> |

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

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL ON BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024 (in thousands)

| | GENERAL FUND | | | |
|--|--------------------|--------------------|---------------------------|--|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL ON BUDGETARY BASIS | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
| REVENUES | | | | |
| Taxes | \$ 7,853,678 | 7,859,100 | 8,025,301 | 166,201 |
| Licenses, permits and franchises | 70,832 | 81,661 | 85,694 | 4,033 |
| Fines, forfeitures and penalties | 138,706 | 138,842 | 187,773 | 48,931 |
| Revenue from use of money and property: | | | | |
| Investment income | 230,021 | 267,855 | 524,189 | 256,334 |
| Rents and concessions | 137,083 | 137,893 | 128,042 | (9,851) |
| Royalties | | | 15 | 15 |
| Intergovernmental revenues: | | | | |
| Federal | 6,000,430 | 6,507,867 | 5,887,797 | (620,070) |
| State | 9,521,478 | 9,777,171 | 8,791,888 | (985,283) |
| Other | 52,778 | 69,856 | 29,918 | (39,938) |
| Charges for services | 2,962,561 | 3,456,959 | 3,361,713 | (95,246) |
| Miscellaneous | 193,090 | 202,750 | 244,963 | 42,213 |
| TOTAL REVENUES | 27,160,657 | 28,499,954 | 27,267,293 | (1,232,661) |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 3,842,441 | 3,821,756 | 1,879,693 | 1,942,063 |
| Public protection | 7,208,303 | 7,552,904 | 7,185,630 | 367,274 |
| Health and sanitation | 8,544,159 | 8,802,606 | 7,791,294 | 1,011,312 |
| Public assistance | 9,974,612 | 10,001,015 | 9,097,590 | 903,425 |
| Recreation and cultural services | 544,223 | 544,489 | 516,297 | 28,192 |
| Debt service- | | | | |
| Interest | 22,701 | 22,701 | 22,701 | |
| Capital outlay | 1,701,042 | 2,115,294 | 443,447 | 1,671,847 |
| TOTAL EXPENDITURES | 31,837,481 | 32,860,765 | 26,936,652 | 5,924,113 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (4,676,824) | (4,360,811) | 330,641 | 4,691,452 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sales of capital assets | 811 | 811 | 1,087 | 276 |
| Transfers in | 1,844,532 | 2,037,414 | 1,346,736 | (690,678) |
| Transfers out | (769,770) | (1,072,368) | (1,069,312) | 3,056 |
| Appropriations for contingencies | (77,376) | 185 | | (185) |
| Changes in fund balance | (85,862) | (369,720) | (157,576) | 212,144 |
| TOTAL OTHER FINANCING SOURCES (USES) | 912,335 | 596,322 | 120,935 | (475,387) |
| NET CHANGE IN FUND BALANCE | (3,764,489) | (3,764,489) | 451,576 | 4,216,065 |
| FUND BALANCE, JULY 1, 2023 | 3,764,489 | 3,764,489 | 3,764,489 | |
| FUND BALANCE, JUNE 30, 2024 (Note 16) | \$ | | 4,216,065 | 4,216,065 |

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, 2024 (in thousands)

| | FIRE PROTECTION DISTRICT | | | |
|--|--------------------------|------------------|---------------------------------|---|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL ON BUDGETARY BASIS | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
| REVENUES | | | | |
| Taxes | \$ 1,137,160 | 1,161,582 | 1,168,916 | 7,334 |
| Licenses, permits and franchises | 23,161 | 23,161 | 21,112 | (2,049) |
| Fines, forfeitures and penalties | 3,231 | 3,231 | 3,716 | 485 |
| Revenue from use of money and property: | | | | |
| Investment income | 824 | 4,945 | 6,543 | 1,598 |
| Rents and concessions | 90 | 90 | 21 | (69) |
| Intergovernmental revenues: | | | | |
| Federal | 35,780 | 35,982 | 11,969 | (24,013) |
| State | 15,899 | 15,899 | 11,794 | (4,105) |
| Other | | | 2,593 | 2,593 |
| Charges for services | 314,826 | 319,623 | 310,916 | (8,707) |
| Miscellaneous | 612 | 612 | 1,187 | 575 |
| TOTAL REVENUES | 1,531,583 | 1,565,125 | 1,538,767 | (26,358) |
| EXPENDITURES | | | | |
| Current-Public protection: | | | | |
| Salaries and employee benefits | 1,357,912 | 1,362,832 | 1,349,165 | 13,667 |
| Services and supplies | 194,517 | 196,396 | 164,703 | 31,693 |
| Other charges | 29,274 | 38,439 | 20,493 | 17,946 |
| Capital assets | 7,046 | 11,041 | 4,095 | 6,946 |
| TOTAL EXPENDITURES | 1,588,749 | 1,608,708 | 1,538,456 | 70,252 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (57,166) | (43,583) | 311 | 43,894 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sales of capital assets | 133 | 133 | 134 | 1 |
| Transfers in | 51,434 | 57,779 | 55,284 | (2,495) |
| Transfers out | (11,442) | (11,641) | (11,641) | |
| Appropriations for contingencies | (8,814) | (28,543) | | 28,543 |
| Changes in fund balance | (44,999) | (44,999) | (39,506) | 5,493 |
| TOTAL OTHER FINANCING SOURCES (USES) | (13,688) | (27,271) | 4,271 | 31,542 |
| NET CHANGE IN FUND BALANCE | (70,854) | (70,854) | 4,582 | 75,436 |
| FUND BALANCE, JULY 1, 2023 | 70,854 | 70,854 | 70,854 | |
| FUND BALANCE, JUNE 30, 2024 (Note 16) | \$ | | 75,436 | 75,436 |

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, 2024 (in thousands)

| | FLOOD CONTROL DISTRICT | | | |
|---|------------------------|-----------------|---------------------------------|---|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL ON BUDGETARY BASIS | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
| REVENUES | | | | |
| Taxes | \$ 207,355 | 210,588 | 212,522 | 1,934 |
| Licenses, permits and franchises | 1,542 | 1,542 | 1,779 | 237 |
| Fines, forfeitures and penalties | 1,171 | 1,171 | 1,071 | (100) |
| Revenue from use of money and property: | | | | |
| Investment income | 5,783 | 11,056 | 15,310 | 4,254 |
| Rents and concessions | 7,765 | 7,765 | 8,200 | 435 |
| Royalties | 625 | 625 | 653 | 28 |
| Intergovernmental revenues: | | | | |
| Federal | | | 5,425 | 5,425 |
| State | 712 | 712 | 7,163 | 6,451 |
| Other | 266 | 266 | 1,563 | 1,297 |
| Charges for services | 119,654 | 119,654 | 119,563 | (91) |
| Miscellaneous | 677 | 677 | 404 | (273) |
| TOTAL REVENUES | 345,550 | 354,056 | 373,653 | 19,597 |
| EXPENDITURES | | | | |
| Current-Public protection: | | | | |
| Services and supplies | 394,367 | 401,867 | 399,255 | 2,612 |
| Other charges | 6,539 | 6,539 | 1,621 | 4,918 |
| Capital assets | 1,540 | 1,540 | 547 | 993 |
| Capital outlay | 51,620 | 36,620 | 33,629 | 2,991 |
| TOTAL EXPENDITURES | 454,066 | 446,566 | 435,052 | 11,514 |
| DEFICIENCY OF REVENUES OVER EXPENDITURES | (108,516) | (92,510) | (61,399) | 31,111 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sales of capital assets | 187 | 187 | 71 | (116) |
| Transfers in | 2,000 | 2,000 | | (2,000) |
| Transfers out | (9,819) | (17,319) | (11,500) | 5,819 |
| Appropriations for contingencies | | (8,506) | | 8,506 |
| Changes in fund balance | 47,000 | 47,000 | 63,254 | 16,254 |
| TOTAL OTHER FINANCING SOURCES (USES) | 39,368 | 23,362 | 51,825 | 28,463 |
| NET CHANGE IN FUND BALANCE | (69,148) | (69,148) | (9,574) | 59,574 |
| FUND BALANCE, JULY 1, 2023 | 69,148 | 69,148 | 69,148 | |
| FUND BALANCE, JUNE 30, 2024 (Note 16) | \$ | | 59,574 | 59,574 |

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, 2024 (in thousands)

| | LA COUNTY LIBRARY | | | |
|---|--------------------|-----------------|---------------------------------|---|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL ON BUDGETARY BASIS | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
| REVENUES | | | | |
| Taxes | \$ 120,692 | 126,104 | 127,173 | 1,069 |
| Licenses, permits and franchises | | | 1 | 1 |
| Fines, forfeitures and penalties | 375 | 375 | 584 | 209 |
| Revenue from use of money and property: | | | | |
| Investment income | 1,200 | 4,756 | 6,714 | 1,958 |
| Rents and concessions | 15 | 15 | 7 | (8) |
| Intergovernmental revenues: | | | | |
| Federal | | 2,900 | 3,221 | 321 |
| State | 3,947 | 3,947 | 3,183 | (764) |
| Other | 130 | 130 | 149 | 19 |
| Charges for services | 1,728 | 1,728 | 2,718 | 990 |
| Miscellaneous | 584 | 584 | 3,397 | 2,813 |
| TOTAL REVENUES | 128,671 | 140,539 | 147,147 | 6,608 |
| EXPENDITURES | | | | |
| Current-Education: | | | | |
| Salaries and employee benefits | 133,117 | 133,117 | 109,783 | 23,334 |
| Services and supplies | 117,119 | 93,746 | 63,757 | 29,989 |
| Other charges | 1,913 | 4,513 | 4,214 | 299 |
| Capital assets | 1,094 | 1,094 | 301 | 793 |
| TOTAL EXPENDITURES | 253,243 | 232,470 | 178,055 | 54,415 |
| DEFICIENCY OF REVENUES OVER EXPENDITURES | (124,572) | (91,931) | (30,908) | 61,023 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Sales of capital assets | 13 | 13 | 1 | (12) |
| Transfers in | 52,268 | 51,421 | 44,913 | (6,508) |
| Transfers out | (150) | (22,976) | (22,976) | |
| Appropriations for contingencies | | (8,968) | | 8,968 |
| Changes in fund balance | (6,579) | (6,579) | (4,713) | 1,866 |
| TOTAL OTHER FINANCING SOURCES (USES) | 45,552 | 12,911 | 17,225 | 4,314 |
| NET CHANGE IN FUND BALANCE | (79,020) | (79,020) | (13,683) | 65,337 |
| FUND BALANCE, JULY 1, 2023 | 79,020 | 79,020 | 79,020 | |
| FUND BALANCE, JUNE 30, 2024 (Note 16) | \$ | | 65,337 | 65,337 |

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, 2024 (in thousands)

| | REGIONAL PARK AND OPEN SPACE DISTRICT | | | |
|--|---------------------------------------|-----------------|---------------------------------|---|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL ON BUDGETARY BASIS | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
| REVENUES | | | | |
| Taxes | \$ 109,764 | 114,064 | 117,108 | 3,044 |
| Fines, forfeitures and penalties | 329 | 847 | 588 | (259) |
| Revenue from use of money and property- | | | | |
| Investment income | 3,342 | 3,342 | 30,030 | 26,688 |
| Charges for services | | | 161 | 161 |
| TOTAL REVENUES | 113,435 | 118,253 | 147,887 | 29,634 |
| EXPENDITURES | | | | |
| Current-Recreation and cultural services: | | | | |
| Services and supplies | 22,656 | 18,680 | 8,704 | 9,976 |
| Other charges | 529,959 | 156,012 | 51,193 | 104,819 |
| TOTAL EXPENDITURES | 552,615 | 174,692 | 59,897 | 114,795 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (439,180) | (56,439) | 87,990 | 144,429 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 116,951 | 117,469 | 121,561 | 4,092 |
| Transfers out | (116,951) | (121,769) | (121,561) | 208 |
| Changes in fund balance | (32,310) | (410,751) | (408,922) | 1,829 |
| TOTAL OTHER FINANCING SOURCES (USES) | (32,310) | (415,051) | (408,922) | 6,129 |
| NET CHANGE IN FUND BALANCE | (471,490) | (471,490) | (320,932) | 150,558 |
| FUND BALANCE, JULY 1, 2023 | 471,490 | 471,490 | 471,490 | |
| FUND BALANCE, JUNE 30, 2024 (Note 16) | \$ | | 150,558 | 150,558 |

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, 2024 (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 | \$ 20,753 | 20,753 | 78,162 | 57,409 |
| Intergovernmental revenues- | | | | |
| State | 1,094,934 | 1,094,934 | 1,021,826 | (73,108) |
| TOTAL REVENUES | 1,115,687 | 1,115,687 | 1,099,988 | (15,699) |
| OTHER FINANCING USES | | | | |
| Transfers out | (1,080,130) | (1,153,254) | (781,814) | 371,440 |
| Changes in fund balance | (190,627) | (117,503) | (117,504) | (1) |
| TOTAL OTHER FINANCING USES | (1,270,757) | (1,270,757) | (899,318) | 371,439 |
| NET CHANGE IN FUND BALANCE | (155,070) | (155,070) | 200,670 | 355,740 |
| FUND BALANCE, JULY 1, 2023 | 155,070 | 155,070 | 155,070 | |
| FUND BALANCE, JUNE 30, 2024 (Note 16) | \$ | | 355,740 | 355,740 |

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, 2024 (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 | \$ 266,061 | 172,855 | 348,888 | 79,510 |
| Other | 11,250 | 5,989 | 14,670 | 3,284 |
| Total pooled cash and investments | <u>277,311</u> | <u>178,844</u> | <u>363,558</u> | <u>82,794</u> |
| Taxes receivable | | | | |
| Accounts receivable - net (Note 14) | 779,380 | 475,365 | 1,038,956 | 209,760 |
| Interest receivable | 1,442 | 485 | 1,641 | 380 |
| Lease receivable (Note 9) | | | | |
| Other receivables | 19,166 | 11,517 | 28,183 | 5,277 |
| Due from other funds (Note 15) | 402,749 | 237,968 | 1,286,039 | 314,286 |
| Advances to other funds (Note 15) | | | | |
| Inventories | 14,080 | 5,796 | 15,807 | 2,089 |
| Total current assets | <u>1,494,128</u> | <u>909,975</u> | <u>2,734,184</u> | <u>614,586</u> |
| Noncurrent assets: | | | | |
| Restricted assets (Note 4) | 108,239 | 8,158 | 1,814 | 9,497 |
| Lease receivable (Note 9) | | | | |
| Other receivables | 348,714 | 161,878 | 403,267 | 122,083 |
| 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 | 1,192,595 | 411,440 | 1,259,892 | 582,892 |
| Infrastructure | | | | |
| Construction in progress | 490,906 | | | 69,247 |
| Lease assets | 3,223 | 389 | 988 | 291 |
| Subscription assets | | | | |
| Less accumulated depreciation/amortization | (418,424) | (223,089) | (482,704) | (200,947) |
| Total capital assets - net | <u>1,269,971</u> | <u>190,634</u> | <u>794,370</u> | <u>451,700</u> |
| Total noncurrent assets | <u>1,726,924</u> | <u>360,670</u> | <u>1,199,451</u> | <u>583,280</u> |
| TOTAL ASSETS | <u>3,221,052</u> | <u>1,270,645</u> | <u>3,933,635</u> | <u>1,197,866</u> |
| DEFERRED OUTFLOWS OF RESOURCES (Note 20) | <u>504,513</u> | <u>277,272</u> | <u>704,088</u> | <u>172,901</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 280,452 | 188,078 | 286,741 | 162,914 |
| Accrued payroll | 39,044 | 21,453 | 52,859 | 10,348 |
| Other payables | 4,638 | 2,291 | 4,139 | 1,295 |
| Accrued interest payable | 10,006 | 1,888 | 43 | 679 |
| Due to other funds (Note 15) | 428,084 | 254,239 | 1,030,673 | 352,553 |
| Advances from other funds (Note 15) | 4,735 | 2,554 | 6,401 | 1,265 |
| Advances payable | 612 | 101 | 442 | 1 |
| Current portion of long-term liabilities (Note 11) | 300,518 | 34,923 | 86,422 | 42,369 |
| Total current liabilities | <u>1,068,089</u> | <u>505,527</u> | <u>1,467,720</u> | <u>571,424</u> |
| Noncurrent liabilities: | | | | |
| Accrued compensated absences (Note 11) | 95,399 | 52,870 | 117,848 | 22,495 |
| Bonds and notes (Note 11) | 456,048 | 71,612 | 14,872 | 207,692 |
| Lease liability (Note 9 and 11) | 1,499 | 148 | 411 | 108 |
| Workers' compensation (Notes 11 and 18) | 113,651 | 46,405 | 171,145 | 33,077 |
| Litigation and self-insurance (Notes 11 and 18) | 761 | 162 | 5,210 | |
| Net pension liability (Notes 7 and 11) | 596,627 | 336,909 | 808,414 | 182,508 |
| Net OPEB liability (Notes 8 and 11) | 1,126,856 | 629,593 | 1,658,832 | 362,570 |
| Third party payor (Notes 11 and 14) | 108,561 | 64,524 | 208,750 | 23,100 |
| Total noncurrent liabilities | <u>2,499,402</u> | <u>1,202,223</u> | <u>2,985,482</u> | <u>831,550</u> |
| TOTAL LIABILITIES | <u>3,567,491</u> | <u>1,707,750</u> | <u>4,453,202</u> | <u>1,402,974</u> |
| DEFERRED INFLOWS OF RESOURCES (Note 20) | <u>452,057</u> | <u>325,944</u> | <u>689,290</u> | <u>142,586</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 670,003 | 121,093 | 779,366 | 222,987 |
| Restricted - Debt service | 37,153 | 563 | 2,739 | 45,037 |
| Unrestricted (deficit) | (1,001,139) | (607,433) | (1,286,874) | (442,817) |
| TOTAL NET POSITION (DEFICIT) (Note 3) | <u>\$ (293,983)</u> | <u>(485,777)</u> | <u>(504,769)</u> | <u>(174,793)</u> |

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

| ENTERPRISE FUNDS | | | GOVERNMENTAL ACTIVITIES | |
|------------------|----------------------|--------------|------------------------------|--|
| Waterworks | Nonmajor Aviation | Total | Internal Service Funds | |
| \$ 140,316 | 12,212 | \$ 1,019,842 | \$ 37,906 | ASSETS |
| 3,093 | 187 | 38,473 | 10,303 | Current assets: |
| 143,409 | 12,399 | 1,058,315 | 48,209 | Pooled cash and investments: (Notes 1 and 4) |
| 939 | | 939 | | Operating |
| 17,183 | 786 | 2,521,430 | | Other |
| 432 | 38 | 4,418 | 139 | Total pooled cash and investments |
| | 862 | 862 | | Taxes receivable |
| 3,764 | | 67,907 | 13,046 | Accounts receivable - net (Note 14) |
| 2,584 | 340 | 2,243,966 | 146,552 | Interest receivable |
| 1,444 | 257 | 1,701 | | Lease receivable (Note 9) |
| | 185 | 37,957 | 11,030 | Other receivables |
| 169,755 | 14,867 | 5,937,495 | 218,976 | Due from other funds (Note 15) |
| | | | | Advances to other funds (Note 15) |
| | | | | Inventories |
| | | | | Total current assets |
| | | 127,708 | 5,119 | Noncurrent assets: |
| | 18,856 | 18,856 | | Restricted assets (Note 4) |
| | | 1,035,942 | | Lease receivable (Note 9) |
| 13,682 | 134,692 | 168,350 | | Other receivables |
| 124,527 | 43,818 | 3,615,164 | 281,800 | Capital assets: (Notes 1, 5, 9 and 10) |
| 1,228,087 | 96,755 | 1,324,842 | | Land and easements |
| 75,318 | 129 | 635,600 | | Buildings and improvements, equipment, and intangible software |
| | | 4,891 | 1,224 | Infrastructure |
| | | | 613 | Construction in progress |
| (824,368) | (86,171) | (2,235,703) | (159,925) | Lease assets |
| 617,246 | 189,223 | 3,513,144 | 123,712 | Subscription assets |
| 617,246 | 208,079 | 4,695,650 | 128,831 | Less accumulated depreciation/amortization |
| 787,001 | 222,946 | 10,633,145 | 347,807 | Total capital assets - net |
| | | 1,658,774 | 456,720 | Total noncurrent assets |
| | | | | TOTAL ASSETS |
| | | | | DEFERRED OUTFLOWS OF RESOURCES (Note 20) |
| 4,338 | 350 | 922,873 | 7,442 | LIABILITIES |
| | | 123,704 | 26,235 | Current liabilities: |
| | 60 | 12,423 | 2,879 | Accounts payable |
| | 14 | 12,630 | 341 | Accrued payroll |
| 9,799 | 930 | 2,076,278 | 55,511 | Other payables |
| | | 14,955 | 22,000 | Accrued interest payable |
| 24 | | 1,180 | 141 | Due to other funds (Note 15) |
| 616 | 120 | 464,968 | 18,658 | Advances from other funds (Note 15) |
| 14,777 | 1,474 | 3,629,011 | 133,207 | Advances payable |
| | | | | Current portion of long-term liabilities (Note 11) |
| | | | | Total current liabilities |
| | | 288,612 | 76,428 | Noncurrent liabilities: |
| 8,201 | 944 | 759,369 | 10,000 | Accrued compensated absences (Note 11) |
| | | 2,166 | 301 | Bonds and notes (Note 11) |
| | | 364,278 | 58,123 | Lease liability (Note 9 and 11) |
| 250 | | 6,383 | | Workers' compensation (Notes 11 and 18) |
| | | 1,924,458 | 479,257 | Litigation and self-insurance (Notes 11 and 18) |
| | | 3,777,851 | 957,123 | Net pension liability (Notes 7 and 11) |
| | | 404,935 | | Net OPEB liability (Notes 8 and 11) |
| 8,451 | 944 | 7,528,052 | 1,581,232 | Third party payor (Notes 11 and 14) |
| 23,228 | 2,418 | 11,157,063 | 1,714,439 | Total noncurrent liabilities |
| | 19,718 | 1,629,595 | 312,622 | TOTAL LIABILITIES |
| | | | | DEFERRED INFLOWS OF RESOURCES (Note 20) |
| 608,723 | 188,159 | 2,590,331 | 113,223 | NET POSITION |
| | | 85,492 | | Net investment in capital assets |
| 155,050 | 12,651 | (3,170,562) | (1,335,757) | Restricted - Debt service |
| \$ 763,773 | 200,810 | \$ (494,739) | \$ (1,222,534) | Unrestricted (deficit) |
| | | | | TOTAL NET POSITION (DEFICIT) (Note 3) |

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024 (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) | \$ 1,802,919 | 886,032 | 2,122,344 | 439,262 |
| Charges for services | | | | |
| Other (Note 14) | 65,503 | 26,656 | 86,484 | 7,181 |
| TOTAL OPERATING REVENUES | 1,868,422 | 912,688 | 2,208,828 | 446,443 |
| OPERATING EXPENSES: | | | | |
| Salaries and employee benefits | 905,707 | 476,263 | 1,177,603 | 240,262 |
| Services and supplies | 296,927 | 130,818 | 343,794 | 53,412 |
| Other professional services | 408,347 | 213,381 | 570,478 | 82,818 |
| Depreciation and amortization (Note 5) | 30,874 | 12,782 | 32,292 | 18,913 |
| TOTAL OPERATING EXPENSES | 1,641,855 | 833,244 | 2,124,167 | 395,405 |
| OPERATING INCOME (LOSS) | 226,567 | 79,444 | 84,661 | 51,038 |
| NONOPERATING REVENUES (EXPENSES): | | | | |
| Taxes | | | | |
| Investment income | 24,768 | 1,824 | 9,547 | 9,177 |
| Gain (loss) on disposal of property | (633) | (19,045) | (19,201) | (15,566) |
| Interest revenue | | | | |
| Interest expense | (34,811) | (5,420) | (584) | (11,935) |
| Intergovernmental transfers expense (Note 14) | (362,770) | (191,349) | (440,566) | (173,541) |
| Intergovernmental revenues: | | | | |
| State | | | | |
| Federal | | | | |
| Other | | | | |
| TOTAL NONOPERATING REVENUES (EXPENSES) | (373,446) | (213,990) | (450,804) | (191,865) |
| INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS | (146,879) | (134,546) | (366,143) | (140,827) |
| Capital contributions | 2,774 | 2,476 | 13,005 | 20 |
| Transfers in (Note 15) | 464,569 | 287,346 | 1,099,473 | 226,508 |
| Transfers out (Note 15) | (262,987) | (56,329) | (421,589) | (244,029) |
| CHANGE IN NET POSITION | 57,477 | 98,947 | 324,746 | (158,328) |
| NET POSITION (DEFICIT), JULY 1, 2023 | (351,460) | (584,724) | (829,515) | (16,465) |
| NET POSITION (DEFICIT), JUNE 30, 2024 | \$ (293,983) | (485,777) | (504,769) | (174,793) |

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 | | |
| \$ | | \$ 5,250,557 | \$ | | OPERATING REVENUES: |
| 101,020 | 4,478 | 105,498 | 788,999 | | Net patient service revenues (Note 14) |
| 263 | 191 | 186,278 | | | Charges for services |
| 101,283 | 4,669 | 5,542,333 | 788,999 | | Other (Note 14) |
| | | | | | TOTAL OPERATING REVENUES |
| | | 2,799,835 | 632,489 | | OPERATING EXPENSES: |
| 90,872 | 14,461 | 930,284 | 62,498 | | Salaries and employee benefits |
| 3,669 | 2,119 | 1,280,812 | 92,337 | | Services and supplies |
| 23,822 | 3,337 | 122,020 | 20,052 | | Other professional services |
| 118,363 | 19,917 | 5,132,951 | 807,376 | | Depreciation and amortization (Note 5) |
| (17,080) | (15,248) | 409,382 | (18,377) | | TOTAL OPERATING EXPENSES |
| | | | | | OPERATING INCOME (LOSS) |
| 9,101 | | 9,101 | | | NONOPERATING REVENUES (EXPENSES): |
| 7,794 | 700 | 53,810 | 1,390 | | Taxes |
| | | (54,445) | 686 | | Investment income |
| | 11,273 | 11,273 | 3,569 | | Gain (loss) on disposal of property |
| (167) | (34) | (52,951) | (515) | | Interest revenue |
| | | (1,168,226) | | | Interest expense |
| 817 | 40 | 857 | | | Intergovernmental transfers expense (Note 14) |
| 191 | 305 | 496 | | | Intergovernmental revenues: |
| 935 | | 935 | | | State |
| 18,671 | 12,284 | (1,199,150) | 5,130 | | Federal |
| | | | | | Other |
| 1,591 | (2,964) | (789,768) | (13,247) | | TOTAL NONOPERATING REVENUES (EXPENSES) |
| 176 | 150 | 18,601 | | | INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS |
| (198) | (14) | (985,146) | (3,809) | | Capital contributions |
| 1,569 | (2,828) | 321,583 | (12,199) | | Transfers in (Note 15) |
| 762,204 | 203,638 | (816,322) | (1,210,335) | | Transfers out (Note 15) |
| \$ 763,773 | 200,810 | \$ (494,739) | \$ (1,222,534) | | CHANGE IN NET POSITION |
| | | | | | NET POSITION (DEFICIT), JULY 1, 2023 |
| | | | | | NET POSITION (DEFICIT), JUNE 30, 2024 |

COUNTY OF LOS ANGELES
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024 (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 | \$ 1,475,232 | 776,581 | 1,435,353 | 226,509 |
| Cash received from charges for services | | | | |
| Other operating revenues | 65,503 | 26,656 | 86,484 | 7,181 |
| Cash received for services provided to other funds | 99,399 | 82,391 | 135,515 | 542 |
| Cash paid for salaries and employee benefits | (906,938) | (492,801) | (1,176,517) | (239,497) |
| Cash (paid) returned for services and supplies | 85,135 | 24,613 | 127,347 | 112,801 |
| Other operating expenses | (409,264) | (222,816) | (577,479) | (83,167) |
| Cash (paid) returned for services from other funds | (52,992) | (121,699) | 202,200 | 176,902 |
| Net cash provided by (required for) operating activities | <u>356,075</u> | <u>72,925</u> | <u>232,903</u> | <u>201,271</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Cash advances received from other funds | 4,690 | | 113,287 | |
| Cash advances paid to other funds | (4,691) | (25) | (113,304) | (2) |
| Intergovernmental transfers paid | (362,770) | (191,349) | (440,566) | (173,541) |
| Intergovernmental receipts | | | | |
| Transfers in | 280,151 | 287,346 | 788,534 | 118,380 |
| Transfers out | (262,987) | (56,329) | (421,589) | (244,029) |
| Net cash provided by (required for) noncapital financing activities | <u>(345,607)</u> | <u>39,643</u> | <u>(73,638)</u> | <u>(299,192)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Proceeds from taxes | | | | |
| Capital contributions | | | | |
| Proceeds from bonds and notes | 223,508 | 3,298 | 1,057 | 26,525 |
| Interest paid on capital borrowing | (35,720) | (5,517) | (621) | (12,351) |
| Interest revenue | | | | |
| Principal payments on bonds and notes | (92,430) | (12,306) | (1,919) | (29,550) |
| Leases paid | (1,010) | (76) | (203) | (55) |
| Subscriptions paid | | | | |
| Acquisition and construction of capital assets | (255,795) | (17,074) | (12,594) | (3,203) |
| Net cash required for capital and related financing activities | <u>(161,447)</u> | <u>(31,675)</u> | <u>(14,280)</u> | <u>(18,634)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Investment income | 25,077 | 1,701 | 8,310 | 8,939 |
| Net increase (decrease) in cash and cash equivalents | (125,902) | 82,594 | 153,295 | (107,616) |
| Cash and cash equivalents, July 1, 2023 | 511,452 | 104,408 | 212,077 | 199,907 |
| Cash and cash equivalents, June 30, 2024 | <u>\$ 385,550</u> | <u>187,002</u> | <u>365,372</u> | <u>92,291</u> |

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

| ENTERPRISE FUNDS | | | GOVERNMENTAL ACTIVITIES | |
|------------------|-------------------|--------------|-------------------------|---|
| Waterworks | Nonmajor Aviation | Total | Internal Service Funds | |
| | | | | CASH FLOWS FROM OPERATING ACTIVITIES |
| \$ | | \$ 3,913,675 | \$ | Cash received from patient services |
| 99,992 | 4,542 | 104,534 | 72,286 | Cash received from charges for services |
| 263 | 191 | 186,278 | | Other operating revenues |
| | | 317,847 | 693,618 | Cash received for services provided to other funds |
| | | (2,815,753) | (614,855) | Cash paid for salaries and employee benefits |
| (97,811) | (15,185) | 236,900 | (64,958) | Cash (paid) returned for services and supplies |
| (3,762) | (2,119) | (1,298,607) | (92,337) | Other operating expenses |
| | | 204,411 | | Cash (paid) returned for services from other funds |
| (1,318) | (12,571) | 849,285 | (6,246) | Net cash provided by (required for) operating activities |
| | | | | CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES |
| | 15 | 117,992 | | Cash advances received from other funds |
| (184) | | (118,206) | (19) | Cash advances paid to other funds |
| | | (1,168,226) | | Intergovernmental transfers paid |
| 1,943 | 345 | 2,288 | | Intergovernmental receipts |
| | | 1,474,411 | 4,857 | Transfers in |
| (198) | (14) | (985,146) | (3,809) | Transfers out |
| 1,561 | 346 | (676,887) | 1,029 | Net cash provided by (required for) noncapital financing activities |
| | | | | CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES |
| 9,026 | | 9,026 | | Proceeds from taxes |
| | 150 | 150 | | Capital contributions |
| 381 | | 254,769 | 10,000 | Proceeds from bonds and notes |
| (167) | (36) | (54,412) | (190) | Interest paid on capital borrowing |
| | | | 3,569 | Interest revenue |
| (534) | (116) | (136,855) | | Principal payments on bonds and notes |
| | | (1,344) | (252) | Leases paid |
| | | | (224) | Subscriptions paid |
| (20,133) | (28) | (308,827) | (24,405) | Acquisition and construction of capital assets |
| (11,427) | (30) | (237,493) | (11,502) | Net cash required for capital and related financing activities |
| | | | | CASH FLOWS FROM INVESTING ACTIVITIES |
| 7,697 | 11,959 | 63,683 | 1,409 | Investment income |
| (3,487) | (296) | (1,412) | (15,310) | Net increase (decrease) in cash and cash equivalents |
| 146,896 | 12,695 | 1,187,435 | 68,638 | Cash and cash equivalents, July 1, 2023 |
| \$ 143,409 | 12,399 | \$ 1,186,023 | \$ 53,328 | Cash and cash equivalents, June 30, 2024 |

Continued...

COUNTY OF LOS ANGELES
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024 (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) | \$ 226,567 | 79,444 | 84,661 | 51,038 |
| Adjustments to reconcile operating income (loss) to net cash provided by (required for) operating activities: | | | | |
| Depreciation and amortization | 30,874 | 12,782 | 32,292 | 18,913 |
| (Increase) decrease in: | | | | |
| Accounts receivable - net | 25,496 | (13,084) | 18,399 | 15,451 |
| Other receivables | (141,516) | 36,810 | (95,467) | (99,734) |
| Due from other funds | (86,826) | (53,958) | (505,065) | (127,902) |
| Inventories | (1,204) | 1,016 | 404 | (147) |
| Increase (decrease) in: | | | | |
| Accounts payable | 28,947 | (28,381) | 19,616 | 85,907 |
| Accrued payroll | 2,169 | 1,633 | 5,383 | 580 |
| Other payables | (174) | (70) | (117) | (54) |
| Accrued compensated absences | 6,223 | 4,011 | 10,174 | 577 |
| Due to other funds | 301,327 | 61,097 | 653,321 | 257,355 |
| Advances payable | (36) | | | |
| Workers' compensation | 2,282 | 1,699 | 4,644 | 1,063 |
| Litigation and self-insurance | (4,979) | (9,435) | (7,001) | (349) |
| Net pension liability and related changes in deferred outflows and inflows of resources | 13,515 | 4,328 | 18,078 | 4,553 |
| Net OPEB liability and related changes in deferred outflows and inflows of resources | (20,186) | (27,393) | (35,464) | (5,589) |
| Third party payor | (26,404) | 2,426 | 29,045 | (391) |
| TOTAL ADJUSTMENTS | 129,508 | (6,519) | 148,242 | 150,233 |
| NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES | \$ 356,075 | 72,925 | 232,903 | 201,271 |
| SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES: | | | | |
| Contributions of capital assets | \$ 2,774 | 2,476 | 13,005 | 20 |
| Loss on disposal of capital assets | (633) | (19,045) | (19,201) | (15,566) |
| RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION: | | | | |
| Pooled cash and investments | \$ 277,311 | 178,844 | 363,558 | 82,794 |
| Restricted assets | 108,239 | 8,158 | 1,814 | 9,497 |
| TOTAL | \$ 385,550 | 187,002 | 365,372 | 92,291 |

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 | |
| \$ (17,080) | (15,248) | \$ 409,382 | \$ (18,377) | RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES: |
| | | | | Operating income (loss) |
| | | | | Adjustments to reconcile operating income (loss) to net cash provided by (required for) operating activities: |
| 23,822 | 3,337 | 122,020 | 20,052 | Depreciation and amortization |
| | | | | (Increase) decrease in: |
| (518) | 112 | 45,856 | | Accounts receivable - net |
| 1 | 1 | (299,905) | (1,509) | Other receivables |
| (511) | (49) | (774,311) | (22,825) | Due from other funds |
| | 350 | 419 | (648) | Inventories |
| | | | | Increase (decrease) in: |
| (162) | (829) | 105,098 | (1,586) | Accounts payable |
| | | 9,765 | 1,044 | Accrued payroll |
| | 2 | (413) | (173) | Other payables |
| | | 20,985 | 492 | Accrued compensated absences |
| (6,777) | (247) | 1,266,076 | (226) | Due to other funds |
| | | (36) | | Advances payable |
| | | 9,688 | 1,834 | Workers' compensation |
| (93) | | (21,857) | | Litigation and self-insurance |
| | | 40,474 | 14,504 | Net pension liability and related changes in deferred outflows and inflows of resources |
| | | (88,632) | 1,172 | Net OPEB liability and related changes in deferred outflows and inflows of resources |
| | | 4,676 | | Third party payor |
| 15,762 | 2,677 | 439,903 | 12,131 | TOTAL ADJUSTMENTS |
| \$ (1,318) | (12,571) | \$ 849,285 | \$ (6,246) | NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES |
| | | | | SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES: |
| \$ 176 | | \$ 18,451 | | Contributions of capital assets |
| | | (54,445) | | Loss on disposal of capital assets |
| | | | | RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION: |
| \$ 143,409 | 12,399 | \$ 1,058,315 | \$ 48,209 | Pooled cash and investments |
| | | 127,708 | 5,119 | Restricted assets |
| \$ 143,409 | 12,399 | \$ 1,186,023 | \$ 53,328 | TOTAL |

COUNTY OF LOS ANGELES
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024 (in thousands)

| | PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST | INVESTMENT TRUST | CUSTODIAL | |
|--|--|---------------------|---------------------------------|--------------------|
| | | | EXTERNAL INVESTMENT POOLS | OTHER CUSTODIAL |
| ASSETS | | | | |
| Pooled cash and investments (Note 4) | \$ 142,381 | 381,747 | 35,688,450 | 1,573,731 |
| Other investments: (Note 4) | | | 225,653 | 309 |
| Short-term investments | 3,323,894 | | | |
| Equity | 31,569,333 | | | |
| Fixed income | 21,590,994 | | | |
| Private equity | 13,075,366 | | | |
| Real estate | 4,409,040 | | | |
| Real assets | 3,376,031 | | | |
| Hedge funds | 4,875,300 | | | |
| Cash collateral on loaned securities | 2,359,153 | | | |
| Taxes receivable | | | | 1,043,734 |
| Interest receivable | 213,238 | 855 | 87,704 | |
| Other receivables | 1,321,950 | | | 475,339 |
| Due from other governments | | | | 647 |
| TOTAL ASSETS | 86,256,680 | 382,602 | 36,001,807 | 3,093,760 |
| LIABILITIES | | | | |
| Accounts payable | 623,751 | | | 3,570 |
| Other payables (Note 4) | 2,452,833 | | | 1,078,765 |
| Due to other governments | | | | 81,603 |
| TOTAL LIABILITIES | 3,076,584 | | | 1,163,938 |
| NET POSITION | | | | |
| Restricted for: | | | | |
| Pension | 79,202,225 | | | |
| OPEB | 3,977,871 | | | |
| Individuals, organizations and other governments | | 382,602 | 36,001,807 | 1,929,822 |
| TOTAL NET POSITION | \$ 83,180,096 | 382,602 | 36,001,807 | 1,929,822 |

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, 2024 (in thousands)

| | PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST | INVESTMENT TRUST | CUSTODIAL | |
|---|--|---------------------|---------------------------------|--------------------|
| | | | EXTERNAL INVESTMENT POOLS | OTHER CUSTODIAL |
| ADDITIONS | | | | |
| Contributions: | | | | |
| Pension and OPEB trust contributions: | | | | |
| Employer | \$ 3,825,199 | | | |
| Member | 911,297 | | | |
| Contributions to investment trust and custodial funds | | 79,551 | 67,732,030 | 28,140,496 |
| Total contributions | 4,736,496 | 79,551 | 67,732,030 | 28,140,496 |
| Investment earnings: | | | | |
| Investment income | 4,080,689 | 24,449 | 1,391,530 | |
| Net increase in the fair value of investments | 3,069,544 | | | |
| Securities lending income (Note 4) | 134,663 | | | |
| Total investment earnings | 7,284,896 | 24,449 | 1,391,530 | |
| Less - Investment expenses: | | | | |
| Expense from investing activities | 187,953 | | | |
| Expense from securities lending activities (Note 4) | 116,548 | | | |
| Total net investment expense | 304,501 | | | |
| Net investment earnings | 6,980,395 | 24,449 | 1,391,530 | |
| Other additions | | | | 3,005,594 |
| Miscellaneous | 5,334 | | | |
| TOTAL ADDITIONS | 11,722,225 | 104,000 | 69,123,560 | 31,146,090 |
| DEDUCTIONS | | | | |
| Administrative expenses: | | | | |
| Salaries and employee benefits | 84,481 | | | |
| Services and supplies | 35,224 | | | |
| Total administrative expenses | 119,705 | | | |
| Benefit payments | 5,322,157 | | | |
| Distributions from investment trust and custodial funds | | 225,669 | 66,023,866 | 28,116,639 |
| Other deductions | | | | 2,915,317 |
| Miscellaneous | 43,993 | | | |
| TOTAL DEDUCTIONS | 5,485,855 | 225,669 | 66,023,866 | 31,031,956 |
| CHANGE IN NET POSITION | 6,236,370 | (121,669) | 3,099,694 | 114,134 |
| NET POSITION, JULY 1, 2023 | 76,943,726 | 504,271 | 32,902,113 | 1,815,688 |
| NET POSITION, JUNE 30, 2024 | \$ 83,180,096 | 382,602 | 36,001,807 | 1,929,822 |

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, 2024 (in thousands)

| | LOS ANGELES COUNTY DEVELOPMENT AUTHORITY | FIRST 5 LA | TOTAL |
|--|---|----------------|---------------------|
| ASSETS | | | |
| Pooled cash and investments- | | | |
| Operating (Notes 1 and 4) | \$ 124,060 | 143,294 | \$ 267,354 |
| Other investments (Note 4) | 680,517 | 133,816 | 814,333 |
| Accounts receivable - net | 25,991 | | 25,991 |
| Interest receivable | | 1,140 | 1,140 |
| Lease receivable | 7,040 | | 7,040 |
| Other receivables | 44,009 | 11,580 | 55,589 |
| Inventories | 10,305 | | 10,305 |
| Restricted assets (Note 4) | 14,470 | | 14,470 |
| Net pension asset | 3,493 | | 3,493 |
| Capital assets: (Notes 1 and 5) | | | |
| Capital assets, not being depreciated/amortized | 91,253 | 2,039 | 93,292 |
| Capital assets, net of accumulated depreciation/amortization | 98,643 | 11,233 | 109,876 |
| Total capital assets | 189,896 | 13,272 | 203,168 |
| TOTAL ASSETS | 1,099,781 | 303,102 | 1,402,883 |
| DEFERRED OUTFLOWS OF RESOURCES | 33,153 | | 33,153 |
| LIABILITIES | | | |
| Accounts payable | 65,091 | 14,405 | 79,496 |
| Other payables | 13,834 | | 13,834 |
| Advances payable | 3,652 | | 3,652 |
| Long-term liabilities: (Note 11) | | | |
| Due within one year | 7,108 | 148 | 7,256 |
| Due in more than one year | 122,412 | 826 | 123,238 |
| TOTAL LIABILITIES | 212,097 | 15,379 | 227,476 |
| DEFERRED INFLOWS OF RESOURCES | 15,560 | | 15,560 |
| NET POSITION | | | |
| Net investment in capital assets | 149,207 | 13,272 | 162,479 |
| Restricted for: | | | |
| Community development | 690,890 | | 690,890 |
| First 5 LA | | 274,451 | 274,451 |
| Unrestricted | 65,180 | | 65,180 |
| TOTAL NET POSITION | \$ 905,277 | 287,723 | \$ 1,193,000 |

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, 2024 (in thousands)

| | LOS ANGELES COUNTY DEVELOPMENT AUTHORITY | FIRST 5 LA | TOTAL |
|------------------------------------|---|------------|----------------|
| PROGRAM (EXPENSES) REVENUES: | | | |
| Expenses | \$ (924,729) | (86,800) | \$ (1,011,529) |
| Program revenues: | | | |
| Charges for services | 37,580 | | 37,580 |
| Operating grants and contributions | 941,033 | 65,646 | 1,006,679 |
| Capital grants and contributions | 9,260 | | 9,260 |
| Net program (expenses) revenues | 63,144 | (21,154) | 41,990 |
| GENERAL REVENUES: | | | |
| Investment income | 26,199 | 16,770 | 42,969 |
| Miscellaneous | 389 | | 389 |
| Total general revenues | 26,588 | 16,770 | 43,358 |
| CHANGE IN NET POSITION | 89,732 | (4,384) | 85,348 |
| NET POSITION, JULY 1, 2023 | 815,545 | 292,107 | 1,107,652 |
| NET POSITION, JUNE 30, 2024 | \$ 905,277 | 287,723 | \$ 1,193,000 |

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



COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The County of Los Angeles (County), which was established in 1850, is a legal subdivision of the State of California (State) charged with general governmental powers. The County's powers are exercised through an elected five member Board of Supervisors (Board), which, as the governing body of the County, is responsible for the legislative and executive control of the County. As required by generally accepted accounting principles (GAAP), these basic financial statements include both those of the County and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

The basic financial statements include blended, fiduciary and discretely presented component units. The blended component units, although legally separate entities are, in substance, part of the County's operations. The data from these units are combined with data of the primary government. The fiduciary component unit is reported under Fiduciary Funds in the basic financial statements. The discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements.

Blended Component Units

While each of the component units is legally separate from the County, the County is financially accountable for these entities. Financial accountability is primarily demonstrated by the County's Board acting as the governing board for each of the component units and its ability to impose its will or an existence of a financial benefit/burden relationship. County management has determined that the following related entities should be included in the basic financial statements as blended component units:

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

The various districts are included primarily because the Board is also their governing board and the County has operational responsibilities for the districts. As such, the Board establishes policy, appoints management and exercises budgetary control. The NPC and JPAs have been included because their sole purpose is to finance and construct County capital assets and because they are dependent upon the County for funding.

The Los Angeles County Capital Asset Leasing Corporation (LACCAL) is organized as a not-for-profit corporation in which the primary government is the sole corporate member, as identified in LACCAL's articles of incorporation or bylaws, and the component unit is included in the financial reporting entity.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Blended Component Units-Continued

The LACSC is a California public benefit corporation created by the County Board in January 2006. Three directors, the County's Auditor-Controller, Treasurer and Tax Collector, and an independent party designated by at least one of the County directors, govern the LACSC. The LACSC purpose is to acquire the County's rights in relation to future tobacco settlement payments and to facilitate the issuance of long-term bonds secured by the County Tobacco Assets. The LACSC provides service solely to the County and is reported as a blended component unit of the County.

LACF is a California nonprofit public benefit corporation and an organization described under Section 501(c)(3) of the Internal Revenue Code of 1986. It was formed on April 25, 2016. On July 26, 2018, LACF issued \$302.38 million of lease revenue bonds to be used to finance the construction of the Vermont Corridor County Administration Building and parking structure. LACF is reported as a blended component unit because it provides services solely to the County and it is fiscally dependent on the County. It is reported under Public Buildings Debt Service and Capital Projects funds.

Fiduciary Component Unit

The County pension plan is administered by the Los Angeles County Employees Retirement Association (LACERA), which was established under the County Employees' Retirement Law of 1937 (CERL). LACERA is a cost-sharing, multi-employer defined benefit plan. LACERA provides retirement, disability, death benefits and cost of living adjustments to eligible members. LACERA also administers an agent multiple-employer Other Postemployment Benefit (OPEB) or Retiree Healthcare Program on behalf of the County. LACERA is reported in the Pension and OPEB Trust Funds on the Statement of Net Position - Fiduciary Funds of the basic financial statements and has been included because its operations are dependent upon County funding and because its operations, almost exclusively, benefit the County. LACERA issues a stand-alone financial report, which is available at its offices located at Gateway Plaza, 300 N. Lake Avenue, Pasadena, California 91101-4199 or at www.LACERA.com.

Discretely Presented Component Units

Los Angeles County Development Authority

The Los Angeles County Development Authority (LACDA) was established on July 1, 1982 under the provisions of Section 34100-34160 of the Health and Safety Code of the State of California.

LACDA is responsible for:

- Administering the Housing Choice Voucher and other Section 8 programs;
- Directing the County's housing programs, including planning, housing finance, production and conservation, and management of the County's public housing developments;
- Financing community improvements such as resurfacing streets and rehabilitating homes and businesses;
- Providing economic development, business revitalization services, and comprehensive planning systems for affordable housing; and
- Developing housing, business, and industry in designated areas.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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, 2024, the restricted net position balances were \$5.788 billion and \$85.49 million for governmental activities and business-type activities, respectively. For governmental activities, \$1.144 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements

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

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

The County reports the following major governmental funds:

General Fund

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

Fire Protection District

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

Flood Control District

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

LA County Library

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

Regional Park and Open Space District

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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 \$50.065 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, 2024. 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Property Taxes

All jurisdictions within California derive their taxing authority from the State Constitution and various legislative provisions contained in the Government Code and Revenue and Taxation Code. Property is assessed at 100% of full cash or market value (with some exceptions) pursuant to Article XIII A of the California State Constitution and statutory provisions by the County Assessor and State Board of Equalization. The total Fiscal Year (FY) 2023-2024 assessed valuation of the County approximated \$2.024 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 13,153 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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, five 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, 2024, the County's share of residual property tax revenues was \$469.87 million, of which \$391.44 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, 2024, that were owed to or were more appropriately classified in County operating funds. Accordingly, certain cash balances have been reclassified from the custodial funds.

Other Investments

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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 because these amounts are not available for appropriation and expenditure.

Capital Assets

Capital assets, which include land and easements, capital assets, in progress, buildings and improvements, equipment, intangible assets, infrastructure, and intangible right-to-use 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.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2024

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. In accordance with GAAP, in FY 2020-2021, the County 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 \$100,000 for buildings and improvements, \$5,000 for equipment, \$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, or the asset's useful life if there is a purchase option likely to be exercised |
| 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

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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. 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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, 2022 rolled forward to June 30, 2023

Measurement Date - June 30, 2023

Measurement Period - July 1, 2022 to June 30, 2023

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, 2022 rolled forward to June 30, 2023

Measurement Date - June 30, 2023

Measurement Period - July 1, 2022 to June 30, 2023

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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, 2023

Measurement Date - June 30, 2023

Measurement Period - July 1, 2022 to June 30, 2023

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 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2024

2. NEW ACCOUNTING PRONOUNCEMENTS

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

GASB Statement No. 99 - Statement No. 99, "Omnibus 2022", enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. GASB Statement No. 99, paragraphs 4-10, the requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53, are effective for reporting periods beginning after June 15, 2023. This statement did not have a material impact to the financial statements.

GASB Statement No. 100 - Statement No. 100, "Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62" enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. This statement did not have a material impact to the financial statements. We will apply the statement as appropriate in the future.

3. DEFICIT NET POSITION

The following activities/funds had a net deficit at June 30, 2024 (in thousands):

| <u>Government-wide:</u> | <u>Accumulated Deficit</u> |
|---|----------------------------|
| Governmental Activities | \$ 9,952,635 |
| Business-type Activities | 494,739 |
| <u>Enterprise Funds:</u> | |
| Harbor-UCLA Medical Center | 293,983 |
| Olive View-UCLA Medical Center | 485,777 |
| Los Angeles General Medical Center | 504,769 |
| Rancho Los Amigos National Rehab Center | 174,793 |
| <u>Internal Service Funds:</u> | |
| Public Works | 1,226,043 |

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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, 2024 (in thousands):

| | Pooled Cash and Investments | Other Investments | Restricted Assets | | Total |
|---|--------------------------------|----------------------|--------------------------------|----------------------|-----------------------|
| | | | Pooled Cash and Investments | Other Investments | |
| Governmental Funds | \$ 17,728,823 | 62,549 | | | \$ 17,791,372 |
| Proprietary Funds | 1,106,524 | | 129,270 | 3,557 | 1,239,351 |
| Fiduciary Funds (excluding Pension and OPEB) | 37,643,928 | 225,962 | | | 37,869,890 |
| Pension and OPEB Trust Funds | 142,381 | 84,579,111 | | | 84,721,492 |
| Discretely Presented Component Units | 267,354 | 814,333 | | 14,470 | 1,096,157 |
| Total | \$ 56,889,010 | 85,681,955 | 129,270 | 18,027 | \$ 142,718,262 |

A summary of cash and investments (by type) as of June 30, 2024 is as follows (in thousands):

| Cash: | Cash and investments are reported as follows: | |
|---|---|--|
| County | | |
| Imprest Cash | \$ 9,836 | Governmental Funds \$ 17,791,372 |
| Cash in Vault | 208 | Proprietary Funds 1,239,351 |
| Cash in Bank | 256,915 | Investment Trust Fund 381,747 |
| Deposits in Transit | 13,811 | Custodial Funds 37,488,143 |
| LACDA | 27,952 | Pension and OPEB Trust Funds (LACERA) 84,721,492 |
| Total Cash | 308,722 | Discretely presented component units: |
| | | First 5 LA 277,110 |
| | | LACDA 819,047 |
| | | Total Cash and Investments <u>\$ 142,718,262</u> |
| Investments: | | |
| In Treasury Pool | 56,737,508 | |
| In Specific Purpose Investment (SPI) | 361,621 | |
| In Other Specific Investments | 311 | |
| Held by Outside Trustees | 63,954 | |
| In LACERA | 84,579,111 | |
| In Discretely Presented Component Unit - LACDA | 667,035 | |
| Total Investments | 142,409,540 | |
| Total Cash and Investments | <u>\$ 142,718,262</u> | |

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

4. CASH AND INVESTMENTS-Continued

County Treasurer Cash

As of June 30, 2024, the County Treasurer (Treasurer) maintained accounts in six banks. The carrying amount of the Treasurer's total deposits in financial institutions was \$256.92 million, deposits in transit were \$13.81 million, and cash in the Treasurer's vault was \$208 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 delineates the types of eligible securities and the required collateral percentage, generally at 110%. In addition, under California Government Code Section 53653, the Treasurer has discretion to waive security for the portion of any deposits as insured pursuant to federal law. Through contractual agreement, the Treasurer has opted to waive security for the portions of deposits that are 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, 2024.

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, 2024, to support the value of shares in the Pool.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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. Almost sixty percent (59.06%) 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 \$225.65 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 daily. 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, 2024, the total amount invested by all California local governments and special districts in LAIF was \$21.974 billion. LAIF is part of the State of California's Pooled Money Investment Account (PMIA), which as of June 30, 2024 had a balance of \$178.041 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 \$5.348 billion at June 30, 2024. Collectively, these represent 3.00% of the PMIA balance of \$178.041 billion. The SPI holdings in the LAIF investment pool as of June 30, 2024, were \$42.68 million, which were valued using a fair value factor provided by LAIF.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

4. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

The Treasurer has the following recurring fair value measurements as of June 30, 2024 (in thousands):

| Pool | Fair Value | Fair Value Measurement Using | | | |
|------------------------------------|----------------------|---|---|--|---|
| | | 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 | \$ 16,470,771 | \$ | \$ 16,470,771 | \$ | \$ |
| Los Angeles County Securities | 14,450 | | | 14,450 | |
| Negotiable Certificates of Deposit | 2,099,924 | | 2,099,924 | | |
| U.S. Agency Securities | 26,907,399 | | 26,907,399 | | |
| U.S. Treasury Securities: | | | | | |
| U.S. Treasury Notes | 2,178,004 | | 2,178,004 | | |
| U.S. Treasury Bills | 9,044,012 | | 9,044,012 | | |
| Municipals | 22,948 | | 22,948 | | |
| Total Investments | <u>\$ 56,737,508</u> | <u>\$</u> | <u>\$ 56,723,058</u> | <u>\$ 14,450</u> | <u>\$</u> |
| <u>SPI</u> | | | | | |
| Local Agency Investment Fund | \$ 42,675 | \$ | \$ | \$ | \$ 42,675 |
| Los Angeles County Securities | 2,152 | | | 2,152 | |
| U.S. Agency Securities | 195,490 | | 195,490 | | |
| U.S. Treasury Securities: | | | | | |
| U.S. Treasury Bills | 121,304 | | 121,304 | | |
| Total Investments | <u>\$ 361,621</u> | <u>\$</u> | <u>\$ 316,794</u> | <u>\$ 2,152</u> | <u>\$ 42,675</u> |
| <u>Other Specific Investments</u> | | | | | |
| U.S. Treasury Bills | \$ 311 | \$ | \$ 311 | \$ | \$ |
| Total Investments | <u>\$ 311</u> | <u>\$</u> | <u>\$ 311</u> | <u>\$</u> | <u>\$</u> |

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

4. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

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

| Authorized Investment Type | Maximum Maturity | | Maximum Percentage of Portfolio | | Maximum Investment In One Issuer | | Minimum Rating | |
|--|------------------|------------------------|---------------------------------|-----------------------------|----------------------------------|----------------|----------------|------------------------|
| | Gov. Code | Pool Policy | Gov. Code | Pool Policy | Gov. Code | Pool Policy | Gov. Code | Pool Policy |
| U. S. Treasury Notes, Bills and Bonds | 5 years | None ⁽¹⁾ | None | None | None | None | None | None |
| U.S. Agency Securities | 5 years | None ⁽¹⁾ | None | None | None | None | None | None |
| Local Agency Obligations | 5 years | 5 years ⁽²⁾ | None | 10%* | None | None | None | Various ⁽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% | 10% | \$750 million* | A | A-1/P-1/F1* |
| LAIF | N/A | N/A | None | \$75 million ⁽⁶⁾ | None | None | None | None |
| Shares of Beneficial Interest | N/A | N/A | 20% | 15%* | 10% | 10% | AAA | AAA |
| Repurchase Agreements | 1 year | 30 days* | None | \$1 billion* | None | \$500 million* | None | None |
| Reverse Repurchase Agreements | 92 days | 92 days | 20% | \$500 million* | None | \$250 million* | None | None |
| Forwards, Futures, and Options | N/A | 90 days* | None | \$100 million* | None | \$50 million* | None | A* |
| Interest Rate Swaps | N/A | None | None | None | None | None | A | A |
| Securities Lending Agreements | 92 days | 92 days | 20% | 20% ⁽⁷⁾ | None | None | None | None |
| Supranationals | 5 years | 5 years | 30% | 30% | None | None | AA | AA |

- (1) Pursuant to the California Government Code 53601, the Board granted authority to make investments in U.S. Treasury Notes, Bills and Bonds, and U.S. Agency Securities that have maturities beyond 5 years.
- (2) Any obligation issued or caused to be issued on behalf of other County affiliates must have a minimum rating of "A3" (Moody's) or "A-" (S&P or Fitch) and the maximum maturity is limited to thirty years. Any short- or medium-term obligation issued by the State of California or a California local agency must have a minimum rating of "MIG-1" or "A2" (Moody's) or "SP-1" or "A" (S&P) and the maximum maturity is limited to 5 years.
- (3) All Asset-Backed securities must be rated at least "AA." Pool Policy also requires that Asset-Backed securities issuers' debts be rated "A" or its equivalent or better.
- (4) Euro Certificates of Deposit are further restricted to a maximum maturity of one year and a maximum percentage of portfolio of 10%.
- (5) Floating Rate Notes are further restricted to a maximum maturity of 5 years, maximum of 10% of the portfolio, and maximum investment in one issuer of \$750 million. The maximum maturity may be 7 years, provided that the Board's authorization to exceed maturities in excess of 5 years is in effect, of which \$100 million par value may be greater than 5 years to maturity.
- (6) The maximum percentage of the portfolio is based on the investment limit established by LAIF for each account, not by Pool Policy.
- (7) The maximum par value is limited to a combined total of reverse repurchase agreements and securities lending agreements of 20% of the base value of the portfolio.

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

4. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

A summary of investments held by the Pool at June 30, 2024 is as follows (dollars in thousands):

| Pool | Fair Value | Principal | Interest Rate Range | Maturity Range | Weighted Average Maturity In Years |
|------------------------------------|----------------------|----------------------|---------------------|---------------------|------------------------------------|
| Commercial Paper | \$ 16,470,771 | \$ 16,480,703 | 5.19% - 5.39% | 07/01/24 - 12/20/24 | 0.12 |
| Los Angeles County Securities | 14,450 | 15,000 | 5.76% - 5.82% | 06/30/25 - 06/30/26 | 1.65 |
| Negotiable Certificates of Deposit | 2,099,924 | 2,100,000 | 5.28% - 5.87% | 07/01/24 - 01/17/25 | 0.19 |
| Municipals | 22,948 | 23,036 | 2.96% | 08/01/24 | 0.09 |
| U.S. Agency Securities | 26,907,399 | 28,936,298 | 0.50% - 6.01% | 07/01/24 - 01/05/34 | 3.21 |
| U.S. Treasury Securities: | | | | | |
| U.S. Treasury Notes | 2,178,004 | 2,395,446 | 0.63% - 1.13% | 11/15/24 - 11/15/30 | 2.57 |
| U.S. Treasury Bills | 9,044,012 | 9,047,323 | 5.12% - 5.25% | 07/02/24 - 10/22/24 | 0.13 |
| Total | <u>\$ 56,737,508</u> | <u>\$ 58,997,806</u> | | | 1.68 |

The unrealized loss on investments held in the Pool was \$2.260 billion as of June 30, 2024. 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, 2024 relative to the County Pool balances. A separate financial report is issued for the Pool for the year ended June 30, 2024 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, 2024 is as follows (dollars in thousands):

| SPI | Fair Value | Principal | Interest Rate Range | Maturity Range | Weighted Average Maturity In Years |
|-------------------------------|-------------------|-------------------|---------------------|---------------------|------------------------------------|
| Local Agency Investment Fund | \$ 42,675 | \$ 42,833 | | 12/31/24 | 0.50 |
| Los Angeles County Securities | 2,152 | 2,060 | 5.00% | 12/02/27 | 3.42 |
| U.S. Agency Securities | 195,490 | 217,409 | 2.00% - 5.21% | 12/05/24 - 08/27/43 | 4.81 |
| U.S. Treasury Notes | 121,304 | 121,425 | 4.66% - 5.14% | 11/07/24 - 12/26/24 | 0.44 |
| Total | <u>\$ 361,621</u> | <u>\$ 383,727</u> | | | 3.14 |
| Other Specific Investments | Fair Value | Principal | Interest Rate Range | Maturity Range | Weighted Average Maturity In Years |
| U.S. Treasury Bills | \$ 311 | \$ 311 | 5.15% | 11/21/24 | 0.39 |

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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.

The Treasury Pool maintained the weighted average maturity range of 1.0 to 4.0 years per the Pool policy. For purposes of computing weighted average maturity, the maturity date of variable-rate notes is the stated maturity.

The balance of the Pool's investments at June 30, 2024, is \$56.738 billion, of which 60.03% will mature in six months or less. Of the remainder, 36.07% have a maturity of more than one year. At June 30, 2024, the weighted average maturity in years for the Pool was 1.68 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, 2024, the Pool contained floating rate notes at fair value of \$14.45 million (0.03% 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, 2024, 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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), 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, 2024 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, 2024, 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, 2024 (dollars in thousands):

| Issuer | Pool | | SPI | |
|--|--------------|----------------|------------|----------------|
| | Fair Value | % of Portfolio | Fair Value | % of Portfolio |
| Federal Home Loan Bank | \$ 8,485,260 | 14.95% | \$ 100,800 | 27.87% |
| Federal Home Loan Mortgage Corporation | 7,604,010 | 13.40% | 55,764 | 15.42% |
| Federal Farm Credit Bank | 6,886,059 | 12.14% | 38,926 | 10.76% |
| Federal National Mortgage Association | 3,932,070 | 6.93% | | |

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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, 2024:

| Pool | S&P | Moody's | Fitch | % of Portfolio |
|-------------------------------------|-----------|-----------|-----------|-----------------|
| Commercial Paper | Not Rated | Not Rated | Not Rated | 29.03 % |
| Los Angeles County Securities | Not Rated | Not Rated | Not Rated | 0.03 % |
| Municipals | AA | Not Rated | AA+ | 0.04 % |
| Negotiable Certificates of Deposits | Not Rated | Not Rated | Not Rated | 3.70 % |
| U.S. Agency Securities | AA+ | Aaa | AA+ | 23.98 % |
| | AA+ | Aaa | Not Rated | 7.54 % |
| | AA+ | Aaa | F1+ | 0.26 % |
| | Not Rated | Not Rated | F1+ | 0.40 % |
| | Not Rated | Not Rated | Not Rated | 9.24 % |
| | AA+ | Not Rated | F1+ | 0.35 % |
| | AA+ | WR | AA+ | 0.24 % |
| | Not Rated | Aaa | AA+ | 5.41 % |
| U.S. Treasury Securities* | | | | 19.78 % |
| | | | | <u>100.00 %</u> |
| <u>SPI</u> | | | | |
| Local Agency Investment Fund | Not Rated | Not Rated | Not Rated | 11.80 % |
| Los Angeles County Securities | Not Rated | Not Rated | Not Rated | 0.60 % |
| U.S. Agency Securities | AA+ | Aaa | AA+ | 24.55 % |
| | AA+ | Aaa | Not Rated | 27.87 % |
| | Not Rated | Aaa | AA+ | 1.63 % |
| U.S. Treasury Securities* | | | | 33.55 % |
| | | | | <u>100.00 %</u> |
| <u>Other Specific Investments</u> | | | | |
| U.S. Treasury Securities* | | | | 100.00 % |
| | | | | <u>100.00 %</u> |

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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, 2024, 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, 2024 were \$163. A total of \$71.80 million of investments held by outside trustees are invested in the Pool. In addition, the outside trustees invested \$63.95 million outside of the Pool.

The following is a summary of investments held by outside trustees as of June 30, 2024 (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 | 3.86 |
| U.S. Treasury Notes | 1,975 | 1,975 | 0.40% - 2.94% | 11/30/24 - 05/31/26 | 0.11 |
| | <u>Net Asset Value</u> | | | | |
| Money Market Mutual Funds | \$ 42,036 | | | | |

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

4. CASH AND INVESTMENTS-Continued

The following is a summary of the credit quality distribution and concentration of credit risk as of June 30, 2024:

| Other Investments | S&P | Moody's | Fitch | % of Portfolio |
|----------------------------|-----------|-----------|-----------|----------------|
| Money Market Mutual Funds | Not Rated | Not Rated | Not Rated | 65.73% |
| U.S. Treasury Securities * | | | | 34.27% |
| | | | | <u>100.00%</u> |

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

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, 2024 (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, 2024, (in thousands) and are as follows:

| | Fair Value |
|--------------------------------------|----------------------|
| Cash Collateral on Loaned Securities | \$ 2,359,153 |
| Short-term Investments | 3,323,894 |
| Domestic and International Equity | 31,569,333 |
| Fixed Income | 21,590,994 |
| Real Estate* | 4,409,040 |
| Real Assets | 3,376,031 |
| Private Equity | 13,075,366 |
| Hedge Funds | 4,875,300 |
| Total | <u>\$ 84,579,111</u> |

* Refer to Note J of LACERA's ACFR for the year ended June 30, 2024, for additional discussion on special purpose entities.

The Pension and OPEB Trust Funds also had deposits with the Pool at June 30, 2024 totaling \$142.38 million.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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 investment assets by setting a policy that the investment office 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 and floating rate instruments in order to obtain the highest total return for the Pension plan at an acceptable level of risk within this asset class. To manage credit risk, credit guidelines have been established.

Investment Grade Bonds

Investment Grade bonds are categorized as a component of the Risk Reduction and Mitigation functional asset category. The majority of this category is invested in an indexing strategy that provides exposure to the Bloomberg U.S. Aggregate Bond Index. LACERA also invests with managers that employ a low active-risk "core bond" approach. Investment guidelines require that managers invest predominantly in sectors represented in their benchmark index. As a result, these 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Credit Quality Ratings

The following is a schedule as of June 30, 2024 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 \$8.66 million are excluded from this presentation.

Credit Quality Ratings of Investments in Fixed Income Securities - Pension Plan

As of June 30, 2024

(dollars in thousands)

| Quality Ratings | U.S. Treasuries | U.S. Govt. Agencies | Municipals | Corporate and Asset- Backed Securities | Pooled Investment | Non U.S. Fixed Income | Private Placement Fixed Income | Total | Percentage of Portfolio |
|---|--------------------|------------------------|------------|---|----------------------|-----------------------------|---|--------------|----------------------------|
| Aaa | \$ 6,052,414 | 823,751 | | 118,170 | 1,604,320 | 581 | 51,304 | \$ 8,650,540 | 43.59 % |
| Aa | | | 3,871 | 30,128 | 80,320 | 1,145 | 18,601 | 134,065 | 0.67 % |
| A | | | | 264,037 | 396,844 | 28,953 | 40,083 | 729,917 | 3.68 % |
| Baa | | | | 306,056 | 394,010 | 24,568 | 42,838 | 767,472 | 3.87 % |
| Ba | | | | 102,453 | 17,297 | 17,154 | 202,448 | 339,352 | 1.71 % |
| B | | | | 486,583 | | 52,435 | 286,620 | 825,638 | 4.16 % |
| Caa | | | | 91,324 | | 4,536 | 108,068 | 203,928 | 1.03 % |
| Ca | | | | 1,808 | | 600 | 3,580 | 5,988 | 0.03 % |
| C | | | | 693 | | 80 | | 773 | 0.00 % |
| Not Rated | | 420 | | 203,108 | 7,805,688 | 48,092 | 131,615 | 8,188,923 | 41.26 % |
| Total Investment in Fixed Income Securities - Pension Plan | \$ 6,052,414 | 824,171 | 3,871 | 1,604,360 | 10,298,479 | 178,144 | 885,157 | \$19,846,596 | 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Credit Quality Ratings of Investments in Fixed Income Securities - OPEB Trust
As of June 30, 2024 (dollars in thousands)

| Quality Ratings | U.S. Treasuries | U.S. Govt. Agencies | Municipals | Corporate and Asset- Backed Securities | Pooled Investments | Non-U.S. Fixed Income | Private Placement Fixed Income | Total | Percentage of Portfolio |
|---|--------------------|------------------------|------------|---|-----------------------|-----------------------------|---|--------------|----------------------------|
| Aaa | \$ 633,286 | \$ 113,312 | \$ | \$ 9,229 | \$ | \$ 4,742 | \$ | \$ 760,569 | 43.82 % |
| Aa | | | 1,314 | 5,023 | | 3,156 | | 9,493 | 0.55 % |
| A | | | 587 | 41,662 | | 8,941 | | 51,190 | 2.95 % |
| Baa | | | | 44,722 | | 8,647 | 3,314 | 56,683 | 3.26 % |
| Ba | | | | 93,585 | | 14,526 | 81,048 | 189,159 | 10.90 % |
| B | | | | 167,408 | | 9,874 | 104,345 | 281,627 | 16.23 % |
| Caa | | | | 16,187 | | 1,301 | 32,682 | 50,170 | 2.89 % |
| Ca | | | | 311 | | | 1,187 | 1,498 | 0.08 % |
| C | | | | | | | 20 | 20 | 0.00 % |
| Not Rated | | 64 | 73 | 25,762 | 294,517 | 11,247 | 3,618 | 335,281 | 19.32 % |
| Total Investment in Fixed Income Securities - OPEB Trust | \$ 633,286 | \$ 113,376 | \$ 1,974 | \$ 403,889 | \$ 294,517 | \$ 62,434 | \$ 226,214 | \$ 1,735,690 | 100.00 % |

Note: Pooled Investments included with the Not Rated Quality represents investments in commingled funds.

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

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.

On March 31, 2024, LACERA sold 17 private equity limited partnership interests, which were valued at \$1.221 billion to three separate buyers. The buyer will remit payments for these partnership interests to LACERA at the end of an 18-month deferral period on September 30, 2025. To estimate the fair value of these transactions, LACERA discounted the future payments to net present value utilizing a 5.00% discount rate, which included the current swap rate plus an appropriate spread, to arrive at the long-term Notes Receivable-Sale of Investments balance of \$1.149 billion. LACERA determined the fair value of these payments applying judgment and considering factors such as general market conditions and the time value of money. LACERA contemplated other elements of the transactions, including each buyer's respective risk of default, which did not impact the fair value for this reporting period.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss that can occur when there is a concentration of exposure to a single or small number of debt issuers versus having exposure to a relatively more diversified pool of debt issuers. For diversification purposes, all investment grade and liquid credit portfolios limit the exposure to a single issuer. This limitation 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, 2024, LACERA did not hold any investments in any one debt 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.

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Interest Rate Risk-Continued

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. Deviations from any of the portfolio structure guidelines are monitored as part of LACERA's compliance review process.

The Duration in Fixed Income Securities - Pension Plan schedule for the year ended June 30, 2024 presents the duration by investment type. Whole loan mortgages included in the Pension Plan Portfolio of \$8.66 million are excluded from this presentation.

Duration in Fixed Income Securities - Pension Plan
As of June 30, 2024
(dollars in thousands)

| Investment Type | Fair Value | Portfolio Weighted Average Effective Duration* |
|---|---------------|--|
| U.S. Treasuries, U.S. Government Agency, and Municipal Instruments: | | |
| U.S. Treasuries | \$ 6,052,414 | 10.81 |
| U.S. Government Agency | 824,171 | 4.41 |
| Municipal / Revenue Bonds | 3,871 | 14.03 |
| Subtotal U.S. Treasuries, U.S. Government Agency, and Municipal Instruments | 6,880,456 | |
| Corporate Bonds and Credit Securities: | | |
| Asset-Backed Securities | 178,877 | 2.19 |
| Corporate and Other Credit | 1,425,483 | 2.73 |
| Pooled Funds | 10,298,479 | 1.51 |
| Subtotal Corporate Bonds and Credit Securities | 11,902,839 | |
| Non-U.S. Fixed Income | 178,144 | 1.97 |
| Private Placement Fixed Income | 885,157 | 2.98 |
| Subtotal Non-U.S. and Private Placement Securities | 1,063,301 | |
| Total Fixed Income Securities - Pension Plan | \$ 19,846,596 | |

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

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Duration in Fixed Income Securities - OPEB Trust
As of June 30, 2024 (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 | \$ 633,286 | 8.84 |
| U.S. Government Agency | 113,376 | 4.94 |
| Municipal / Revenue Bonds | 1,974 | 9.72 |
| Subtotal U.S. Treasuries Instruments | 748,636 | |
| Corporate Bonds and Credit Securities: | | |
| Asset-Backed Securities | 5,513 | 3.20 |
| Corporate and Other Credit | 398,376 | 2.07 |
| Pooled Funds | 294,517 | N/A |
| Subtotal Corporate Bonds and Credit Securities | 698,406 | |
| Non-U.S. Fixed Income | 62,434 | 2.69 |
| Private Placement Fixed Income | 226,214 | 3.21 |
| Subtotal Non-U.S. and Private Placement Securities | 288,648 | |
| Total Fixed Income Securities - OPEB Trust | \$ 1,735,690 | |

*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 schedules represent 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Non-U.S. Investment Securities at Fair Value - Pension Plan
As of June 30, 2024
(in thousands)

| Currency | Equity | Fixed Income | Foreign Currency | Real Estate | Real Assets | Private Equity Investments | Forward Contracts | Total |
|------------------------------------|--------------|--------------|------------------|-------------|-------------|----------------------------|-------------------|--------------|
| AFRICA | | | | | | | | |
| South African Rand | \$ 84,344 | | 161 | | | | | \$ 84,505 |
| AMERICAS | | | | | | | | |
| Brazilian Real | 106,481 | | 1,124 | | | | | 107,605 |
| Canadian Dollar | 898,571 | 1,712 | 8,448 | | 152,310 | | 588 | 1,061,629 |
| Chilean Peso | 7,996 | | 194 | | | | | 8,190 |
| Colombian Peso | 2,106 | | 105 | | | | | 2,211 |
| Mexican Peso | 39,695 | | 969 | | | | | 40,664 |
| ASIA | | | | | | | | |
| Australian Dollar | 437,024 | | 766 | | | 15,699 | (5,222) | 448,267 |
| Chinese Renminbi | 65,275 | | 3,138 | | | | | 68,413 |
| Hong Kong Dollar | 557,649 | | 2,548 | | | | (29) | 560,168 |
| Indonesian Rupiah | 47,328 | | 1,680 | | | | | 49,008 |
| Japanese Yen | 1,343,462 | | 10,973 | | | | 46,401 | 1,400,836 |
| Malaysian Ringgit | 43,802 | | 801 | | | | | 44,603 |
| New Zealand Dollar | 9,822 | | 304 | | | | (33) | 10,093 |
| Pakistan Rupee | | | 29 | | | | | 29 |
| Philippine Peso | 12,954 | | 193 | | | | | 13,147 |
| Singapore Dollar | 86,614 | | 464 | | | | 347 | 87,425 |
| South Korean Won | 278,007 | | 1,701 | | | | | 279,708 |
| Taiwan Dollar | 447,679 | | 1,600 | | | | | 449,279 |
| Thai Baht | 37,123 | | 603 | | | | | 37,726 |
| EUROPE | | | | | | | | |
| British Pound Sterling | 1,320,543 | 12,885 | 6,712 | 54 | | 249,139 | 1,240 | 1,590,573 |
| Czech Republic Koruna | 3,286 | | 130 | | | | | 3,416 |
| Danish Krone | 295,161 | | 430 | | | | 1,347 | 296,938 |
| Euro | 2,466,836 | 34,770 | 14,508 | 290,417 | 355,378 | 867,790 | 11,638 | 4,041,337 |
| Hungarian Forint | 7,697 | | 263 | | | | | 7,960 |
| Norwegian Krone | 75,500 | | 774 | | | | (298) | 75,976 |
| Polish Zloty | 38,938 | | 1,222 | | | | | 40,160 |
| Russian Ruble | | | 1,978 | | | | | 1,978 |
| Swedish Krona | 223,745 | | 689 | | | | (569) | 223,865 |
| Swiss Franc | 614,346 | | 1,045 | | | | (412) | 614,979 |
| MIDDLE EAST | | | | | | | | |
| Egyptian Pound | 3,320 | | 128 | | | | | 3,448 |
| Israeli New Shekel | 38,411 | | 1,020 | | | | 421 | 39,852 |
| Kuwaiti Dinar | 25,521 | | 484 | | | | | 26,005 |
| Qatari Rial | 30,699 | | 407 | | | | | 31,106 |
| Saudi Riyal | 6,469 | | | | | | | 6,469 |
| Turkish Lira | 32,771 | | 647 | | | | | 33,418 |
| UAE Dirham | 41,894 | | 1,038 | | | | | 42,932 |
| Total Investment Securities | | | | | | | | |
| Subject to Foreign Currency | | | | | | | | |
| Risk - Pension Plan | | | | | | | | |
| | \$ 9,731,069 | 49,367 | 67,276 | 290,471 | 507,688 | 1,132,628 | 55,419 | \$11,833,918 |

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Non-U.S. Investment Securities at Fair Value - OPEB Trust
As of June 30, 2024
(in thousands)

| Currency | Equity | Fixed Income | Foreign Currency | Real Assets | Total |
|------------------------------------|------------|--------------|------------------|-------------|------------|
| AMERICAS | | | | | |
| Canadian Dollar | \$ 47,141 | | 145 | | \$ 47,286 |
| ASIA | | | | | |
| Australian Dollar | 31,856 | | 106 | | 31,962 |
| Hong Kong Dollar | 7,270 | | 184 | | 7,454 |
| Japanese Yen | 99,563 | | 535 | | 100,098 |
| New Zealand Dollar | 1,147 | | 10 | | 1,157 |
| Singapore Dollar | 5,545 | | 27 | | 5,572 |
| EUROPE | | | | | |
| British Pound Sterling | 60,236 | | 274 | | 60,510 |
| Danish Krone | 15,623 | | 69 | | 15,692 |
| Euro | 126,606 | 479 | 528 | 8,715 | 136,328 |
| Norwegian Krone | 3,440 | | 254 | | 3,694 |
| Swedish Krona | 14,769 | | 64 | | 14,833 |
| Swiss Franc | 36,679 | | 142 | | 36,821 |
| MIDDLE EAST | | | | | |
| Israeli New Shekel | 2,582 | | 6 | | 2,588 |
| Total Investment Securities | | | | | |
| Subject to Foreign Currency | | | | | |
| Risk - OPEB Trust | \$ 452,457 | 479 | 2,344 | 8,715 | \$ 463,995 |

Securities Lending Program

The BOI policies authorize LACERA to participate in a securities lending program. LACERA generates income by lending securities that it owns to market participants such as brokers and dealers ("borrowers"). In return for lending securities, LACERA receives collateral, either in the form of cash or other securities. When cash collateral is received, LACERA pays the borrower interest on the cash and invests it 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 securities. At the end of the loan, the borrower returns the securities and LACERA returns the collateral. In addition, either party to the transaction can terminate a loan on demand.

Bank is the sole manager of LACERA's custodian and the lending agent for LACERA's securities lending program. The amount of collateral LACERA receives is based on the market value of the security loaned and depends on the type of security: 105% of market value for non-U.S. securities and 102% on U.S. securities are the minimum amounts of collateral received.

State Street Global Advisors invests the cash collateral received from the lending program. The collateral is invested in short-term highly liquid instruments. 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, LACERA returns a portion of the collateral. Earnings generated in excess of the interest paid to the borrowers represent net investment income to LACERA.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Securities Lending Program-Continued

Under the terms of the lending agreement, the lending agent provides indemnification against borrower default. In the event a borrower does not return securities on loan, the terms of the lending agreement entitle LACERA to terminate the loan and use the collateral to purchase a like amount of "replacement securities". 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.

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, 2024.

As of June 30, 2024, the fair value of securities on loan was \$7.972 billion, with a value of cash collateral received of \$2.359 billion, which is included in Other payables on the financial statements, and non-cash collateral of \$6.086 billion. LACERA's investment income, net of expenses from securities lending, was \$18.12 million for the year ended June 30, 2024.

Securities Lending
As of June 30, 2024
(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 | \$ 2,042,727 | \$ 1,058,414 | \$ 1,060,711 | \$ 1,650 | 103.82 % |
| U.S. Fixed Income | 5,460,388 | 1,139,561 | 4,685,295 | (55,248) | 105.66 % |
| Non-U.S. Equity | 469,192 | 161,178 | 340,324 | (781) | 106.72 % |
| Total | \$ 7,972,307 | \$ 2,359,153 | \$ 6,086,330 | \$ (54,379) | |

(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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Hedge Funds

LACERA's Investment Policy Statement establishes the portfolio framework 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 investment program as of June 30, 2024 is as follows:

- In the core hedge funds portfolio, LACERA is invested in nine direct hedge fund managers and one hedge fund-of-funds manager.
- LACERA is invested in a total of ten hedge fund emerging managers in the hedge funds emerging manager program. Stable Asset Management, LACERA's discretionary separate account manager for the hedge funds emerging manager program, selected three new emerging managers during FY 2023-2024.
- LACERA continues to maintain 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 FY 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, 2024 was \$4.875 billion.

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

Fair Value

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Fair Value-Continued

Equity and Fixed Income Securities

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

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

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

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

Investments in hedge funds, private equity, real assets, real estate, equity and fixed income funds are valued at the 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.

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Fair Value-Continued

Investments and Derivative Instruments Measured at Fair Value - Pension Plan

As of June 30, 2024

(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 | \$ 178,877 | \$ | \$ 178,877 | \$ |
| Corporate and Other Credit | 1,425,484 | | 1,365,945 | 59,539 |
| Municipal/Revenue Bonds | 3,871 | | 3,871 | |
| Non-U.S. Fixed Income | 178,144 | | 147,184 | 30,960 |
| Private Placement Fixed Income | 885,157 | | 876,344 | 8,813 |
| U.S. Government Agency | 824,171 | | 824,171 | |
| U.S. Treasuries | 6,052,414 | | 6,052,414 | |
| Whole Loan Mortgages | 8,661 | | | 8,661 |
| Total Fixed Income Securities | <u>9,556,779</u> | | <u>9,448,806</u> | <u>107,973</u> |
| Equity Securities | | | | |
| Non-U.S. Equity | 10,463,610 | 10,457,776 | 1,091 | 4,743 |
| Pooled Investments | 473,278 | 473,278 | | |
| U.S. Equity | 17,962,579 | 17,925,521 | 7,247 | 29,811 |
| Total Equity Securities | <u>28,899,467</u> | <u>28,856,575</u> | <u>8,338</u> | <u>34,554</u> |
| Collateral from Securities Lending | 2,359,152 | | 2,359,152 | |
| Total Investments by Fair Value Level | <u>\$ 40,815,398</u> | <u>\$ 28,856,575</u> | <u>\$ 11,816,296</u> | <u>\$ 142,527</u> |
| Investments Measured at NAV | | | | |
| Fixed Income | \$ 10,298,479 | | | |
| Equity | 559,458 | | | |
| Hedge Funds | 4,875,300 | | | |
| Private Equity | 13,057,192 | | | |
| Real Estate | 4,406,609 | | | |
| Real Assets | 3,359,137 | | | |
| Total Investments Measured at NAV | <u>36,556,175</u> | | | |
| Total Investments | <u>\$ 77,371,573</u> | | | |
| Derivatives | | | | |
| Foreign Exchange Contracts | \$ 55,419 | \$ | \$ 55,419 | \$ |
| Foreign Equity Derivatives | 543 | 543 | | |
| U.S. Equity Derivatives | 2,728 | 2,728 | | |
| U.S. Fixed Income Derivatives | 46 | 46 | | |
| Total Derivatives | <u>\$ 58,736</u> | <u>\$ 3,317</u> | <u>\$ 55,419</u> | <u>\$</u> |

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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, 2024

(dollars in thousands)

| | Fair Value | Unfunded Commitments | Redemption Frequency (If Currently Eligible) | Redemption Notice Period |
|--|----------------------|----------------------|---|--------------------------|
| Fixed Income Funds ⁽¹⁾ | \$ 10,298,479 | \$ 617,178 | Daily, Monthly or Not Eligible | 1-60 days or N/A |
| Commingled Equity Funds ⁽²⁾ | 559,458 | | Annual or Not Eligible | 1-90 days or N/A |
| Hedge Funds ⁽³⁾ | 4,875,300 | | Monthly, Quarterly, Semi-Annual, Annual; Self-Liquidating | 5-180 days |
| Private Equity ⁽⁴⁾ | 13,057,192 | 5,273,126 | Not Eligible | N/A |
| Real Estate ⁽⁴⁾ | 4,406,609 | 1,514,021 | Quarterly or Not Eligible | 30 days+ or N/A |
| Real Assets ⁽⁴⁾ | 3,359,137 | 1,896,738 | Not Eligible | N/A |
| Total Investments Measured at the NAV | <u>\$ 36,556,175</u> | | | |

(1) Fixed Income Funds: 22 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 65% of assets are available for redemption within 12 months; these funds provide daily, monthly or quarterly liquidity. Approximately 35% 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 18 current funds and 1 fund of funds. Hedge Fund investments are valued at NAV per share. When considering liquidity terms of the current funds, 75% of the fund assets are available for redemption within 12 months; these funds provide 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 25% 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 278 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 eligible for redemption. The Real Assets portfolio consists of 29 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 25 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 28 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. 6 out of 28 Real Estate funds are eligible for redemption depending upon the availability of cash for redemptions in the fund. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of 5 to 10 years. For Real Estate investments held in separate accounts and debt program investments, see Note J - Special Purpose Entities of LACERA's ACFR.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Fair Value-Continued

Investments Measured at Fair Value - OPEB Trust

As of June 30, 2024

(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 | \$ 5,513 | \$ | \$ 5,513 | \$ |
| Private Placement Fixed Income | 226,213 | | 226,213 | |
| Corporate and Other Credit | 398,371 | | 398,065 | 306 |
| Municipal / Revenue Bonds | 1,974 | | 1,974 | |
| Non-U.S. Fixed Income | 62,434 | | 62,434 | |
| Pooled Investments | 20,365 | 20,365 | | |
| U.S. Government Agency | 113,376 | | 113,376 | |
| U.S. Treasuries | 633,286 | | 633,286 | |
| Total Fixed Income Securities | <u>1,461,532</u> | <u>20,365</u> | <u>1,440,861</u> | <u>306</u> |
| Equity Securities | | | | |
| Non-U.S. Equity | 479,762 | 479,762 | | |
| Pooled Investments | 188,244 | 188,244 | | |
| U.S. Equity | 1,439,130 | 1,439,129 | 1 | |
| Total Equity Securities | <u>2,107,136</u> | <u>2,107,135</u> | <u>1</u> | |
| Total Investments by Fair Value Level | <u>\$ 3,568,668</u> | <u>\$ 2,127,500</u> | <u>\$ 1,440,862</u> | <u>\$ 306</u> |
| Investments Measured at Net Asset Value (NAV) | | | | |
| Fixed Income | \$ 274,152 | | | |
| Private Equity | 18,175 | | | |
| Real Estate | 2,431 | | | |
| Real Assets | 16,894 | | | |
| Total Investments Measured at NAV | <u>311,652</u> | | | |
| Total Investments | <u>\$ 3,880,320</u> | | | |
| Derivatives | | | | |
| U.S. Fixed Income Derivatives | \$ 5 | \$ 5 | \$ | \$ |
| Foreign Equity Derivatives | <u>2</u> | <u>2</u> | | |
| Total Derivatives | <u>\$ 7</u> | <u>\$ 7</u> | <u>\$</u> | <u>\$</u> |

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Fair Value-Continued

Investments Measured at Net Asset Value - OPEB Trust
As of June 30, 2024
(dollars in thousands)

| Investment by Fair Value Level | Fair Value | Unfunded Commitments | Redemption Frequency (If Currently Eligible) | Redemption Notice Period |
|--|-------------------|-------------------------|---|-----------------------------|
| Fixed Income Securities | | | | |
| Fixed Income Funds ⁽¹⁾ | \$ 274,152 | \$ 95,856 | Daily, Monthly, or Not Eligible | 1-60 days or N/A |
| Private Equity ⁽²⁾ | 18,175 | 117,098 | Not Eligible | N/A |
| Real Estate ⁽³⁾ | 2,431 | 67,395 | Not Eligible | N/A |
| Real Assets ⁽⁴⁾ | <u>16,894</u> | 96,508 | Not Eligible | N/A |
| Total Investments Measured at NAV ⁽¹⁾ | <u>\$ 311,652</u> | | | |

(1) Fixed Income Funds: The portfolio consists of 9 fixed income funds value at the NAV of units held at the end of the period based on the fair value of underlying investments. Approximately 95% of assets are available for redemption within 12 months. Approximately 5% of the fund assets are not eligible for redemption due to contractual limitations.

(2) Private Equity: 7 private equity funds are valued at NAV. Due to contractual limitations, non of the funds are eligible for redemption.

(3) Real Estate: The Real Estate portfolio is composed of 1 fund. Due to contractual limitations, the fund is not eligible for redemption.

(4) Real Assets: The Real Assets portfolio consists of 5 funds. Due to contractual limitations, none of the funds are eligible for redemption.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2024 is as follows (in thousands):

| <u>Governmental Activities</u> | <u>Balance July 1, 2023</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2024</u> |
|--|---------------------------------|------------------|------------------|----------------------------------|
| Capital assets, not being depreciated/ amortized: | | | | |
| Land | \$ 2,572,121 | 1,911 | | \$ 2,574,032 |
| Easements | 5,074,796 | 23,249 | | 5,098,045 |
| Software in progress | 81,278 | 41,395 | (2,435) | 120,238 |
| Construction in progress-buildings and improvements | 1,452,844 | 387,294 | (185,151) | 1,654,987 |
| Construction in progress-infrastructure | 759,965 | 209,313 | (53,431) | 915,847 |
| Subscription assets in progress | 8,250 | 14,961 | (9,392) | 13,819 |
| Subtotal | <u>9,949,254</u> | <u>678,123</u> | <u>(250,409)</u> | <u>10,376,968</u> |
| Capital assets, being depreciated/amortized: | | | | |
| Buildings and improvements | 7,006,509 | 242,589 | (7,757) | 7,241,341 |
| Equipment | 1,901,542 | 185,539 | (87,899) | 1,999,182 |
| Software | 608,122 | 1,430 | (12,619) | 596,933 |
| Infrastructure | 8,207,619 | 52,735 | | 8,260,354 |
| Lease land | 10,137 | | (9,082) | 1,055 |
| Lease buildings and improvements | 1,749,598 | 148,703 | (63,955) | 1,834,346 |
| Lease equipment | 17,397 | 294 | (611) | 17,080 |
| Subscription assets | 108,590 | 40,173 | | 148,763 |
| Subtotal | <u>19,609,514</u> | <u>671,463</u> | <u>(181,923)</u> | <u>20,099,054</u> |
| Less accumulated depreciation/amortization for: | | | | |
| Buildings and improvements | (2,757,257) | (164,418) | 2,396 | (2,919,279) |
| Equipment | (1,446,454) | (152,636) | 82,690 | (1,516,400) |
| Software | (443,681) | (32,838) | 12,619 | (463,900) |
| Infrastructure | (4,928,259) | (146,986) | | (5,075,245) |
| Lease land | (7,118) | (2,345) | 9,082 | (381) |
| Lease buildings and improvements | (240,227) | (141,947) | 33,350 | (348,824) |
| Lease equipment | (4,736) | (3,469) | 611 | (7,594) |
| Subscription assets | (21,651) | (29,718) | | (51,369) |
| Subtotal | <u>(9,849,383)</u> | <u>(674,357)</u> | <u>140,748</u> | <u>(10,382,992)</u> |
| Total capital assets, being depreciated/ amortized, net | <u>9,760,131</u> | <u>(2,894)</u> | <u>(41,175)</u> | <u>9,716,062</u> |
| Governmental activities capital assets, net | <u>\$19,709,385</u> | <u>675,229</u> | <u>(291,584)</u> | <u>\$ 20,093,030</u> |

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

5. CAPITAL ASSETS-Continued

| <u>Business-type Activities</u> | <u>Balance July 1, 2023</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2024</u> |
|--|---------------------------------|------------------|------------------|----------------------------------|
| Capital assets, not being depreciated/ amortized: | | | | |
| Land | \$ 134,932 | | | \$ 134,932 |
| Easements | 33,242 | 176 | | 33,418 |
| Construction in progress-buildings and improvements | 515,477 | 248,161 | (203,484) | 560,154 |
| Construction in progress- infrastructure | 59,092 | 19,930 | (3,576) | 75,446 |
| Subtotal | <u>742,743</u> | <u>268,267</u> | <u>(207,060)</u> | <u>803,950</u> |
| Capital assets, being depreciated/ amortized: | | | | |
| Buildings and improvements | 2,950,168 | 217,043 | (51,728) | 3,115,483 |
| Equipment | 454,126 | 42,088 | (55,455) | 440,759 |
| Software | 58,922 | | | 58,922 |
| Infrastructure | 1,321,540 | 3,302 | | 1,324,842 |
| Lease buildings and improvements | | 2,801 | | 2,801 |
| Lease equipment | 2,090 | | | 2,090 |
| Subtotal | <u>4,786,846</u> | <u>265,234</u> | <u>(107,183)</u> | <u>4,944,897</u> |
| Less accumulated depreciation/ amortization for: | | | | |
| Buildings and improvements | (1,058,081) | (63,234) | 3,119 | (1,118,196) |
| Equipment | (310,017) | (31,573) | 53,191 | (288,399) |
| Software | (56,752) | (1,433) | | (58,185) |
| Infrastructure | (744,639) | (24,381) | | (769,020) |
| Lease buildings and improvements | | (985) | | (985) |
| Lease equipment | (504) | (414) | | (918) |
| Subtotal | <u>(2,169,993)</u> | <u>(122,020)</u> | <u>56,310</u> | <u>(2,235,703)</u> |
| Total capital assets, being depreciated/ amortized, net | <u>2,616,853</u> | <u>143,214</u> | <u>(50,873)</u> | <u>2,709,194</u> |
| Business-type activities capital assets, net | <u>3,359,596</u> | <u>411,481</u> | <u>(257,933)</u> | <u>3,513,144</u> |
| Total capital assets, net | <u>\$ 23,068,981</u> | <u>1,086,710</u> | <u>(549,517)</u> | <u>\$ 23,606,174</u> |

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2024

5. CAPITAL ASSETS-Continued

Depreciation/Amortization Expense

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

| | |
|--|-------------------|
| <u>Governmental activities:</u> | |
| General government | \$ 83,191 |
| Public protection | 243,725 |
| Public ways and facilities | 86,900 |
| Health and sanitation | 113,963 |
| Public assistance | 73,645 |
| Education | 6,305 |
| Recreation and cultural services | 46,576 |
| Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets | 20,052 |
| Total depreciation/amortization expense, governmental activities | <u>\$ 674,357</u> |
| <u>Business-type activities:</u> | |
| Hospitals | \$ 94,861 |
| Waterworks | 23,822 |
| Aviation | 3,337 |
| Total depreciation/amortization expense, business-type activities | <u>\$ 122,020</u> |

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

5. CAPITAL ASSETS-Continued

Discretely Presented Component Units

LACDA

Capital assets activity for the LACDA component unit for the year ended June 30, 2024, was as follows (in thousands):

| | Balance July 1, 2023 | Additions | Deletions | Balance June 30, 2024 |
|---|-------------------------|----------------|----------------|--------------------------|
| Capital assets, not being depreciated/ amortized: | | | | |
| Land | \$ 85,343 | | (4,098) | \$ 81,245 |
| Construction in progress-buildings and improvements | 6,178 | 6,170 | (2,340) | 10,008 |
| Subtotal | <u>91,521</u> | <u>6,170</u> | <u>(6,438)</u> | <u>91,253</u> |
| Capital assets, being depreciated/amortized: | | | | |
| Buildings and improvements | 271,935 | 11,440 | (7,565) | 275,810 |
| Equipment | 9,025 | 675 | (337) | 9,363 |
| Software | 1,025 | | | 1,025 |
| Lease equipment | 260 | 107 | (260) | 107 |
| Subscription assets | 3,079 | 4,545 | (1,262) | 6,362 |
| Subtotal | <u>285,324</u> | <u>16,767</u> | <u>(9,424)</u> | <u>292,667</u> |
| Less accumulated depreciation/amortization for: | | | | |
| Buildings and improvements | (182,886) | (7,339) | 6,596 | (183,629) |
| Equipment | (7,985) | (425) | 327 | (8,083) |
| Software | (436) | (102) | | (538) |
| Lease equipment | (187) | (73) | 254 | (6) |
| Subscription assets | (1,334) | (1,686) | 1,252 | (1,768) |
| Subtotal | <u>(192,828)</u> | <u>(9,625)</u> | <u>8,429</u> | <u>(194,024)</u> |
| Total capital assets being depreciated/ amortized, net | <u>92,496</u> | <u>7,142</u> | <u>(995)</u> | <u>98,643</u> |
| LACDA capital assets, net | <u>\$ 184,017</u> | <u>13,312</u> | <u>(7,433)</u> | <u>\$ 189,896</u> |

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

5. CAPITAL ASSETS-Continued

First 5 LA

Capital assets activity for the First 5 LA component unit for the year ended June 30, 2024, was as follows (in thousands):

| | Balance July 1, 2023 | Additions | Deletions | Balance June 30, 2024 |
|---|-------------------------|--------------|-----------|--------------------------|
| Capital assets, not being depreciated- | | | | |
| Land | \$ 2,039 | | | \$ 2,039 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 15,822 | 148 | | 15,970 |
| Equipment | 3,237 | 97 | | 3,334 |
| Subtotal | <u>19,059</u> | <u>245</u> | | <u>19,304</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (4,570) | (359) | | (4,929) |
| Equipment | (3,063) | (79) | | (3,142) |
| Subtotal | <u>(7,633)</u> | <u>(438)</u> | | <u>(8,071)</u> |
| Total capital assets being depreciated, net | 11,426 | (193) | | 11,233 |
| First 5 LA capital assets, net | <u>\$ 13,465</u> | <u>(193)</u> | | <u>\$ 13,272</u> |

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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, 2024, the present value of the installment payments under contract is estimated to be \$82.58 million and reported as deferred inflows of resources in the statement of net position. The present values of the installment payments were calculated using discount rates of 5.12%, 3.55%, 3.70%, 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 3 to 15 years as of June 30, 2024. The FY 2023-2024 total monthly installment payments are approximately \$815,000. 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 \$21.73 million as of June 30, 2024.

7. PENSION PLAN

Plan Description

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

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

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

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

Benefits Provided

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

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2024

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 2023-2024:

| July 1, 2023 - September 15, 2023 | A | B | C | D | E | G |
|------------------------------------|--------|--------|--------|--------|--------|--------|
| General Members | 31.11% | 24.13% | 21.23% | 22.75% | 24.30% | 22.66% |
| Safety Members | 39.93% | 34.79% | 27.91% | | | |
| September 16, 2023 - June 30, 2024 | A | B | C | D | E | G |
| General Members | 31.52% | 25.79% | 22.45% | 24.16% | 25.74% | 23.96% |
| Safety Members | 42.18% | 36.31% | 29.48% | | | |

The rates were determined by the actuarial valuations performed as of June 30, 2022. The investment rate of return assumption used in the valuation performed as of June 30, 2022 remained at 7.00%. The employer contribution rates used in FY 2023-2024, beginning September 16, 2023, increased from 0.41% to 2.25% over the rates used in FY 2022-2023 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 2023-2024, 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 \$2.411 billion.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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, 2024, the County reported a liability of \$14.074 billion for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022, 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, 2023, the County's proportionate share was 96.28%, which was a decrease of (0.19)% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the County recognized pension expense of \$386.50 million which is reported as \$346.03 million for governmental activities and \$40.47 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, 2024, 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 | \$ | \$ 100,005 |
| Change in assumptions | | 2,340,769 |
| Change in experience | 5,720 | 1,598,001 |
| Change in proportion and differences between County contributions and proportionate share of contributions | 281,397 | 287,374 |
| Contributions made subsequent to measurement date | | 2,410,853 |
| Total | <u>\$ 287,117</u> | <u>\$ 6,737,002</u> |

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner. Investment gains or losses are recognized in pension expense over a 5 year period and economic/demographic gains or losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members, which is 7 years as of June 30, 2023.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

7. PENSION PLAN-Continued

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

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

| <u>Year Ending June 30:</u> | <u>Deferred Outflows/(Inflows) of Resources</u> |
|-----------------------------|---|
| 2024 | \$ 818,952 |
| 2025 | (92,112) |
| 2026 | 2,081,272 |
| 2027 | 726,290 |
| 2028 | 289,791 |
| Thereafter | 214,839 |

Deferred outflows of \$2.411 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, 2024, the Pension Plan's fiduciary net position increased approximately \$5.350 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 \$4.245 billion from interest and service costs, resulted in a decrease in net pension liability from \$14.618 billion to \$13.513 billion. The County's proportionate share of the Pension Plan's net pension liability was 96.28% as of June 30, 2023 and is historically above 96%.

Actuarial Assumptions

| | |
|-----------------------------------|---|
| Valuation Timing | June 30, 2022, rolled forward to June 30, 2023 |
| 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 | 7.15%, 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-2021 Ultimate Projection Scale. See June 30, 2022 actuarial valuation for details. It can be found at www.LACERA.com . |
| Experience Study | Covers the 3 year period ended June 30, 2022. |

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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, 2023:

| Asset Class | Target Allocation | Weighted Average Long-Term Expected Rate of Return (After Expected 2.75% Inflation Rate) (Geometric) |
|-----------------------------------|-------------------|---|
| Growth | 53.00% | 6.20 % |
| Global Equity | 32.00 % | 5.00 % |
| Private Equity | 17.00 % | 7.00 % |
| Non-Core Private Real Estate | 4.00 % | 6.50 % |
| Credit | 11.00% | 3.10 % |
| Liquid Credit | 4.00 % | 2.20 % |
| Illiquid Credit | 7.00 % | 3.30 % |
| Real Assets and Inflation Hedges | 17.00% | 3.70 % |
| Core Private Real Estate | 6.00 % | 3.20 % |
| Natural Resources and Commodities | 3.00 % | 3.90 % |
| Infrastructure | 5.00 % | 4.90 % |
| TIPS | 3.00 % | 0.10 % |
| Risk Reduction and Mitigation | 19.00% | 1.10 % |
| Investment Grade Bonds | 7.00 % | 0.20 % |
| Diversified Hedge Fund Portfolio | 6.00 % | 2.10 % |
| Long-Term Government Bonds | 5.00 % | 0.70 % |
| Cash Equivalents | 1.00 % | (0.80)% |

Discount Rate

The discount rate used to measure the total pension liability was 7.13%. This is equal to the 7.00% long-term investment return assumption adopted by LACERA (net of investment and administrative expenses), plus 0.13% assumed administrative expenses. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and member rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be sufficient to pay all projected future benefit payments of current active and inactive plan members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, gross of administrative expenses.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2024

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 | \$ 25,362,576 | \$ 14,073,963 | \$ 4,716,228 |

Pension Plan Fiduciary Net Position

Detailed information about pension plan fiduciary net position as of June 30, 2023 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, 2024, 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, 2024, were \$323.45 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, 2024, 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, 2024, were \$88.12 million.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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, 2024, were \$9.87 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, 2023.

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 RHP Tier 2, retirees who are eligible for Medicare will be required to enroll in that program. In addition, coverage will be available for employees or eligible survivors only.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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

| | 2023 | |
|--|---------|-------------------|
| | Medical | Dental/ Vision |
| Retired Participants | | |
| Retired Members and Survivors | 55,359 | 57,271 |
| Spouses and Dependents | 28,274 | 32,699 |
| Total Retired | 83,633 | 89,970 |
| Inactive Members - Vested | 9,612 | 9,612 |
| Active Members - Vested | 75,388 | 75,388 |
| Total Membership Eligible for Benefits | 168,633 | 174,970 |

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2024

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Employees Covered by Benefit Terms-Continued

Death Benefits

| | 2023 |
|---|---------|
| Retired with Eligibility for Death Benefits | 63,152 |
| Active Members - Vested | 9,612 |
| Inactive Members - Vested | 75,388 |
| Total Membership Eligible for Benefits | 148,152 |

Contributions

The current funding policy requires the County to contribute on a pay-as-you-go basis. During FY 2023-2024, the County made payments to LACERA totaling \$760.61 million for retiree healthcare benefits. Included in this amount was \$101.48 million for Medicare Part B reimbursements and \$9.39 million in death benefits. Additionally, \$50.26 million was paid by member participants. During FY 2023-2024, the County also contributed \$503.39 million in excess of the pay-as-you-go amounts.

Net OPEB Liability

At June 30, 2024, the County reported a net RHC OPEB liability of \$23.914 billion. The net RHC OPEB liability was measured as of June 30, 2023, and the total RHC OPEB liability used to calculate the net RHC OPEB liability was determined by an actuarial valuation as July 1, 2022 projected forward to the measurement date.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2024

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Actuarial Methods and Assumptions

| | |
|--|---|
| Valuation Timing | July 1, 2022, rolled forward to June 30, 2023 |
| 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, 2022 actuarial valuation of retirement benefits. It can be found at: www.LACERA.com . |
| Mortality | Various rates based on the Pub-2010 mortality tables and using the MP-2021 Ultimate Projection Scale for expected future mortality improvement. |
| Experience Study | Covers the three year period ended June 30, 2023. |
| Discount Rate | 5.04% |
| Long-term expected rate of return, net of investment expenses | 6.00% |
| 20 Year Tax-Exempt Municipal Bond Yield | 3.65% |

Healthcare Cost Trend rates:

| | <u>Initial Year</u> | <u>Ultimate</u> |
|-------------------------|---------------------|-----------------|
| LACERA Medical Under 65 | 7.60% | 4.20% |
| LACERA Medical Over 65 | 8.80% | 4.20% |
| Part B Premiums | 11.20% | 4.10% |
| Dental/Vision | 2.60% | 3.70% |
| Weighted Average Trend | 8.31% | 4.16% |

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, 2023.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2024

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Investments-Continued

| Asset Class | Target Allocation |
|----------------------------------|-------------------|
| Growth | 47.50% |
| Global Equity | 45.00 % |
| Private Equity | 2.50 % |
| Credit | 19.00% |
| Liquid Credit | 16.50 % |
| Illiquid Credit | 2.50 % |
| Risk Reduction and Mitigation | 13.50% |
| Cash Equivalents | 2.00 % |
| Investment Grade Bonds | 9.00 % |
| Long-term Government Bonds | 2.50 % |
| Real Assets and Inflation Hedges | 20.00% |
| Real Estate | 9.00 % |
| Natural Resources | 1.00 % |
| Commodities | 3.00 % |
| Infrastructure | 1.00 % |
| TIPS | 6.00 % |

Money-Weighted Rate of Return

As of the measurement date, June 30, 2023, 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, 2022, the annual money-weighted rate of return was also 6.00%.

Discount Rate

GAAP 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 3.65% as of June 30, 2023. For 2023, the long-term expected rate of return of 6.00% was applied to projected benefit payments from 2023 to 2063. 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, 2023 was 5.04%, an increase of 0.19% from the rate as of June 30, 2022.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Changes in the Net OPEB Liability (in thousands)

| | Increase (Decrease) | | |
|--|--------------------------------|---------------------------------------|----------------------------------|
| | Total OPEB Liability (a) | Plan Fiduciary Net Position (b) | Net OPEB Liability (a)-(b) |
| Changes in Net OPEB Liability | | | |
| Balance as of June 30, 2022 | \$ 25,778,695 | 2,327,435 | \$ 23,451,260 |
| Service cost | 853,253 | | 853,253 |
| Interest on Total OPEB Liability | 1,274,585 | | 1,274,585 |
| Effect of economic/demographic gains or losses | (689,452) | | (689,452) |
| Effect of assumption changes or inputs | 418,154 | | 418,154 |
| Benefit payments | (712,101) | (712,101) | |
| Employer contributions | | 1,163,076 | (1,163,076) |
| Net investment income | | 240,868 | (240,868) |
| Administrative expenses | | (9,952) | 9,952 |
| Balance as of June 30, 2023 | <u>\$ 26,923,134</u> | <u>3,009,326</u> | <u>\$ 23,913,808</u> |

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

The following represents the County's net RHC OPEB liability calculated using the discount rate of 5.04%, 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 (4.04%) or 1-percentage point higher (6.04%) than the current rate (in thousands):

| | 1% Decrease (4.04%) | Discount Rate (5.04%) | 1% Increase (6.04%) |
|------------------------|---------------------------|-----------------------------|---------------------------|
| Net RHC OPEB Liability | \$ 28,471,567 | \$ 23,913,808 | \$ 20,249,503 |

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

The following represents the County's net RHC OPEB liability, as well as what the County's 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 Rates | 1% Increase |
|------------------------|----------------|------------------------|----------------|
| Net RHC OPEB Liability | \$ 19,585,963 | \$ 23,913,808 | \$ 29,510,571 |

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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, 2024, the County recognized negative OPEB expense of \$(188.57) million which is reported as \$(100.19) million for governmental activities and \$(88.38) 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, 2024, 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 | \$ | \$ 63,150 |
| Change of assumptions | 5,992,124 | 2,716,959 |
| Change in experience | 1,408,944 | 215,354 |
| Change in proportion and differences between contributions and the proportionate share of contributions | 1,106,397 | 1,106,397 |
| Contributions made subsequent to measurement date | | 1,264,001 |
| Total | \$ 8,507,465 | \$ 5,365,861 |

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 rational 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, 2023. The change in proportion and differences between the contributions and the proportionate share of contributions represents the changes in allocation percentages to the individual funds, including the proprietary funds, of the total OPEB RHC liability from the prior measurement date to the current measurement date.

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

| <u>Year ending June 30:</u> | Deferred Outflows/(Inflows) of Resources |
|-----------------------------|--|
| 2025 | \$ (901,321) |
| 2026 | (915,865) |
| 2027 | (661,363) |
| 2028 | (397,367) |
| 2029 | (641,539) |
| Thereafter | (888,150) |

Deferred outflows of resources of \$1.264 billion related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal period rather than in the current fiscal period.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability

Plan Description

The County provides LTD benefits to employees and these benefits have been determined to fall within the definition of OPEB. The LTD plans are administered by the County and are not administered through a trust. Each of the LTD plans are a single employer plan and the amounts paid by the County are on a pay-as-you-go basis. These LTD benefits provide for income replacement if an employee is unable to work because of illness or injury. The Board approved the County's original LTD plan effective March 3, 1982. Effective January 1, 1991, a new Megaflex plan was approved by the Board and includes a Megaflex LTD plan and a LTD Health plan. The LTD Health plan was added to the LTD program and made available to all participants effective January 1, 2002.

Benefits Provided

The benefit provisions of the four LTD plans are as follows:

Eligibility

Non-Megaflex Income/Survivor Income Benefit (SIB) - The plan covers:

- (1) An employee who becomes totally disabled as a direct result of an injury or disease while performing his/her assigned duties; or,
- (2) An employee who becomes totally disabled after having completed five or more years of continuous service with the County; or,
- (3) A qualified beneficiary of a deceased employee who had previously become totally disabled as a direct result of an injury or disease while performing his/her assigned duties; or,
- (4) A qualified beneficiary of a deceased employee who had previously become totally disabled after having completed five or more years of continuous service with the County; or,
- (5) A qualified beneficiary of an employee who dies as a direct result of an injury or disease while performing his/her assigned duties, or,
- (6) A qualified beneficiary of an employee who dies in active service after having completed five or more years of continuous service with the County.

Megaflex Income/SIB - The plan covers:

- (1) An employee purchases LTD coverage and then becomes totally disabled; or,
- (2) An employee who becomes totally disabled after having completed five or more years of continuous service with the County and is a member of Retirement Plan E.
- (3) The qualified beneficiary of a Retirement Plan E participant who is currently enrolled in the SIB plan at the time of death.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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% per year), if disabled after 1/1/2001.
- (3) For a qualified beneficiary, 55% of the LTD disability benefit that the employee was receiving or would have received immediately prior to death; and, continues for the life of the qualified surviving spouse/domestic partner and upon spousal death to the qualified children beneficiaries.

MegaFlex Income/SIB - The plan provides a basic monthly benefit of:

- (1) 40% or 60% of Basic Monthly Compensation (commences after 6 months of disability)
 - a. Plan E members
 - (1) With 5+ years of services 40% non-elective or can buy up to 60%
 - (2) With less than 5 years of service: can buy 40% or 60%
 - b. Plan A, B, C, or D members: can buy 40% or 60%
- (2) Annual COLA, beginning after 2 years of benefit payments (limited to a maximum of 2% per year), if disabled after 1/1/2001.
- (3) For a qualified beneficiary, the plan provides a basic monthly benefit of 10%, 15%, 25%, 35%, or 50% of employee's monthly salary if they elected.

Non-MegaFlex Member LTD Health Plan - The plan pays 75% of monthly medical premiums for disabled members.

MegaFlex Member LTD Health Plan - The plan pays 75% of monthly medical premiums for disabled members.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2024

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, 2023, the following employees were covered by the benefit terms:

LTD Income and Survivor Benefit Plans:

| | |
|--|--------|
| Inactive employees or beneficiaries currently receiving benefit payments | 2,295 |
| Inactive employees entitled to but not yet receiving benefit payments | 0 |
| Active employees | 80,078 |

LTD Health Plans

| | |
|--|--------|
| Inactive employees or beneficiaries currently receiving benefit payments | 380 |
| Inactive employees entitled to but not yet receiving benefit payments | 0 |
| Active employees | 77,102 |

Total LTD OPEB Liability

At June 30, 2024, the County reported a total LTD OPEB liability of \$1.212 billion. The total LTD OPEB liability was determined by an actuarial valuation as of June 30, 2023.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2024

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability-Continued

Actuarial Methods and Assumptions

| | |
|-----------------------|--|
| Valuation Timing | June 30, 2023 |
| 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, 2022 RHC OPEB Program's actuarial valuation report which can be found at www.LACERA.com . |
| Mortality | Various rates based on the Pub-2010 mortality tables and using the MP-2021 Ultimate Projection Scale for expected future mortality improvement. |
| Discount Rate | Equal to the municipal bond rate based on the 20-year Bond Buyer GO index (municipal bond rate), which was 3.54% as of June 30, 2022, and 3.65% as of June 30, 2023. |

Healthcare Cost Trend rates:

| Year | Rate (pre Medicare/ post Medicare) | Year | Rate (pre Medicare/ post Medicare) |
|-----------|---------------------------------------|-----------|---------------------------------------|
| 2023-2024 | 8.50%/3.70% | 2031-2032 | 4.90%/4.90% |
| 2024-2025 | 7.60%/8.80% | 2032-2033 | 4.80%/4.80% |
| 2025-2026 | 6.30%/7.30% | 2042-2043 | 4.50%/4.50% |
| 2026-2027 | 5.70%/6.00% | 2052-2053 | 4.50%/4.50% |
| 2027-2028 | 5.30%/5.40% | 2062-2063 | 4.60%/4.60% |
| 2028-2029 | 5.20%/5.20% | 2072-2073 | 4.20%/4.20% |
| 2029-2030 | 5.10%/5.10% | 2082+ | 0.000042% |
| 2030-2031 | 5.00%/5.00% | | |

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability-Continued

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

| | |
|--|--------------|
| Total LTD OPEB Liability at 6/30/2022 | \$ 1,289,325 |
| Service cost | 55,362 |
| Interest | 46,487 |
| Differences between expected and actual experience | (80,333) |
| Changes of assumptions or other inputs | (35,491) |
| Benefit payments | (63,487) |
| Net Changes | (77,462) |
| Total LTD OPEB Liability at 6/30/2023 | \$ 1,211,863 |

Changes of assumptions or other inputs reflect a change in the discount rate from 3.54% as of June 30, 2022 to 3.65% as of June 30, 2023.

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 3.65%, 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 (2.65%) or 1-percentage point higher (4.65%) than the current rate (in thousands):

| | 1% Decrease (2.65%) | Discount Rate (3.65%) | 1% Increase (4.65%) |
|--------------------------|---------------------------|-----------------------------|---------------------------|
| Total LTD OPEB Liability | \$ 1,341,676 | \$ 1,211,863 | \$ 1,094,610 |

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 Rates | 1% Increase |
|--------------------------|----------------|------------------------|----------------|
| Total LTD OPEB Liability | \$ 1,198,462 | \$ 1,211,863 | \$ 1,228,426 |

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2024

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, 2024, the County recognized LTD OPEB expense of \$27.98 million which is reported as \$28.23 million for governmental activities and \$(251) thousand 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, 2024, 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 | \$ 103,543 | \$ 89,832 |
| Change of assumptions | 280,300 | 178,926 |
| Change in proportionate share | 97,957 | 97,957 |
| Total | \$ 481,800 | \$ 366,715 |

The deferred inflows of resources and deferred outflows of resources above represent the unamortized portion of changes to the total LTD OPEB liability to be recognized in future periods in a systematic and rational manner. Economic/demographic gains or losses, assumption changes or inputs, and change in proportion are recognized over the average remaining service life of all active and inactive members, which is 11 years. The change in proportionate share represents the changes in allocation percentages to the individual funds, including the proprietary funds, of the total OPEB LTD liability from the prior measurement date to the current measurement date.

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

| <u>Year Ending June 30:</u> | Deferred Outflows/(Inflows) of Resources |
|-----------------------------|--|
| 2025 | \$ (10,378) |
| 2026 | (10,378) |
| 2027 | (10,378) |
| 2028 | (10,378) |
| 2029 | (10,378) |
| Thereafter | (63,195) |

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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 RHC OPEB Liability | \$ 23,913,808 | | \$ 23,913,808 |
| Total LTD OPEB Liability | | 1,211,863 | 1,211,863 |
| Total OPEB Liability | 23,913,808 | 1,211,863 | 25,125,671 |
| Deferred Outflows of Resources | 5,365,861 | 366,715 | 5,732,576 |
| Deferred Inflows of Resources | 8,507,465 | 481,800 | 8,989,265 |
| OPEB Expense | (188,571) | 27,982 | (160,589) |

9. LEASES

Lease Liabilities

The County has entered into various leases as a lessee. These leases vary in nature, substance, and 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. Leases are categorized as either short-term (12 months or less in length, including options) or long-term. In determining the future minimum lease payments and receipts, the County includes the right to extend option terms in the non-cancelable lease term. Short-term lease financial transactions are reflected in the government-wide statement of activities and in the fund financial statements.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

9. LEASES-Continued

Lease Liabilities-Continued

The following is a schedule of future minimum lease payments for the lease liabilities as of June 30, 2024 (in thousands):

| Year Ending June 30 | Governmental Activities | | Business-type Activities | |
|---------------------|-------------------------|-------------------|--------------------------|---------------|
| | Principal | Interest | Principal | Interest |
| 2025 | \$ 119,375 | \$ 46,525 | \$ 1,022 | \$ 111 |
| 2026 | 120,403 | 42,948 | 885 | 74 |
| 2027 | 114,558 | 39,408 | 788 | 39 |
| 2028 | 110,390 | 36,028 | 420 | 14 |
| 2029 | 103,849 | 32,748 | 73 | |
| 2030-2034 | 401,216 | 122,448 | | |
| 2035-2039 | 274,387 | 72,406 | | |
| 2040-2044 | 160,635 | 39,041 | | |
| 2045-2049 | 89,694 | 18,764 | | |
| 2050-2054 | 43,625 | 8,944 | | |
| 2055-2059 | 33,201 | 2,499 | | |
| 2060-2064 | 3,348 | 89 | | |
| 2065-2068 | 168 | 8 | | |
| Total | <u>\$ 1,574,849</u> | <u>\$ 461,856</u> | <u>\$ 3,188</u> | <u>\$ 238</u> |

Rent expenses related to leases for governmental activities were \$119.58 million and \$921 thousand for business-type activities, for the year ended June 30, 2024. Variable payments not previously included in the measurement of the lease liability were \$15.70 million for the year ended June 30, 2024.

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, 2024, (in thousands):

| | Governmental Activities | Business-type Activities |
|--------------------------------------|-------------------------|--------------------------|
| Lease land | \$ 1,055 | \$ |
| Lease buildings and improvements | 1,834,346 | 2,801 |
| Lease equipment | 17,080 | 2,090 |
| Lease asset accumulated amortization | (356,799) | (1,903) |
| Total | <u>\$ 1,495,682</u> | <u>\$ 2,988</u> |

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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 90 years, regional parks leases covering remaining periods from 2 to 54 years, roads leases with remaining periods of 33 years, and the MLK Hospital lease with a remaining period of 60 years are all accounted for in the General Fund. The Flood Control District leases cover remaining periods ranging from 11 to 66 years and are accounted for in the Flood Control District Fund. The airport leases cover remaining periods from 7 to 35 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 \$771.5 million. The carrying value of the capital assets associated with the regional parks, roads, MLK Hospital, and County airports leases is not determinable.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

9. LEASES-Continued

Lease Receivables-Continued

The following is a schedule of future minimum lease payment receipts on non-cancelable leases as of June 30, 2024 (in thousands):

| Year Ending June 30, | Governmental Activities | | Business-type Activities | |
|-------------------------|-------------------------|------------|--------------------------|----------|
| | Principal | Interest | Principal | Interest |
| 2025 | \$ 34,438 | \$ 36,060 | \$ 862 | \$ 354 |
| 2026 | 34,929 | 35,416 | 878 | 338 |
| 2027 | 34,821 | 34,770 | 895 | 321 |
| 2028 | 33,177 | 34,150 | 911 | 305 |
| 2029 | 33,585 | 33,546 | 928 | 288 |
| 2030-2034 | 177,919 | 157,947 | 3,734 | 1,206 |
| 2035-2039 | 189,908 | 140,655 | 3,014 | 920 |
| 2040-2044 | 194,409 | 122,277 | 3,277 | 631 |
| 2045-2049 | 193,027 | 104,008 | 2,685 | 353 |
| 2050-2054 | 205,194 | 84,769 | 1,551 | 150 |
| 2055-2059 | 205,549 | 64,655 | 983 | 46 |
| 2060-2064 | 167,335 | 44,832 | | |
| 2065-2069 | 101,043 | 31,484 | | |
| 2070-2074 | 81,350 | 23,605 | | |
| 2075-2079 | 88,716 | 15,857 | | |
| 2080-2084 | 87,403 | 7,416 | | |
| 2085-2089 | 10,650 | 2,754 | | |
| 2090-2094 | 3,476 | 1,933 | | |
| 2095-2099 | 4,308 | 1,241 | | |
| 2100-2104 | 3,022 | 367 | | |
| 2105-2109 | 559 | 75 | | |
| 2110-2114 | 528 | 22 | | |
| Total | \$ 1,885,346 | \$ 977,839 | \$ 19,718 | \$ 4,912 |

The following is a schedule of lease payment income for leases for the year ended June 30, 2024 (in thousands):

| | Governmental Activities | Business-type Activities |
|-------------------------|----------------------------|-----------------------------|
| Minimum lease payments | \$ 34,005 | \$ 847 |
| Variable lease payments | 40,806 | 2,353 |
| Total | \$ 74,811 | \$ 3,200 |

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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, 2024 is \$36.06 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. SBITA leases are presented in the financial statements and accompanying footnotes in accordance with GASB 96. SBITA leases are 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, 2024 (in thousands):

| Year Ending June 30, | Governmental Activities | |
|----------------------|-------------------------|-----------|
| | Principal | Interest |
| 2025 | \$ 22,843 | \$ 3,470 |
| 2026 | 17,439 | 2,621 |
| 2027 | 9,072 | 1,817 |
| 2028 | 8,449 | 1,406 |
| 2029 | 6,892 | 1,039 |
| 2030-2034 | 18,702 | 1,482 |
| 2035-2038 | 550 | 14 |
| Total | \$ 83,947 | \$ 11,849 |

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

10. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS-Continued

SBITA variable payments not included in the measurement of the subscription liability for governmental activities were \$89.96 million for the year ended June 30, 2024. 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, 2024, (in thousands):

| | Governmental Activities |
|---|----------------------------|
| Subscription asset | \$ 148,763 |
| Subscription asset accumulated amortization | (51,369) |
| Total | \$ 97,394 |

The development in progress for SBITAs that are not yet in production as of June 30, 2024 is \$13.82 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, 2024 |
|--|--------------------------------|--------------------------|
| NPC BANS, 5.82% to 5.83% | \$ 15,000 | \$ 15,000 |
| Public Buildings Bonds and Notes, 0.32% to 7.62% | 2,066,006 | 2,003,757 |
| Los Angeles County Securitization Corporation Tobacco Settlement Asset-Backed Bonds, 0.71% to 5.35% | 349,584 | 332,895 |
| Marina del Rey Loans, 4.50% to 4.70% | 23,500 | 6,781 |
| Lease Revenue Obligation Notes, 2.70% to 5.55% | 205,589 | 205,589 |
| Total | \$ 2,659,679 | \$ 2,564,022 |

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, 2024 |
|--|--------------------------------|--------------------------|
| Public Buildings Bonds and Notes, 2.00% to 7.62% | \$ 820,783 | \$ 773,090 |
| Lease Revenue Obligation Notes, 2.70% to 5.55% | 254,387 | 254,387 |
| Waterworks District Loans, 1.40% to 2.28% | 12,619 | 8,522 |
| Aviation Loan, 2.95% | 2,000 | 1,064 |
| Total | \$ 1,089,789 | \$ 1,037,063 |

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

11. LONG-TERM OBLIGATIONS-Continued

Public Buildings 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 2023-2024, the County did not issue new bonds.

Principal and interest requirements on Public Buildings bonds for governmental activities and business-type activities are as follows (in thousands):

| <u>Year Ending June 30,</u> | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | |
|--------------------------------|--------------------------------|---------------------|---------------------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2025 | \$ 52,336 | \$ 85,403 | \$ 21,688 | \$ 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 | 63,783 | 72,824 | 26,312 | 36,101 |
| 2030-2034 | 336,597 | 310,382 | 152,633 | 151,999 |
| 2035-2039 | 366,054 | 215,935 | 194,746 | 94,539 |
| 2040-2044 | 361,246 | 118,205 | 138,724 | 32,819 |
| 2045-2049 | 267,115 | 46,816 | 63,195 | 11,663 |
| 2050-2052 | 128,636 | 6,547 | 19,448 | 595 |
| Subtotal | 1,749,162 | <u>\$ 1,094,283</u> | 688,441 | <u>\$ 488,207</u> |
| Add: Unamortized bond premiums | 254,595 | | 84,649 | |
| Total public building bonds | <u>\$ 2,003,757</u> | | <u>\$ 773,090</u> | |

Tobacco Settlement Asset-Backed Bonds

In 2006, the County entered into a Sale Agreement with the LACSC under which the County relinquishes to the LACSC a portion of its future tobacco settlement revenues (TSRs) for the next 40 years. The County received from the sold TSRs a lump sum payment of \$319.83 million and a residual certificate in exchange for the rights to receive and retain 25.90% of the County's TSRs through 2046. The residual certificate represented the County's ownership interest in excess TSRs to be received by the LACSC during the term of the Sale Agreement. Residuals through 2024 were \$131.51 million. The total TSRs sold, based on the projected payment schedule in the Master Settlement Agreement and adjusted for historical trends, was estimated to be \$1.438 billion. The estimated present value of the TSRs sold, net of the expected residuals and assuming a 5.70% interest rate at the time of the sale, was \$309.23 million. In the event of a decline in the tobacco settlement revenues for any reason, including the default or bankruptcy of a participating cigarette manufacturer, resulting in a decline in the tobacco settlement revenues and possible default on the Tobacco Bonds, neither the California County Tobacco Securitization Agency, the County, nor the LACSC has any liability to make up any such shortfall.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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:

| Year Ending June 30, | Governmental Activities | |
|---|-------------------------|-------------------|
| | Principal | Interest |
| 2025 | \$ 6,240 | \$ 8,827 |
| 2026 | 6,445 | 8,515 |
| 2027 | 6,775 | 8,192 |
| 2028 | 7,070 | 7,854 |
| 2029 | 7,220 | 7,500 |
| 2030-2034 | 36,910 | 31,990 |
| 2035-2039 | 40,385 | 23,714 |
| 2040-2044 | 39,520 | 15,489 |
| 2045-2049 | 50,935 | 7,819 |
| 2050-2054 | | |
| 2055 | 83,629 | 446,441 |
| Subtotal | 285,129 | 566,341 |
| Add: Accretions | 19,533 | (19,533) |
| Add: Unamortized bond premiums | 28,233 | |
| Total tobacco settlement asset-backed bonds | <u>\$ 332,895</u> | <u>\$ 546,808</u> |

Notes, Loans, and Lease Revenue Obligation Notes

Notes from Direct Placements

BANs are issued by LAC-CAL to provide interim financing for equipment purchases. BANs are purchased by the County Treasury Pool and are payable within three years of their initial issuance date from the proceeds of long-term bonds or other available funds. The repayment of BANs is secured by lease agreements between the County and LAC-CAL and a pledge of the acquired equipment. During FY 2023-2024, LACCAL, an Internal Service Fund, issued additional BANs in the amount of \$10.00 million as reflected in governmental activities. As of June 30, 2024, the note balance is \$15.00 million for governmental activities only.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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, 2024, the balance is \$6.78 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, 2024, 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, 2024, the balance is \$4.88 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 2023-2024, the County did not obtain any additional airport development loans. As of June 30, 2024, the balance is \$1.06 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 2023-2024, the County drew down \$381 thousand in loans. As of June 30, 2024, the balance is \$3.64 million for business-type activities.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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 cost 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 with 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 LOCs had an original termination date of April 30, 2024, but were extended to July 18, 2024.

The aggregate maximum principal amount of the four LOCs is \$600.00 million, which consists of \$100.00 million of Series A (BMO Bank, as successor by merger to 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, 2024, \$459.98 million of LRON issued under the program were outstanding, including \$80.00 million of Series A, \$112.13 million of Series B, \$167.85 million of Series C, and \$100.00 million of Series D.

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

During FY 2023-2024, the County reissued \$135.46 million for governmental activities and \$115.48 million for business-type activities, representing the total amounts outstanding at the beginning of the year. These reissues, along with new County LRON of \$70.53 million for governmental activities and \$341.91 million for business-type activities, totaling \$412.44 million, and redemptions of \$400 thousand for governmental activities and \$203.00 million for business-type activities, totaling \$203.40 million, are reflected as notes payable. The total outstanding LRON as of June 30, 2024 is \$459.98 million, which is reported as \$205.59 million for governmental activities and \$254.39 million for business-type activities. The average interest rate on CP Notes issued in FY 2023-2024 was 3.26%.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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 Waterworks District Loans, Aviation Loan and LRON for business-type activities are as follows (in thousands):

| Year Ending June 30 | Governmental Activities | | Business-type Activities | |
|------------------------------|-------------------------|---------------|--------------------------|-----------------|
| | Principal | Interest | Principal | Interest |
| 2025 | \$ 211,828 | \$ 305 | \$ 254,828 | \$ 138 |
| 2026 | 11,295 | 249 | 672 | 181 |
| 2027 | 1,354 | 191 | 687 | 166 |
| 2028 | 1,414 | 130 | 703 | 150 |
| 2029 | 1,479 | 67 | 719 | 134 |
| 2030-2034 | | | 3,543 | 422 |
| 2035-2039 | | | 878 | 165 |
| 2040-2044 | | | 651 | 118 |
| 2045-2049 | | | 698 | 70 |
| 2050-2053 | | | 594 | 20 |
| Total notes, loans, and LRON | <u>\$ 227,370</u> | <u>\$ 942</u> | <u>\$ 263,973</u> | <u>\$ 1,564</u> |

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 | Interest |
| 2025 | \$ 2,906 | \$ 255 |
| 2026 | 2,687 | 199 |
| 2027 | 2,667 | 147 |
| 2028 | 2,616 | 96 |
| 2029 | 2,350 | 50 |
| 2030-2031 | 2,346 | 18 |
| Total financed purchase obligations | <u>\$ 15,572</u> | <u>\$ 765</u> |

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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):

| <u>Debt Type</u> | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | |
|--|--------------------------------|---------------------|---------------------------------|-----------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| Public Buildings Bonds | \$ 1,749,162 | \$ 1,094,283 | \$ 688,441 | \$ 488,207 |
| Tobacco settlement asset-backed bonds | 285,129 | 566,341 | | |
| Notes, Loans, and LRON from direct borrowings and placements | 227,370 | 942 | 263,973 | 1,564 |
| Subtotal | 2,261,661 | \$ 1,661,566 | 952,414 | \$ 489,771 |
| Add: Accretions | 19,533 | (19,533) | | |
| Unamortized premiums on bonds payable | 282,828 | | 84,649 | |
| Total bonds and notes | <u>\$ 2,564,022</u> | <u>\$ 1,642,033</u> | <u>\$ 1,037,063</u> | |

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, including bonds, 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. Debt should 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, 2024, there were no outstanding bonds considered defeased.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

11. LONG-TERM OBLIGATIONS-Continued

Changes in Long-term Liabilities

The following is a summary of long-term liabilities and corresponding activity for the year ended June 30, 2024 (in thousands):

| | Balance July 1, 2023 | Additions/ Accretions | Transfers/ Maturities | Balance June 30, 2024 | Due Within One Year |
|--|-------------------------|--------------------------|--------------------------|--------------------------|------------------------|
| <u>Governmental activities:</u> | | | | | |
| Bonds payable | \$ 2,098,840 | | 64,549 | \$ 2,034,291 | \$ 58,576 |
| Notes, loans, and LRON from direct borrowings and placements | 143,434 | 205,589 | 136,653 | 212,370 | 206,828 |
| | <u>2,242,274</u> | <u>205,589</u> | <u>201,202</u> | <u>2,246,661</u> | <u>265,404</u> |
| ISF bonds payable and notes from direct placements | 5,000 | 10,000 | | 15,000 | 5,000 |
| Total bonds payable, notes, loans and LRON | 2,247,274 | 215,589 | 201,202 | 2,261,661 | 270,404 |
| Interest accretion on capital appreciation bonds payable | 14,227 | 5,306 | | 19,533 | |
| Unamortized premium on bonds payable | 289,086 | | 6,258 | 282,828 | 8,607 |
| <u>Other long-term liabilities:</u> | | | | | |
| Lease liability (Note 9) | 1,578,192 | 148,997 | 152,340 | 1,574,849 | 119,375 |
| Subscription liability (Note 10) | 85,925 | 26,054 | 28,032 | 83,947 | 22,843 |
| Financed purchase obligations | 22,750 | | 7,178 | 15,572 | 2,906 |
| Accrued compensated absences | 2,174,321 | 234,941 | 150,613 | 2,258,649 | 137,493 |
| Workers' compensation (Note 18) | 3,111,957 | 857,102 | 680,168 | 3,288,891 | 662,712 |
| Litigation and self-insurance (Note 18) | 3,732,163 | 732,668 | 120,533 | 4,344,298 | 147,087 |
| Pollution remediation obligation (Note 19) | 37,166 | 20,753 | 2,783 | 55,136 | 1,751 |
| Net pension liability (Note 7) | 11,382,441 | 767,064 | | 12,149,505 | |
| Net OPEB liability (Note 8) | 20,994,604 | 353,216 | | 21,347,820 | |
| Third party payor | 332,521 | 224,620 | 207,611 | 349,530 | 215,895 |
| Total governmental activities | <u>\$ 46,002,627</u> | <u>3,586,310</u> | <u>1,556,718</u> | <u>\$ 48,032,219</u> | <u>\$ 1,589,073</u> |
| <u>Business-type activities:</u> | | | | | |
| Bonds payable | \$ 709,169 | | 20,728 | \$ 688,441 | \$ 21,688 |
| Add: Unamortized premium on bonds payable | 85,405 | | 756 | 84,649 | 1,178 |
| Notes, loans, and LRON from direct borrowings and placements | 125,331 | 254,769 | 116,127 | 263,973 | 254,828 |
| Total bonds payable, notes, loans and LRON | 919,905 | 254,769 | 137,611 | 1,037,063 | 277,694 |
| <u>Other long-term liabilities:</u> | | | | | |
| Lease liability (Note 9) | 1,731 | 2,801 | 1,344 | 3,188 | 1,022 |
| Accrued compensated absences | 283,868 | 39,349 | 18,364 | 304,853 | 16,241 |
| Workers' compensation (Note 18) | 392,276 | 47,467 | 37,779 | 401,964 | 37,686 |
| Litigation and self-insurance (Note 18) | 34,050 | 57 | 21,914 | 12,193 | 5,810 |
| Net pension liability (Note 7) | 1,778,119 | 146,339 | | 1,924,458 | |
| Net OPEB liability (Note 8) | 3,745,981 | 31,870 | | 3,777,851 | |
| Third party payor (Note 14) | 526,774 | 129,541 | 124,865 | 531,450 | 126,515 |
| Total business-type activities | <u>\$ 7,682,704</u> | <u>652,193</u> | <u>341,877</u> | <u>\$ 7,993,020</u> | <u>\$ 464,968</u> |

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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 2023-2024, thereby increasing liabilities for bonds by \$5.31 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, 2024, were as follows (in thousands):

| | Balance July 1, 2023 | Additions | Maturities | Balance June 30, 2024 | Due Within One Year |
|--|-------------------------|---------------|---------------|--------------------------|------------------------|
| <u>LACDA</u> | | | | | |
| <u>Governmental activities:</u> | | | | | |
| Bonds payable | \$ 31,105 | | 675 | \$ 30,430 | \$ 705 |
| Unamortized premium on bonds payable | 3,608 | | 42 | 3,566 | |
| Notes from direct borrowing | 13,446 | | 1,398 | 12,048 | 1,102 |
| Compensated absences | 1,932 | 1,930 | 1,690 | 2,172 | 1,954 |
| Lease liability | 76 | 71 | 81 | 66 | 13 |
| Subscription liability | 1,292 | 4,326 | 1,546 | 4,072 | 1,403 |
| Claims payable | 6,914 | 4,014 | 4,014 | 6,914 | 691 |
| Net pension liability | 39,316 | 6,828 | 5,359 | 40,785 | |
| Net OPEB liability | 1,277 | | 1,277 | | |
| Total governmental activities | <u>\$ 98,966</u> | <u>17,169</u> | <u>16,082</u> | <u>\$ 100,053</u> | <u>\$ 5,868</u> |
| <u>Business-type activities:</u> | | | | | |
| Subscription liability | \$ 243 | 218 | 116 | \$ 345 | \$ 124 |
| Notes from direct borrowing | 2,200 | | | 2,200 | |
| Compensated absences | 1,358 | 1,088 | 1,206 | 1,240 | 1,116 |
| Net pension liability | 24,741 | 4,316 | 3,375 | 25,682 | |
| Net OPEB liability | 202 | | 202 | | |
| Total business-type activities | <u>\$ 28,744</u> | <u>5,622</u> | <u>4,899</u> | <u>\$ 29,467</u> | <u>\$ 1,240</u> |
| Total long-term obligations-LACDA | <u>\$ 127,710</u> | <u>22,791</u> | <u>20,981</u> | <u>\$ 129,520</u> | <u>\$ 7,108</u> |
| <u>First 5 LA</u> | | | | | |
| Compensated absences | \$ 1,005 | 684 | 715 | \$ 974 | \$ 148 |
| Total long-term obligations-First 5 LA | <u>\$ 1,005</u> | <u>684</u> | <u>715</u> | <u>\$ 974</u> | <u>\$ 148</u> |
| Total long-term obligations-Discretely presented component units | <u>\$ 128,715</u> | <u>23,475</u> | <u>21,696</u> | <u>\$ 130,494</u> | <u>\$ 7,256</u> |

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

12. SHORT-TERM DEBT

On July 1, 2023, the County issued \$700.00 million of short-term Tax and Revenue Anticipation Notes at an effective interest rate of 3.14%. 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 2023. The notes matured and were redeemed on June 28, 2024.

13. CONDUIT DEBT OBLIGATIONS

Community Facilities and Improvement District Bonds

As of June 30, 2024, various community facilities and improvement districts established by the County had outstanding special tax bonds payable totaling \$63.00 million and limited obligation improvement bonds totaling \$544 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, 2024.

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, 2024, the amount of redevelopment refunding bonds outstanding was \$372.66 million.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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 historical reporting, 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.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2024

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 2023-2024 were as follows (in thousands):

| | <u>GPP Revenues</u> | <u>Intergovernmental Transfers Expense</u> |
|---|-------------------------|--|
| Harbor-UCLA Medical Center | \$ 389,836 | \$ 195,380 |
| Olive View-UCLA Medical Center | 186,112 | 97,494 |
| Los Angeles General Medical Center | 460,454 | 264,911 |
| Rancho Los Amigos National Rehab Center | 25,306 | 10,333 |
| Total | <u>\$ 1,061,708</u> | <u>\$ 568,118</u> |

The General Fund received \$764.11 million for GPP and paid \$335.92 million of related IGTs, which were recorded as "Charges for Services" revenue and "Health and Sanitation" expenditures, respectively, on the governmental funds statement.

Providing Access and Transforming Health

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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 funds services provided by former Whole Person Care Pilot Lead Entities until the services transition to managed care coverage under CalAIM. This funding started January 1, 2022, and ended on October 1, 2024. The County must provide local matching funds in the form of an IGT, based on the number of eligible services, to receive reimbursement from the California Department of Health Care Services (DHCS).

- Capacity and Infrastructure Transition, Expansion and Development (CITED) Initiative

PATH provides direct funding to support the transition, expansion, and development of Enhanced Care Management and Community Support services. Funds are made available from DHCS directly to recipients in several rounds, with the first round being up to \$100 million statewide. DHS applied for funds in Round 1 and was authorized for \$8.59 million gross in February 2023. DHS applied for Round 2 funds and was awarded \$4.00 million gross in October 2023. In Round 3, DHS was awarded \$6.70 million gross in August 2024 and was asked to provide an IGT for the non-federal share as the funds were awarded from excess Whole Person Care Mitigation Funds (from bullet one above). Total funds received out of the awarded amounts is contingent on DHS making the approved expenditures.

- Justice-Involved Capacity Building Program

Starting in 2023, DHCS made PATH funding available to support DHS pre-release capacity building activities to support the ability to aid claiming certain health services provided in jail 90 days before release. CMS authorized payment for these services in a waiver amendment that was approved January 26, 2023. DHS is working with DHCS to determine how much funding will be available for pre-release capacity building.

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. It aims to improve care coordination and address the physical, behavioral health, and social needs of Medi-Cal beneficiaries with the highest costs and most complex needs. ECM is designed to replace similar services that were previously provided under Whole Person Care and Health Homes Program. DHS has contracted with LA Care Health Plan (LA Care) and Health Net Community Solutions, Inc. (Health Net) to provide ECM services to certain high-need members assigned to DHS for primary care. Beginning in January 2024, DHS also contracted with Molina Healthcare California (Molina) to serve this population.

In FY 2023-2024, an estimated \$3.91 million of ECM revenues were recorded as part of net patient service revenues.

The General Fund received an estimated \$2.96 million for ECM, which were recorded as "Charges for Services" revenue on the governmental funds statement.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2024

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, unstable or unsafe housing, and food insecurity. CS focuses on meeting the specific medical and social needs of the high-risk clients, with the goal of reducing utilization of higher-cost services. These 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 as of January 2022: recuperative care, housing navigation, tenancy sustaining services, personal care, and housing deposit assistance. Additional services for newly eligible populations are scheduled to roll out through 2024. The General Fund recorded an estimated \$61.58 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 2023-2024, Program Year 2010-2011 is still pending State's final reconciliation.

Disproportionate Share Hospital Program

In FY 2023-2024, the DHCS completed their final reconciliation of the Disproportionate Share Hospital Program (DSH) for Year 2014-2015. DSH revenues and related IGTs recorded in FY 2023-2024 are as follows (in thousands):

| | DSH Revenues | Intergovernmental Transfers |
|---|-----------------|--------------------------------|
| Harbor-UCLA Medical Center | \$ (5,572) | \$ (7,729) |
| Olive View-UCLA Medical Center | 2,486 | |
| Rancho Los Amigos National Rehab Center | 1 | |
| Total | \$ (3,085) | \$ (7,729) |

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2024

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Managed Care for Seniors and Persons with Disabilities

Under the Medi-Cal Demonstration Project, in an effort to provide more coordinated care and contain costs, Medi-Cal beneficiaries who are Seniors and Persons with Disabilities (SPDs) are required to enroll in managed care plans, rather than using a fee for service system. In FY 2023-2024, an estimated \$189.65 million of SPD revenues were recorded as part of net patient service revenues.

The General Fund received \$39.32 million for SPD, which were recorded as "Charges for Services" revenue on the governmental funds statement.

Affordable Care Act

On January 1, 2014, when the federal health care reform of the Patient Protection and Affordable Care Act went into effect, the Hospital Presumptive Eligibility program also provided individuals with temporary Medi-Cal benefits while a formal, permanent Medi-Cal application is being processed.

Medicaid Coverage Expansion

The Medicaid Coverage Expansion (MCE), also known as the Optional Medicaid Expansion program, provides Medi-Cal coverage for adult citizens or legal residents (ages 19-64) who are uninsured and have incomes at or below 138.00% of the Federal Poverty Level. The current Federal Medical Assistance Percentage (FMAP) for the MCE Program is 90.00%.

The County contracts with LA Care, Health Net, and as of January 1, 2024, Molina to provide services for their Medi-Cal managed care members. During FY 2023-2024, LA Care and Health Net paid the County managed care capitation payments based on the CY 2023 contract rates, while Molina paid contracted rates effective January 2024.

In FY 2023-2024, 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 | \$ 356,279 | \$ |
| MCRS - MCE | 249,580 | 51,105 |
| Total | \$ 605,859 | \$ 51,105 |

The General Fund received \$70.50 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 rolling productions of documents responsive to the CID, with the latest production in April 2024. DOJ's last contact to the County about this matter occurred in May 2024. Potential penalties are contingent on a number of factors and too speculative to reasonably estimate at this time.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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 52.50% match which incorporates a 2.50% increase in the FFP rate as authorized by the Families First Coronavirus Response Act (FFCRA). For FY 2023-2024, an estimated \$192.53 million of Medi-Cal FFS revenues were recorded as part of net patient service revenue.

Medi-Cal Physician State Plan Amendment

The Medi-Cal Demonstration Project payment for inpatient and other facility services excluded professional services. State Plan Amendment 05-23 allows professional services provided by public entities to be paid similarly to the inpatient hospital services under the Medi-Cal Demonstration Project. Hospitals are allowed to claim federal reimbursement for unreimbursed costs of Medi-Cal professional services (Hospital Inpatient, Emergency Room, and Psychiatric services), which is matched at the applicable FMAP rate for the year.

Revenues of \$48.91 million were recognized and recorded as part of net patient service revenue during FY 2023-2024.

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 2023-2024, CBRC revenues were \$170.05 million for the enterprise funds and were recorded as net patient services revenue.

As of June 30, 2024, the County estimated that approximately \$16.42 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 \$35.07 million for CBRC, which was recorded as "Charges for Services" revenue on the governmental funds statement. As of June 30, 2024, the County estimated that approximately \$14.17 million of CBRC accounts receivable would not be collectible within 12 months.

Medi-Cal Cost Report Settlements

In FY 2023-2024, the County recognized final inpatient hospital FFS settlements of \$0.63 million related to the FY 2014-2015. In addition, the County received CBRC audit settlements of \$42.24 million related to FY 2021-2022 for hospitals only. The County's appeal of certain CBRC audit adjustments at various levels to the Office of Administrative Appeals have been favorably resolved resulting in \$4.51 million of final settlement revenues.

The State is in the process of auditing the FY 2020-2021 and FY 2021-2022 non-hospital CBRC and FY 2022-2023 hospital cost reports. Settlements are expected by the 4th quarter of FY 2024-2025.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 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 2023-2024, 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 | \$ 68,741 | \$ 13,570 |
| Olive View-UCLA Medical Center | 32,362 | 7,447 |
| Los Angeles General Medical Center | 125,647 | 25,561 |
| Rancho Los Amigos National Rehab Center | 2,650 | 479 |
| Total | <u>\$ 229,400</u> | <u>\$ 47,057</u> |

Medi-Cal Managed Care Rate Supplements

The State is obtaining CMS' approval to continue the Medi-Cal Managed Care Rate Supplements (MCRS) paid to LA Care and Health Net Health Plans for calendar year 2024. 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.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2024

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 2023-2024, including prior year over/under realization, were as follows (in thousands):

| | MCRS Revenues | Intergovernmental Transfers Expense |
|---|------------------|--|
| Harbor-UCLA Medical Center | \$ 75,835 | \$ 49,993 |
| Olive View-UCLA Medical Center | 65,337 | 38,910 |
| Rancho Los Amigos National Rehab Center | 223,477 | 140,354 |
| Total | \$ 364,649 | \$ 229,257 |

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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 2023-2024 are as follows (in thousands):

| | EPP Revenues | Intergovernmental Transfers Expense |
|---|-------------------|--|
| Harbor-UCLA Medical Center | \$ 299,604 | \$ 86,426 |
| Olive View-UCLA Medical Center | 138,703 | 38,855 |
| Los Angeles General Medical Center | 312,479 | 94,682 |
| Rancho Los Amigos National Rehab Center | 19,992 | 6,544 |
| Total | <u>\$ 770,778</u> | <u>\$ 226,507</u> |

The General Fund received \$180.74 million for EPP and paid \$52.80 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 2023-2024 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 | \$ 176,405 | \$ 24,092 |
| Olive View-UCLA Medical Center | 70,517 | 8,643 |
| Los Angeles General Medical Center | 141,038 | 16,283 |
| Rancho Los Amigos National Rehab Center | 35,149 | 4,893 |
| Total | <u>\$ 423,109</u> | <u>\$ 53,911</u> |

The General Fund received \$33.79 million for QIP and paid \$3.95 million of related IGTs, which were recorded as "Intergovernmental Revenues - Federal" and "Health and Sanitation" expenditures, respectively, on the governmental funds statement.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Third Party Payor Liability

The County's Hospitals reported third party payor liabilities of \$531.45 million (see Note 11) as of June 30, 2024, as reported on the statement of net position for proprietary funds. The current liabilities for amounts due within one year are \$126.52 million.

The noncurrent liabilities for third party payors related to enterprise funds are \$404.93 million. The primary programs associated with third party payors liabilities include DSH (\$62.60 million), Medi-Cal (\$54.39 million), SNCP (\$24.36 million), Medicare (\$29.05 million), SPD (\$66.33 million), MCE (\$97.33 million), AB 915 (\$30.69 million), In-home Supportive Services (IHSS) (\$28.54 million), Medi-Cal Physician SPA (\$9.57 million), and other miscellaneous programs (\$2.07 million).

Accounts Receivable-Net

The following is a summary, by hospital, of accounts receivable and allowances for uncollectible amounts as of June 30, 2024 (in thousands):

| | H-UCLA | OV-UCLA | Los Angeles General | Rancho | Total |
|---|-------------------|----------------|------------------------|----------------|---------------------|
| Accounts receivable | \$ 3,753,314 | 2,136,458 | 4,716,199 | 860,707 | \$ 11,466,678 |
| Less: Allowance for uncollectible amounts | 2,973,934 | 1,661,093 | 3,677,243 | 650,947 | 8,963,217 |
| Accounts receivable - net | <u>\$ 779,380</u> | <u>475,365</u> | <u>1,038,956</u> | <u>209,760</u> | <u>\$ 2,503,461</u> |

Charity Care

Charity care includes those uncollectible amounts for which the patient is unable to pay. Generally, charity care adjustment accounts are those accounts for which an indigence standard has been established and under which the patient qualifies. Inability to pay may be determined through DHS' 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, 2024 was \$526.47 million. The total amount of such charity care provided by the hospitals for the year ended June 30, 2024 is as follows (in thousands):

| | |
|-----------------------------------|---------------------|
| Charity care at established rates | \$ 1,286,976 |
| GPP reimbursements | 177,005 |
| Other reimbursements | (6,689) |
| Charges forgone | <u>\$ 1,116,660</u> |

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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 2023-2024, 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 2023-2024 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 2022-2023, the State did not withhold any of the County's Health Realignment funds. Based on updated revenues realized for FY 2022-2023 services in FY 2023-2024, the projected redirection amount remains at \$0.00.

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 2023-2024, the projected redirection amount remains at \$0.00.

Martin Luther King, Jr. Community Hospital

The County and the University of California (UC), with the State, 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, 2024, the 30-year loan has an outstanding balance of \$35.71 million. In May 2023, MLK-LA drew down \$20 million from the revolving line of credit. On November 21, 2023, the County unanimously approved a motion to defer the interest and principal payment for three years. On June 11, 2024, the County approved a revised maturity date of May 13, 2028. As of June 30, 2024, the outstanding balance under the revolving loan was \$20.00 million. In addition, the DHS has committed to make ongoing annual payments of \$18.00 million for indigent care support, and up to \$50.00 million in annual 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 \$650.88 million as of June 30, 2024 and is reflected in governmental activities and the governmental funds.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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, 2024.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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, 2024 are as follows (in thousands):

| Receivable Fund | Payable Fund | Amount |
|--------------------------|---------------------------------------|-----------|
| General Fund | Fire Protection District | \$ 23,080 |
| | Flood Control District | 2,487 |
| | LA County Library | 6,274 |
| | Regional Park and Open Space District | 3,225 |
| | Mental Health Services Act | 360,866 |
| | Nonmajor Governmental Funds | 243,842 |
| | Harbor-UCLA Medical Center | 132,458 |
| | Olive View-UCLA Medical Center | 66,433 |
| | Los Angeles General Medical Center | 241,857 |
| | Rancho Los Amigos Nat'l Rehab Center | 40,368 |
| | Waterworks | 812 |
| | Nonmajor Aviation | 42 |
| | Internal Service Funds | 10,937 |
| | <u>1,132,681</u> | |
| Fire Protection District | General Fund | 1,260 |
| | Nonmajor Governmental Funds | 105 |
| | Internal Service Funds | 2 |
| | <u>1,367</u> | |
| Flood Control District | General Fund | 8,786 |
| | Nonmajor Governmental Funds | 2,564 |
| | Waterworks | 433 |
| | Nonmajor Aviation | 35 |
| | Internal Service Funds | 20,896 |
| | <u>32,714</u> | |
| LA County Library | General Fund | 12,810 |
| | Nonmajor Governmental Funds | 146 |
| | <u>12,956</u> | |

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

15. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

| Receivable Fund | Payable Fund | Amount |
|---------------------------------------|--------------------------------------|------------------|
| Regional Park and Open Space District | General Fund | \$ 4 |
| Nonmajor Governmental Funds | General Fund | 8,987 |
| | Fire Protection District | 851 |
| | Flood Control District | 29 |
| | LA County Library | 4 |
| | Nonmajor Governmental Funds | 14,880 |
| | Harbor-UCLA Medical Center | 2,366 |
| | Waterworks | 1 |
| | Internal Service Funds | 21,018 |
| | | <u>48,136</u> |
| Harbor-UCLA Medical Center | General Fund | 48,210 |
| | Nonmajor Governmental Funds | 58,692 |
| | Olive View-UCLA Medical Center | 2,485 |
| | Los Angeles General Medical Center | 292,939 |
| | Rancho Los Amigos Nat'l Rehab Center | 423 |
| | | <u>402,749</u> |
| Olive View-UCLA Medical Center | General Fund | 31,571 |
| | Fire Protection District | 62 |
| | Nonmajor Governmental Funds | 21,323 |
| | Harbor-UCLA Medical Center | 277 |
| | Los Angeles General Medical Center | 184,608 |
| | Rancho Los Amigos Nat'l Rehab Center | 127 |
| | | <u>237,968</u> |
| Los Angeles General Medical Center | General Fund | 456,859 |
| | Fire Protection District | 35 |
| | Nonmajor Governmental Funds | 41,742 |
| | Harbor-UCLA Medical Center | 292,160 |
| | Olive View-UCLA Medical Center | 183,675 |
| | Rancho Los Amigos Nat'l Rehab Center | 311,568 |
| | | <u>1,286,039</u> |

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

15. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

| Receivable Fund | Payable Fund | Amount |
|--------------------------------------|--------------------------------------|---------------------|
| Rancho Los Amigos Nat'l Rehab Center | General Fund | \$ 3,343 |
| | Harbor-UCLA Medical Center | 196 |
| | Olive View-UCLA Medical Center | 14 |
| | Los Angeles General Medical Center | 310,733 |
| | | <u>314,286</u> |
| Waterworks | General Fund | 203 |
| | Internal Service Funds | 2,381 |
| | | <u>2,584</u> |
| Nonmajor Aviation | General Fund | 55 |
| | Fire Protection District | 8 |
| | Internal Service Funds | 277 |
| | | <u>340</u> |
| Internal Service Funds | General Fund | 47,156 |
| | Fire Protection District | 322 |
| | Flood Control District | 41,386 |
| | Nonmajor Governmental Funds | 45,420 |
| | Harbor-UCLA Medical Center | 627 |
| | Olive View-UCLA Medical Center | 1,632 |
| | Los Angeles General Medical Center | 536 |
| | Rancho Los Amigos Nat'l Rehab Center | 67 |
| | Waterworks | 8,553 |
| Nonmajor Aviation | 853 | |
| | | <u>146,552</u> |
| Total Interfund Receivables/Payables | | <u>\$ 3,618,376</u> |

Interfund Transfers

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

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

15. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

Interfund transfers to/from other funds for the year ended June 30, 2024 are as follows (in thousands):

| Transfer From | Transfer To | Amount |
|-----------------------------|--------------------------------------|-----------|
| General Fund | Fire Protection District | \$ 50,721 |
| | LA County Library | 43,881 |
| | Nonmajor Governmental Funds | 157,037 |
| | Harbor-UCLA Medical Center | 310,285 |
| | Olive View-UCLA Medical Center | 109,987 |
| | Los Angeles General Medical Center | 442,137 |
| | Rancho Los Amigos Nat'l Rehab Center | 92,013 |
| | Internal Service Funds | 235 |
| | | 1,206,296 |
| Fire Protection District | General Fund | 143 |
| | Nonmajor Governmental Funds | 13,936 |
| | | 14,079 |
| Flood Control District | General Fund | 7,500 |
| | Internal Service Funds | 4,000 |
| | | 11,500 |
| LA County Library | General Fund | 150 |
| | Nonmajor Governmental Funds | 23,618 |
| | | 23,768 |
| Mental Health Services Act | General Fund | 781,814 |
| Nonmajor Governmental Funds | General Fund | 492,236 |
| | Fire Protection District | 4,563 |
| | LA County Library | 1,032 |
| | Nonmajor Governmental Funds | 30,031 |
| | Harbor-UCLA Medical Center | 67,515 |
| | Olive View-UCLA Medical Center | 40,220 |
| | Los Angeles General Medical Center | 100,934 |
| | Rancho Los Amigos Nat'l Rehab Center | 4,719 |
| Internal Service Funds | 410 | |
| | | 741,660 |
| Harbor-UCLA Medical Center | Nonmajor Governmental Funds | 252 |
| | Los Angeles General Medical Center | 262,518 |
| | Rancho Los Amigos Nat'l Rehab Center | 217 |
| | | 262,987 |

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

15. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

| <u>Transfer From</u> | <u>Transfer To</u> | <u>Amount</u> |
|--------------------------------------|--------------------------------------|---------------------|
| Olive View-UCLA Medical Center | Los Angeles General Medical Center | \$ 56,263 |
| | Rancho Los Amigos Nat'l Rehab Center | 66 |
| | | <u>56,329</u> |
| Los Angeles General Medical Center | General Fund | 73,039 |
| | Nonmajor Governmental Funds | 1 |
| | Harbor-UCLA Medical Center | 82,789 |
| | Olive View-UCLA Medical Center | 136,267 |
| | Rancho Los Amigos Nat'l Rehab Center | 129,493 |
| | | <u>421,589</u> |
| Rancho Los Amigos Nat'l Rehab Center | Nonmajor Governmental Funds | 1,556 |
| | Harbor-UCLA Medical Center | 3,980 |
| | Olive View-UCLA Medical Center | 872 |
| | Los Angeles General Medical Center | 237,621 |
| | | <u>244,029</u> |
| Waterworks Enterprise Funds | Internal Service Funds | <u>198</u> |
| Nonmajor Aviation Funds | Internal Service Funds | <u>14</u> |
| Internal Service Funds | Nonmajor Governmental Funds | <u>3,809</u> |
| Total Interfund Transfers | | <u>\$ 3,768,072</u> |

Interfund Advances

The General Fund, along with other funds that receive services from the Public Works Internal Service Fund, makes short-term advances to ensure sufficient cash is available to fund operations. In addition, the General Fund makes short-term advances to assist the Hospital Funds in meeting their cash flow requirements.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2024

15. INTERFUND TRANSACTIONS-Continued

Interfund Advances-Continued

Advances from/to other funds at June 30, 2024 are as follows (in thousands):

| Receivable Fund | Payable Fund | Amount |
|-----------------------------|--------------------------------------|-------------------------|
| General Fund | Harbor-UCLA Medical Center | \$ 4,735 |
| | Olive View-UCLA Medical Center | 2,554 |
| | Los Angeles General Medical Center | 6,401 |
| | Rancho Los Amigos Nat'l Rehab Center | 1,265 |
| | Internal Service Funds | 2,851 |
| | | <u>17,806</u> |
| Flood Control District | Internal Service Funds | <u>6,141</u> |
| Nonmajor Governmental Funds | Internal Service Funds | <u>11,307</u> |
| Waterworks | Internal Service Funds | <u>1,444</u> |
| Nonmajor Aviation | Internal Service Funds | <u>257</u> |
| Total Interfund Advances | | <u><u>\$ 36,955</u></u> |

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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, 2024.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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 | \$ 4,216,065 | \$ 75,436 | \$ 59,574 | \$ 65,337 | \$ 150,558 | \$ 355,740 |
| Budgetary fund balances | <u>3,774,570</u> | <u>197,814</u> | <u>229,289</u> | <u>109,574</u> | <u>670,836</u> | <u>1,268,163</u> |
| Subtotal | <u>7,990,635</u> | <u>273,250</u> | <u>288,863</u> | <u>174,911</u> | <u>821,394</u> | <u>1,623,903</u> |
| Adjustments: | | | | | | |
| Accrual of estimated liability for litigation and self-insurance claims | 353,007 | 2,371 | | 651 | | |
| Accrual of compensated absences | 118,228 | | | | | |
| Unamortized balance of sale of tobacco settlement revenue | (175,088) | | | | | |
| Change in revenue accruals | (848,542) | (31,875) | (18,932) | (9,415) | (30,880) | (75,178) |
| Change in OPEB Custodial Fund | 254,469 | 15,397 | | 2,256 | | |
| Subtotal | <u>(297,926)</u> | <u>(14,107)</u> | <u>(18,932)</u> | <u>(6,508)</u> | <u>(30,880)</u> | <u>(75,178)</u> |
| Fund balance - GAAP basis | <u>\$ 7,692,709</u> | <u>\$ 259,143</u> | <u>\$269,931</u> | <u>\$168,403</u> | <u>\$ 790,514</u> | <u>\$1,548,725</u> |

17. OTHER COMMITMENTS AND CONTINGENCIES

Construction and Other Significant Commitments

At June 30, 2024, there were contractual commitments of approximately \$16.19 million for various governmental construction projects and approximately \$907.44 million for various hospital construction projects that were financed by bonds and lease revenue obligation notes.

LACERA Capital Commitments

At June 30, 2024, LACERA had outstanding capital commitments to various investment managers, approximating \$9.700 billion.

COUNTY OF LOS ANGELES
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2024

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, 2024, the encumbrance balances for the governmental funds (in thousands) are reported as follows:

| | <u>Restricted</u> | <u>Committed</u> | <u>Assigned</u> | <u>Total</u> |
|---------------------------------------|-------------------|------------------|------------------|---------------------|
| General Fund | \$ | | 1,343,813 | \$ 1,343,813 |
| Fire Protection District | 54,502 | | | 54,502 |
| Flood Control District | 104,421 | | | 104,421 |
| LA County Library | | | 20,934 | 20,934 |
| Regional Park and Open Space District | 94,123 | | | 94,123 |
| Nonmajor Governmental Funds | 197,321 | 17,742 | | 215,063 |
| Total Encumbrances | <u>\$ 450,367</u> | <u>17,742</u> | <u>1,364,747</u> | <u>\$ 1,832,856</u> |

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 National Opioid 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). The County will also receive a portion of the Mallinckrodt Bankruptcy funds (NOAT II) as determined by the Mallinckrodt Statewide Abatement Agreement. California elected to distribute the majority of NOAT II funds to cities and counties for opioid remediation activities at the local level. Cities and counties (otherwise known as Local Governments) will receive funding from the trust annually for up to eight years.

The 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 \$22.62 million in FY 2023-2024 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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 2021-2022, FY 2022-2023 or FY 2023-2024.

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, 2024 was approximately \$3.691 billion. This amount is undiscounted and is based on an actuarial study of the County's self-insured program as of June 30, 2024. Approximately \$175.33 million of the total liabilities pertain to salary continuation payments and other related costs mandated by the State Labor Code.

As of June 30, 2024, the County's estimate of these liabilities is \$8.047 billion. Changes in the reported liability since July 1, 2023 resulted from the following (in thousands):

| | Beginning of Fiscal Year Liability | Current Year Claims and Changes In Estimates | Claim Payments | Balance At Fiscal Year- End |
|-----------------------|--|---|-------------------|-----------------------------------|
| <u>2022-2023</u> | | | | |
| Workers' Compensation | \$ 3,400,463 | 760,369 | (656,599) | \$ 3,504,233 |
| Other | 613,918 | 3,410,854 | (258,559) | 3,766,213 |
| Total | <u>\$ 4,014,381</u> | <u>4,171,223</u> | <u>(915,158)</u> | <u>\$ 7,270,446</u> |
| <u>2023-2024</u> | | | | |
| Workers' Compensation | \$ 3,504,233 | 904,569 | (717,947) | \$ 3,690,855 |
| Other | 3,766,213 | 732,725 | (142,447) | 4,356,491 |
| Total | <u>\$ 7,270,446</u> | <u>1,637,294</u> | <u>(860,394)</u> | <u>\$ 8,047,346</u> |

In addition to the above estimated liabilities, the County has determined that claims seeking damages of approximately \$322.93 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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, 2024, the County's estimated pollution remediation obligation totaled \$55.14 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, 2024 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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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 | \$ 6,220 | | \$ 6,220 |
| Pension | 5,829,749 | 907,253 | 6,737,002 |
| OPEB | 4,981,055 | 751,521 | 5,732,576 |
| Total government-wide deferred outflows of resources | <u>\$ 10,817,024</u> | <u>1,658,774</u> | <u>\$ 12,475,798</u> |
| Deferred inflows of resources: | | | |
| Unamortized gain on refunding of debt | \$ 10,595 | 10,270 | \$ 20,865 |
| Public-private partnerships | 82,577 | | 82,577 |
| Leases | 1,885,346 | 19,718 | 1,905,064 |
| Pension | 225,190 | 61,927 | 287,117 |
| OPEB | 7,451,585 | 1,537,680 | 8,989,265 |
| Total government-wide deferred inflows of resources | <u>\$ 9,655,293</u> | <u>1,629,595</u> | <u>\$ 11,284,888</u> |

Proprietary Funds

Statement of Net Position (in thousands):

| | H-UCLA | OV-UCLA | LA GEN | Rancho | Aviation | Total | ISF Funds |
|--|-------------------|----------------|----------------|----------------|---------------|---------------------|-------------------|
| Deferred outflows of resources: | | | | | | | |
| Pension | \$ 280,913 | 158,626 | 380,245 | 87,469 | | \$ 907,253 | \$ 231,082 |
| OPEB | 223,600 | 118,646 | 323,843 | 85,432 | | 751,521 | 225,638 |
| Total proprietary funds deferred outflows of resources | <u>\$ 504,513</u> | <u>277,272</u> | <u>704,088</u> | <u>172,901</u> | | <u>\$ 1,658,774</u> | <u>\$ 456,720</u> |
| Deferred inflows of resources: | | | | | | | |
| Unamortized gain on refunding of debt | \$ 10,270 | | | | | \$ 10,270 | \$ |
| Leases | | | | | 19,718 | 19,718 | |
| Pension | 16,741 | 19,276 | 22,648 | 3,262 | | 61,927 | 2,588 |
| OPEB | 425,046 | 306,668 | 666,642 | 139,324 | | 1,537,680 | 310,034 |
| Total proprietary funds deferred inflows of resources | <u>\$ 452,057</u> | <u>325,944</u> | <u>689,290</u> | <u>142,586</u> | <u>19,718</u> | <u>\$ 1,629,595</u> | <u>\$ 312,622</u> |

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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, 2024 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 that are not available 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 | \$ | | | | | 175,088 | \$ 175,088 |
| Deferred inflows of resources: | | | | | | | |
| Tobacco settlement revenues | \$ 175,088 | | | | | | \$ 175,088 |
| Leases | 1,846,351 | | 34,055 | | | 4,940 | 1,885,346 |
| Property tax revenues | 205,455 | 42,060 | 10,640 | 6,336 | 1,455 | 15,903 | 281,849 |
| Other long-term receivables | 235,309 | 12,952 | | | | | 248,261 |
| Total governmental funds deferred inflows of resources | <u>\$2,462,203</u> | <u>55,012</u> | <u>44,695</u> | <u>6,336</u> | <u>1,455</u> | <u>20,843</u> | <u>\$2,590,544</u> |

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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, 2024 (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 | \$ 142,429 | \$ 12,173 | \$ 1,101 | \$ 8 | \$ | \$ | \$ 1 |
| Long-term receivables | 151,324 | | | | | | 84,577 |
| Permanent fund principal | | | | | | | 2,180 |
| Total Nonspendable | 293,753 | 12,173 | 1,101 | 8 | | | 86,758 |
| Restricted for: | | | | | | | |
| Purpose of fund | | 246,970 | 268,731 | 88,616 | 790,514 | 1,548,725 | 2,508,640 |
| Purpose of utility users tax | 84,392 | | | | | | |
| Sheriff Pitchess landfill | 2,262 | | | | | | |
| La Alameda project | 2,000 | | | | | | |
| Capital projects | | | | | | | 52,847 |
| Debt service | | | | | | | 263,064 |
| Total Restricted | 88,654 | 246,970 | 268,731 | 88,616 | 790,514 | 1,548,725 | 2,824,551 |
| Committed to: | | | | | | | |
| Purpose of fund | | | | | | | 80,020 |
| Capital projects and extraordinary maintenance | 72,689 | | | | | | 89,752 |
| Affordable housing | 4,027 | | | | | | |
| American Rescue Plan-enabled capital programs | 209,400 | | | | | | |
| Board budget policies and priorities | 8,693 | | | | | | |
| Budget uncertainties | 95,838 | | | | | | |
| 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 | 1,200 | | | | | | |
| Health services-tobacco settlement | 175,616 | | | | | | |
| Alternatives to incarceration-facilities and programs | 130,373 | | | | | | |
| Information technology enhancements | 56,758 | | | | | | |
| Library services | 1,496 | | | | | | |

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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 remittance processing and mailroom equipment | 500 | | | | | | |
| TTC unsecured property tax system | 50,769 | | | | | | |
| Youth justice reimagined development | 31,393 | | | | | | |
| Woolsey fire recovery efforts | 23,864 | | | | | | |
| Total Committed | 1,070,313 | | | | | | 169,772 |
| Assigned to: | | | | | | | |
| Purpose of fund | | | 99 | 79,779 | | | 154,763 |
| Future purchases | 1,345,188 | | | | | | |
| Capital projects | | | | | | | 49,192 |
| Total Assigned | 1,345,188 | | 99 | 79,779 | | | 203,955 |
| Unassigned | 4,894,801 | | | | | | |
| Total Fund Balances | \$7,692,709 | \$ 259,143 | \$269,931 | \$168,403 | \$790,514 | \$1,548,725 | \$ 3,285,036 |

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.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

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 \$978.56 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. The significant outstanding funding is described below.

American Rescue Plan Act of 2021

The American Rescue Plan (ARP) Act of 2021 Coronavirus State and Local Government Fiscal Recovery Funds (Fiscal Recovery Funds) continues many of the programs started by the CARES Act (2020) and Consolidated Appropriations Act (2021) by adding new phases, new allocations, and new guidance to address issues related to the continuation of the COVID-19 pandemic. The ARP also creates a variety of new programs to address continuing pandemic-related crises, and fund recovery efforts as the United States begins to emerge from the COVID-19 pandemic. The ARP was passed by Congress on March 10, 2021 and signed into law on March 11, 2021.

The Fiscal Recovery Funds may be used for the following: 1) to respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; 2) to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers; 3) to provide government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and 4) to make necessary investments in water, sewer, or broadband infrastructure. 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. 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 2023-2024, the County recorded \$713.09 million as revenue on the fund and government-wide financial statements and \$459.94 million is reported as advances payable.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

22. CORONAVIRUS DISEASE 2019 (COVID-19)-Continued

American Rescue Plan Act of 2021-Continued

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 2023-2024, the County recorded \$258 thousand as revenue on the fund and government-wide financial statements, and \$3.07 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 |
|-------|------------------------------|------------------|
| ARP | \$ 713,090 | \$ 459,940 |
| LATCF | 258 | 3,070 |
| Total | \$ 713,348 | \$ 463,010 |

23. SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes (TRANS)

On July 1, 2024, the County issued \$700.00 million in FY 2024-2025 TRANS, which will mature on June 30, 2025. The TRANS are collateralized by taxes and other revenues attributable to FY 2024-2025 and were issued in the form of Fixed Rate Notes at an effective interest rate of 3.25%.

Lease Revenue Obligation Notes from Direct Borrowings

On July 1, 2024, four Letter of Credit (LOC) and Reimbursement Agreements were entered into between LACCAL and four separate banks to replace the four LOC and Reimbursement Agreements that had an original termination date of April 30, 2024 and were extended to July 18, 2024. The aggregate maximum principal amount of the four LOCs is \$750.00 million, which consists of \$200.00 million of Series A (Bank of Montreal), \$100.00 million of Series B (U.S. Bank), \$350.00 million of Series C (Bank of America), and \$100.00 million of Series D (Sumitomo Mitsui Banking Corporation). The LOCs were established for a 5-year term with an initial expiration date of July 31, 2029.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

23. SUBSEQUENT EVENTS-Continued

Los Angeles County Facilities 2, Inc. (LACF2) Lease Revenue Bonds, Series 2024A (Tax-Exempt) and Series 2024B (Federally Taxable) – Vermont Corridor Site 2

LACF2 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 December 3, 2021 and replicates the financing model of Vermont Corridor Site 1, the Vermont Corridor County Administration Building and parking structure. On August 22, 2024, LACF2 issued \$212.14 million of lease revenue bonds, which includes \$205.91 million in tax-exempt lease revenue bonds (2024A), maturing from 2029-2057, with yields ranging from 2.43% to 3.83%, and \$6.23 million in federally taxable lease revenue bonds (2024B), maturing in 2029, with a yield of 4.54%. Proceeds from the sale of the bonds plus the associated premium of \$28.48 million for 2024A will be used to finance Vermont Corridor Site 2, a County administrative office building by renovating and expanding the vacated former Department of Mental Health headquarters and demolishing the vacated former Workforce Development, Aging, and Community Services headquarters and parking structure.

Public Works Financing Authority (PWFA) - Lease Revenue Bonds, 2024 Series H

On September 5, 2024, PWFA issued \$569.27 million of lease revenue bonds (2024 Series H), with an associated premium of \$76.93 million and released funds with respect to prior bonds that were refunded of \$5.45 million, resulting in proceeds of \$651.65 million. These bonds are maturing from 2024 to 2053, with yields from 2.32% to 4.14%. Proceeds of \$433.01 million will be used to finance Phase I Projects for the Harbor-UCLA Medical Center Replacement Project, \$131.68 million was used to refund the PWFA's Lease Revenue Bonds, 2015 Series A, \$85.25 million was used to refinance LRON previously issued by the County for the Phase I Projects for the Harbor-UCLA Medical Center Replacement Project, and \$1.71 million of the proceeds covered the cost of issuance.

County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) (Improvement Area No. 2) Special Tax Bonds, Series 2024

On September 11, 2024, the County of Los Angeles Community Facilities District No. 2021-01 (Valencia-Facilities) issued Improvement Area No. 2 Special Tax Bonds, Series 2024, totaling \$27.14 million. Proceeds from the sale of the bonds plus an associated premium of \$1.60 million will be used to implement significant public infrastructure and facilities in Improvement Area No. 2, an unincorporated portion of the County within a long-term master-planned community in the Valencia area. These bonds are maturing from 2026 to 2054, with yields from 2.74% to 4.38%. The debt service will be paid from the special tax which has been authorized to be levied within Improvement Area No. 2, where a portion will be used to fund costs of the County to administer the District.

Lease Revenue Commercial Paper Obligation Notes (LRON)

On September 6, 2024, the County redeemed \$85.25 million of tax-exempt LRON using a portion of the proceeds from 2024 Series H.

On October 4, 2024, the County issued an additional \$3.00 million in tax-exempt LRON with an interest of 3.0%. The proceeds are being used to fund capital requirements of various capital projects. LRON issuances are supported and secured by four separate series of letters of credit and pledged County properties.

COUNTY OF LOS ANGELES
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

23. SUBSEQUENT EVENTS-Continued

Acquisition of the Gas Company Tower

On November 6, 2024, the Board authorized the County to execute the Purchase and Sale Agreement for the Gas Company Tower for \$200.00 million, plus an amount not to exceed \$5.00 million for closing costs. The Gas Company Tower acquisition includes an approximately 1.5 million-square-foot, 54-story commercial office building located at 555 West 5th Street, Los Angeles and airspace parcels located at 350 South Figueroa Street and 333 South Flower Street, Los Angeles.

Measure A - Homeless Services and Affordable Housing Ordinance

On November 5, 2024, the voters of Los Angeles County successfully passed Measure A - Homeless Services and Affordable Housing Ordinance. This measure authorizes the implementation of a permanent one-half cent sales tax to reduce and prevent homelessness, as well as to provide mental health and addiction treatment, and affordable housing. Additionally, this measure repeals the one-quarter cent sales tax enacted by Measure H in 2017, which would have otherwise expired in 2027. This will impact the nonmajor special revenue fund Homeless and Housing Measure H. Measure A is projected to generate approximately \$1.076 billion annually.

Measure E - Consolidated Fire Protection District of Los Angeles County Emergency Response and Infrastructure Ordinance

On November 5, 2024, the voters of Los Angeles County successfully passed Measure E - Consolidated Fire Protection District of Los Angeles County Emergency Response and Infrastructure Ordinance. This measure will levy 6 cents per square foot of certain parcel improvements and is estimated to generate \$152 million annually to support the Fire Protection District emergency response and infrastructure costs.

Measure G - Los Angeles County Government Structure, Ethics, and Accountability Charter Amendment

On November 5, 2024, the voters of Los Angeles County successfully passed Measure G - Los Angeles County Government Structure, Ethics, and Accountability Charter Amendment. This measure will change the County's governance structure and increase the Board of Supervisors from 5 to 9 members after the 2030 census, change the County's Chief Executive Office from an appointed to elected position by 2028, create an independent ethics commission by 2026, establish a nonpartisan Legislative Analyst, and update certain County policies. Measure G fiscal impact is not yet determinable.



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 Ten Fiscal Years¹
(Dollar amounts in thousands)

| | 6/30/2023 | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 | 6/30/2017 | 6/30/2016 | 6/30/2015 | 6/30/2014 |
|---|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|-------------|-------------|
| Pension Plan's fiduciary net position as percentage of total pension liability | 83.480 % | 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 | \$14,073,963 | \$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 | 96.281 % | 96.472 % | 96.415 % | 96.268 % | 96.223 % | 96.169 % | 96.119 % | 96.170 % | 96.081 % | 95.897 % |
| 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 | \$6,672,228 |
| County's proportionate share of the collective net pension liability as a percentage of its covered payroll | 155.511 % | 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 Ten Fiscal Years²
(Dollar amounts in thousands)

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Actuarially Determined Contribution (ADC) | \$2,410,853 | \$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 | 2,410,853 | 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 | \$0 |
| Covered payroll | \$9,450,058 | \$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 | 25.512 % | 24.487 % | 24.235 % | 22.269 % | 20.686 % | 19.986 % | 19.216 % | 17.768 % | 19.892 % | 20.688 % |

- (1) Reflects data as of the measurement date.
(2) Reflects data as of the reporting date.

COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Los Angeles County Employees Retirement Association
Notes to Required Supplementary Information

Changes of benefit terms

There were no plan changes after June 30, 2013.

Changes of assumptions

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

There were no changes of assumptions in determining the ADC since FY 2014-2015.

COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Los Angeles County Employees Retirement Association
Schedule of Changes in Net RHC OPEB Liability and Related Ratios
Last Ten Fiscal Years ^{1,2,3}
(Dollar amounts in thousands)

| | 06/30/2023 | 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 | 853,253 | 1,024,895 | 1,166,558 | 967,482 | 779,965 |
| Interest on Total OPEB Liability | 1,274,585 | 1,217,398 | 1,147,426 | 1,250,934 | 1,197,607 |
| Effect of economic/demographic gains or losses | (689,452) | (168,643) | 323,030 | (432,634) | |
| Effect of assumption changes or inputs | 418,154 | (3,365,579) | (3,729,953) | 2,346,920 | 2,356,270 |
| Benefit payments | (712,101) | (689,511) | (664,932) | (631,917) | (601,985) |
| Net change in Total OPEB Liability | 1,144,439 | (1,981,440) | (1,757,871) | 3,500,785 | 1,527,114 |
| Total OPEB Liability, beginning | 25,778,695 | 27,760,135 | 29,518,006 | 26,017,221 | 24,490,107 |
| Total OPEB liability, ending (a) | 26,923,134 | 25,778,695 | 27,760,135 | 29,518,006 | 26,017,221 |
| Fiduciary Net Position | | | | | |
| Employer contributions | 1,163,076 | 1,071,024 | 1,031,058 | 886,821 | 840,965 |
| Net Investment income | 240,868 | (280,358) | 437,417 | 5,918 | 59,606 |
| Benefit payments | (712,101) | (689,511) | (664,932) | (631,917) | (601,985) |
| Administrative expenses | (9,952) | (9,534) | (9,127) | (8,830) | (8,601) |
| Net change in plan Fiduciary Net Position | 681,891 | 91,621 | 794,416 | 251,992 | 289,985 |
| Fiduciary Net Position, beginning | 2,327,435 | 2,235,814 | 1,441,398 | 1,189,406 | 899,421 |
| Fiduciary Net Position, ending (b) | 3,009,326 | 2,327,435 | 2,235,814 | 1,441,398 | 1,189,406 |
| Net OPEB Liability, ending = (a) - (b) | <u>\$23,913,808</u> | <u>\$23,451,260</u> | <u>\$25,524,321</u> | <u>\$28,076,608</u> | <u>\$24,827,815</u> |
| Fiduciary Net Position as a % of Total OPEB Liability | <u>11.18 %</u> | <u>9.03 %</u> | <u>8.05 %</u> | <u>4.88 %</u> | <u>4.57 %</u> |
| Covered-employee payroll ⁴ | <u>\$10,332,418</u> | <u>\$ 9,864,653</u> | <u>\$ 9,653,678</u> | <u>\$ 9,404,208</u> | <u>\$ 9,071,329</u> |
| Net OPEB Liability as a % of covered employee payroll | <u>231.44 %</u> | <u>237.73 %</u> | <u>264.40 %</u> | <u>298.55 %</u> | <u>273.70 %</u> |

Notes to Schedule:

Changes of benefit terms: No changes to benefit terms

Changes of Assumptions:

The discount rate increased from 4.85% as of June 30, 2022 to 5.04% as of June 30, 2023.

- (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 five years of data.
- (4) Contributions to the plan are not based on a measure of pay. Therefore, covered-employee payroll is used.

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)

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|
| Actuarially Determined Contribution (ADC) | \$ 1,540,000 | \$ 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 | 1,264,001 | 1,154,487 | 1,064,859 | 1,025,851 | 880,949 | 787,366 | 679,872 |
| Contribution Deficiency (excess) | <u>\$ 275,999</u> | <u>\$ 405,113</u> | <u>\$ 373,041</u> | <u>\$ 482,549</u> | <u>\$ 601,251</u> | <u>\$ 762,134</u> | <u>\$ 1,221,128</u> |
| Covered-employee payroll ³ | \$ 10,785,762 | \$ 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 | 11.719% | 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.
(3) Contributions to the plan are not based on a measure of pay. Therefore, covered-employee payroll is used.

Actuarial Methods and Assumptions

| | |
|------------------------|--|
| Valuation Timing | July 1, 2022, rolled forward to June 30, 2023 |
| 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, 2022 actuarial valuation of retirement benefits. It can be found at www.LACERA.com . |

Mortality

Various rates based on the Pub-2010 mortality tables and using the MP-2021 Ultimate Projection Scale for expected future mortality improvement.

Experience Study Covers the three year period ended June 30, 2023.

Discount Rate 5.04

Long-term expected rate of return,
net of investment expenses 6.00%

20 Year Tax-Exempt Municipal Bond Yield 3.65%

COUNTY OF LOS ANGELES
 REQUIRED SUPPLEMENTARY INFORMATION
 (Unaudited)

Schedule of Changes in the Total LTD OPEB Liability and Related Ratios
 Last Ten Fiscal Years¹
 (Dollar amounts in thousands)

| | 6/30/2023 | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 | 6/30/2017 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total OPEB Liability | | | | | | | |
| Service cost | \$ 55,362 | \$ 68,827 | \$ 62,563 | \$ 47,316 | \$ 41,832 | \$ 43,162 | \$ 49,068 |
| Interest | 46,487 | 32,594 | 29,275 | 38,779 | 41,028 | 38,818 | 33,546 |
| Differences between expected and actual experience | (80,333) | (512) | 111,863 | 8,067 | (55,159) | 1,111 | 589 |
| Changes of assumptions or other inputs | (35,491) | (218,398) | 37,166 | 170,346 | 78,190 | (43,574) | (106,200) |
| Benefit payments | (63,487) | (66,425) | (59,149) | (66,671) | (60,451) | (64,313) | (63,430) |
| Net Change in Total OPEB Liability | (77,462) | (183,914) | 181,718 | 197,837 | 45,440 | (24,796) | (86,427) |
| Total LTD OPEB Liability - beginning | 1,289,325 | 1,473,239 | 1,291,521 | 1,093,684 | 1,048,244 | 1,073,040 | 1,159,467 |
| Total LTD OPEB Liability - ending | <u>\$ 1,211,863</u> | <u>\$ 1,289,325</u> | <u>\$ 1,473,239</u> | <u>\$ 1,291,521</u> | <u>\$ 1,093,684</u> | <u>\$ 1,048,244</u> | <u>\$ 1,073,040</u> |
| Covered-employee payroll | \$ 10,332,418 | \$ 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 | 11.729 % | 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 % |
| As of June 30, 2023 | 3.65 % |

(1) Historical information is required only for measurement periods for which GASB 75 is applicable. Eventually, 10 years of data will be shown.

COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Total LTD OPEB Liability
Notes to Required Supplementary Information

Changes of benefit terms

None

Changes of assumptions

The discount rate increased from 3.54% as of June 30, 2023 to 3.65% as of June 30, 2024.

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

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS



APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a summary of certain provisions in the Indenture and the Lease. This summary does not purport to be comprehensive and reference should be made to the Indenture and the Lease for a full and complete statement of their respective provisions. All capitalized terms not defined in this Official Statement have the meaning set forth in the Indenture and the Lease.

Definitions

“Acquisition Cost” means all the necessary and reasonable costs in connection with the acquisition of any Equipment Component, including, but not limited to, legal fees and expenses of counsel with respect to the financing of the Equipment and the leasing of the Equipment; to the extent such fees and expenses are approved by a Lessee Representative.

“Acquisition Fund” means the fund of that name established pursuant to the Indenture.

“Additional Rental” means the amounts specified as such the Lease.

“Base Rental” means the amount referred to as such in the Lease, as such amounts may be adjusted from time to time in accordance with the terms thereof, but does not include Additional Rental.

“Base Rental Account” means the Base Rental Account within the Bond Fund established pursuant to the Indenture.

“Book Entry Bonds” means the Bonds registered in the name of the Nominee, as the Bondowner thereof, pursuant to the Indenture.

“Bond Fund” means the fund of that name established pursuant to the Indenture.

“Bonds” means the bonds executed by the Lessor and authenticated and delivered by the Trustee pursuant to the Indenture.

“Bond Register” means the books for the registration of the ownership of the Bonds referred to in the Indenture.

“Bondowner” means the registered Bondowner, as indicated in the Bond Register, of any Bond, including DTC or its Nominee, or any successor Depository or its Nominee for the Bonds, as the sole registered Bondowner of Book Entry Bonds.

“Business Day” means any day other than (i) a Saturday, Sunday or (ii) a day on which banks in both New York, New York and the city in which the principal corporate trust office of the Trustee is located are authorized or permitted to be closed.

“Cede & Co.” means Cede & Co., the initial Nominee of DTC.

“Closing Date” means the date on which the Bonds are first executed by the Lessor and authenticated and delivered by the Trustee to the initial purchasers thereof.

“Code” means the Internal Revenue Code of 1986.

“Continuing Disclosure Certificate” means the Continuing Disclosure Certificate to be executed and delivered by the Lessee relating to the Bonds.

“Cost of Issuance” means all the costs of preparation, sale and issuance of the Bonds and other costs related to such financing including, but not limited to, all document preparation expenses in connection with the Indenture, the Lease, the Bonds and the preliminary and final official statements; rating agency fees; CUSIP Service Bureau charges; legal fees and expenses of counsel with respect to the financing of and leasing of the Equipment; the initial fees and expenses of the Trustee and its counsel and of any paying agent and its counsel; and other fees and expenses incurred in connection with the issuance of the Bonds and the payment of the BANs or the implementation of the financing, to the extent such fees and expenses are approved by a Lessee Representative or a Lessor Representative.

“Costs of Issuance Account” means the Costs of Issuance Account established in the Acquisition Fund pursuant to the Indenture.

“Depository” means DTC and its successors and assigns or if (a) the then depository resigns from its functions as securities depository of the Bonds, or (b) the Lessee discontinues use of the Depository pursuant to the Indenture, any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the Bonds and which is selected by the Lessor.

“DTC” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors and assigns.

“Earnings Fund” means the fund of that name established pursuant to the Indenture.

“Equipment” means all Equipment Components identified in the Lease, as the same may be amended from time to time.

“Equipment Component” means each discrete component of the personal property described in the Lease, as the same may be amended from time to time.

“Event of Default” means any one or more of the events described in the Indenture.

“Excess Earnings Account” means the account of that name established in the Earnings Fund pursuant to the Indenture.

“Fitch” means Fitch Ratings, New York, New York, its successors and assigns.

“General Account” means the General Account established in the Acquisition Fund pursuant to the Indenture.

“Insurance Proceeds Fund” means the fund established pursuant to the Indenture.

“Interest Account” means the Interest Account established in the Bond Fund pursuant to the Indenture.

“Interest Payment Date” means June 1 and December 1 in each year, commencing on December 1, 2025, except that if such date is on a date which is not a Business Day then payment will be made on the next succeeding Business Day without incurring additional interest.

“Investment Earnings” means interest and income received in respect of the investment of money on deposit in any fund or account maintained under the Indenture.

“Investment Earnings Account” means the Investment Earnings Account established in the Earnings Fund pursuant to the Indenture.

“Lease Payment Date” means a date on or before each Interest Payment Date.

“Lease Year” means the period to be selected by the Lessee in accordance with regulations promulgated under the Code.

“Lessee” means the County of Los Angeles.

“Lessee Representative” means the Treasurer and Tax Collector of the Lessee or any other employee of the Lessee designated and authorized in writing by such officer to act on behalf of the Lessee with respect to the Indenture and all other related agreements, including but not limited to the Lease.

“Lessor” means the Los Angeles County Capital Asset Leasing Corporation, a California nonprofit public benefit corporation.

“Lessor Representative” means the Treasurer and Tax Collector of the Lessee as ex officio officer of the Lessor or any other employee of the Lessee designated and authorized in writing by such officer to act on behalf of the Lessor with respect to the Indenture and all other related agreements, including but not limited to the Lease.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns.

“Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to the Indenture.

“Outstanding” when used as of any particular time with respect to any Bond, means any Bonds previously executed by the Lessor and authenticated and delivered by the Trustee under the Indenture, except: (1) any Bond previously canceled by the Trustee or surrendered to the Trustee for cancellation; (2) any Bond for the payment or redemption of which funds and/or investments of the type described in clause (a) of the definition of Qualified Investments in the necessary amount shall have been deposited with the Trustee (whether on or prior to the maturity or redemption date of such Bond (as provided in the Indenture)); (3) any Bond purchased by the Lessor and surrendered to the Trustee for cancellation; (4) any Bond in lieu of or in exchange for which another Bond or other Bonds shall have been executed by the Lessor and authenticated and delivered by the Trustee pursuant to the Indenture; (5) any Bond that is more particularly described in the Indenture that is not presented for payment, when the principal becomes due; and (6) any Bond for which a notice of redemption shall have been given and for which money for its redemption shall have been set aside as provided in the Indenture.

“Principal Account” means the Principal Account established in the Bond Fund pursuant to the Indenture.

“Principal Corporate Trust Office” means the office of the Trustee at the address set forth in the Indenture, except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted.

“Principal Payment Date” means June 1 and December 1 in each year, commencing on December 1, 2025, except that if such date is on a date which is not a Business Day then payment will be made on the next succeeding Business Day without incurring additional interest.

“Qualified Investments” means, if and to the extent permitted by law and by any policy guidelines promulgated by the Lessee:

(a) For all purposes, including defeasance investments in refunding escrow accounts:

(1) Cash deposits (insured at all times by the Federal Deposit Insurance Corporation);

(2) Obligations of, or obligations guaranteed as to principal and interest by, the United States of America or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the of the United States of America, including: (i) United States of America treasury obligations; (ii) all direct or fully guaranteed obligations of the United States of America; (iii) Farmers Home Administration; (iv) General Services Administration; (v) Guaranteed Title XI financing; (vi) Government National Mortgage Association (“GNMA”); and (vii) State and Local Government Series;

Any security used for defeasance pursuant to the Indenture must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

(b) For all purposes other than defeasance investments in refunding escrow accounts:

(1) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including: (i) Export-Import Bank; (ii) Rural Economic Community Development Administration; (iii) U.S. Maritime Administration; (iv) Small Business Administration; (v) U.S. Department of Housing and Urban Development; (vi) Federal Housing Administration; and (vii) Federal Financing Bank;

(2) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America: (i) senior debt obligations issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation; (ii) obligations of the Resolution Funding Corporation; (iii) senior debt obligations of the Federal Home Loan Bank System; and (iv) senior debt obligations of other Government Sponsored Agencies;

(3) U.S. dollar denominated deposit accounts, federal funds and bankers’ acceptances with domestic commercial banks, including the Trustee and its affiliates, which have a rating on their short-term certificates of deposit on the date of purchase of “P-1” by Moody’s and “A-1” by S&P and maturing not more than 270 calendar days after the date of purchase (ratings on holding companies are not considered as the ratings of the banks);

(4) Commercial paper which is rated at the time of purchase in the single highest classification, “P-1” by Moody’s and “A-1” by S&P, and which mature not more than 270 calendar days after the date of purchase;

(5) Investments in a money market fund that is either (i) restricted to investing in securities described in clause (a) above or (ii) rated “AAAm” or “AAAm-G” or better by S&P;

(6) Pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and, (i) which are rated, based on an irrevocable escrow account or fund (the “escrow”), in one of the two highest long-term rating categories of Moody’s or S&P; or (ii)(A) which are fully secured as to principal and interest and prepayment premium, if any, by an escrow consisting of cash or securities as described in paragraph (2) above, which escrow may be applied only to the payment of such principal of and interest and prepayment premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the prepayment date or dates specified pursuant to such irrevocable instructions, as appropriate, and (B) which escrow is sufficient, as verified by a certified public accountant, to pay principal of and interest and prepayment premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates thereof or the prepayment date or dates specified pursuant to such irrevocable instructions, as appropriate;

(7) Municipal obligations rated “Aaa/AAA” or general obligations of States with a rating of “A2/A” or higher by both Moody’s and S&P;

(8) Investment in repurchase agreements of any securities authorized in this definition of Qualified Investments, if the Trustee shall have received a perfected first security interest in such securities securing such repurchase agreement and the Trustee or its appointed agent shall hold such obligations free and clear of the claims of third parties and the securities securing such repurchase agreement are required to be of such nature, valued at such intervals and maintained at such levels so as to meet the collateralization levels then required by the Rating Agencies for a rating of “A” or better; the term “repurchase agreement” means a purchase of securities pursuant to an agreement by which the seller will repurchase such securities on or before a specified date and for a specified amount and will deliver the underlying securities by physical delivery or third-party custodial agreement; the term “counterparty” means the other party to the transaction; a counterparty bank’s trust department or safekeeping department may be used for physical delivery of the underlying security; the term of repurchase agreements shall be for one year or less; such securities, for purpose of repurchase under this subdivision, means securities of the same issuer, description, issue date and maturity;

(9) The Local Agency Investment Fund of the State of California;

(10) The Los Angeles County Treasury Pool; and

(11) Any other investments which are rated “A” or better by the Rating Agencies which the Lessor deems to be prudent investments and in which the Lessor directs the Trustee to invest.

“Rating Agencies” means Fitch, Moody’s and S&P; provided, however, that if either of Fitch or Moody’s does not rate investments or obligations of a type described in any of clauses of the definition of “Qualified Investments,” a rating by such entity shall not be required.

“Redemption Account” means the Redemption Account established in the Bond Fund pursuant to the Indenture.

“Rental Payments” means the Base Rental plus the Additional Rental payments.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns.

“State” means the State of California.

“Tax Certificate” shall have the meaning assigned to such term in the Indenture.

“Term” or “Term of the Lease” has the meaning set forth in the Lease.

“Trustee” means U.S. Bank Trust Company, National Association, and its successors and assigns.

“Useful Life” means, with respect to any Equipment Component, the period of time, expressed in years, and fraction of years, for which the Lessee reasonably expects that such Equipment Component may be economically utilized for the purpose or purposes for which such Equipment Component is intended.

THE INDENTURE

Acquisition Fund

There shall be established in trust a special fund designated as the “Acquisition Fund,” which shall consist of a General Account and a Costs of Issuance Account. There shall be deposited into the General Account that portion of the proceeds of the Bonds required to be deposited therein pursuant to the Indenture. The Trustee shall, on behalf of the Lessor, transfer from the General Account on the Closing Date to the Lessor the amount necessary to pay and redeem the BANs. If there shall remain any balance of money in the General Account following the retirement in full of the BANs, all money so remaining shall be transferred by the Trustee to the Base Rental Account of the Bond Fund. There shall be deposited in the Costs of Issuance Account that portion of the proceeds of the Bonds required to be deposited therein pursuant to the Indenture. The Trustee shall disburse money from the Costs of Issuance Account to pay Costs of Issuance promptly after receipt of, and in accordance with, a written direction of a Lessee Representative pursuant to the Indenture. Any funds remaining in the Costs of Issuance Account on the date on which the Lessee Representative has notified the Trustee in writing that all Costs of Issuance have been paid shall be transferred to the Base Rental Account of the Bond Fund.

Bond Fund

There shall be established in trust a special fund designated the “Bond Fund,” which shall be held by the Trustee and which shall be kept separate and apart from all other funds and money held by the Trustee. The Trustee shall administer the fund as provided in the Indenture. The Bond Fund shall be maintained by the Trustee until all required Base Rental is paid in full pursuant to the provisions of the Lease, or until such date as there are no Bonds Outstanding. Within the Bond Fund, the Trustee shall establish the following accounts: (a) Base Rental Account; (b) Interest Account; (c) Principal Account; and (d) Redemption Account.

Base Rental Account. Except as otherwise provided in this paragraph, Base Rental and proceeds of liquidated damages and rental interruption insurance, if any, with respect to the Equipment received by the Trustee shall be deposited into the Base Rental Account. Any delinquent Base Rental payments and any proceeds of liquidated damages or rental interruption insurance deposited in the Base Rental Account shall be applied, first, to the Interest Account for the immediate payment of interest payments, the Bonds, past due and, then, to the Principal Account for immediate payment of principal payments past due according to the tenor of any Bond. Any remaining money representing delinquent Base Rental payments or proceeds of liquidated damages or rental interruption insurance shall remain on deposit in the Base Rental Account to be applied in the manner provided in the Indenture.

Any amounts remaining in the Base Rental Account on any Interest Payment Date or Principal Payment Date after the transfers referred to in the provisions relating to the Interest Account and the Principal Account in the following paragraph shall have been made, other than money held for Bonds not surrendered, shall be deposited into the Interest Account to the extent necessary to make the total amount on deposit in the Interest Account equal to the amount of interest due on the Bonds on the next succeeding Interest Payment Date or redemption date. Amounts not required to be so deposited shall be remitted to the Lessee except that, as provided above, any remaining money representing delinquent Base Rental and any proceeds of liquidated damages or rental interruption insurance shall remain on deposit in the Base Rental Account.

Interest Account and Principal Account. The Trustee shall, on or before each Interest Payment Date or Principal Payment Date, transfer money from the Base Rental Account and deposit in the Interest Account and the Principal Account, respectively, an amount which, together with money then on deposit in the Interest Account and available to pay interest due on such date and the Principal Account and available to pay principal due on such date, respectively, equals the interest then due on the Bonds on the Interest Payment Date and the principal due on the Principal Payment Date, as the case may be. Amounts in the Interest Account shall be used to pay interest on the Bonds and amounts in the Principal Account shall be used to pay principal on the Bonds.

Redemption Account. Any proceeds of insurance (other than rental interruption proceeds) or awards in respect of a taking under the power of eminent domain not required to be used for repair, reconstruction or replacement of the Equipment and, under the terms of the Indenture, required to be deposited into the Redemption Account, and any other amounts provided for the redemption of Bonds in accordance with the terms of the Indenture, shall be deposited by the Trustee in the Redemption Account. The Trustee shall, upon surrender of the Bonds called for redemption, on or after the scheduled redemption date withdraw from the Redemption Account and pay to the Bondowners entitled thereto an amount equal to the redemption price of the Bonds to be redeemed in accordance with the Indenture. Amounts in the Redemption Account shall be used to pay the redemption price with respect to the Bonds.

Earnings Fund

The Trustee shall establish, maintain and hold in trust a special fund separate from any other fund or account established and maintained under the Indenture designated as the "Earnings Fund." The Trustee shall administer the Earnings Fund as provided in the Indenture. The Earnings Fund shall be maintained by the Trustee until the Lessor directs, in writing, that it be closed.

The Trustee shall establish and maintain in the Earnings Fund a separate account designated as the "Investment Earnings Account," and a separate account designated as the "Excess Earnings Account." All moneys in the Investment Earnings Account and the Excess Earnings Account shall be held by the Trustee in trust and shall be kept separate and apart from all other funds and money held by the Trustee. Pursuant to the Indenture, the Trustee shall deposit, as and when received, all Investment Earnings on the funds and accounts established under the Indenture (other than the Costs of Issuance Account and the Excess Earnings Account) into the Investment Earnings Account. Amounts on deposit in the Investment Earnings Account shall be transferred to the Excess Earnings Account pursuant to written instructions from the Lessor Representative in accordance with the provisions of the Tax Certificate. Upon such transfer, any amount remaining in the Investment Earnings Account or any amount on deposit in the Excess Earnings Account which exceeds the amount required to be maintained therein in accordance with the provisions of the Tax Certificate, shall pursuant to written instructions from the Lessor Representative be deposited to the Interest Account of the Bond Fund. Except as set forth in the preceding sentence, amounts on deposit in the Excess Earnings Account shall only be applied to payments made to the United States in accordance with written instructions of the Lessor Representative.

Insurance Proceeds Fund

If any Equipment Component shall be damaged, destroyed or stolen, the Lessee may elect to repair or replace such affected Equipment Component if the conditions set forth in the Lease are satisfied. If any Equipment Component shall be damaged, destroyed or stolen and the Lessee exercises its option to repair or replace such affected Equipment Component, the Lessee shall deposit with the Trustee the full amount of any insurance deductible relating to any insurance policy pursuant to which the Lessee will file an insurance claim. The proceeds of any insurance (other than any rental interruption), including the proceeds of any self-insurance fund or insurance deductible received on account of any damage, destruction or taking of any Equipment Component or portion thereof and any other amount which the Lessee elects to deposit with the Trustee for purposes of repairing or replacing any Equipment Component, shall be held by the Trustee in a special fund to be created by the Trustee, designated as the "Insurance Proceeds Fund," and held under the Indenture and, if the Lessee exercises its option to repair or replace such affected Equipment Component, such proceeds shall be made available for, and to the extent necessary to be applied to, the cost of the repair or replacement upon receipt by the Trustee of a requisition executed by a Lessor Representative, together with invoices for the repair or replacement as provided in the Lease. Pending such application, such proceeds may be invested by the Trustee solely at the written direction of the Lessor, in Qualified Investments that mature not later than the times money is expected to be needed to pay the costs of repair or replacement. If within 60 days following the receipt by the Trustee of any proceeds of any insurance, including the proceeds of any self-insurance fund claim relating to any Equipment Component, the Lessee does not exercise its option to repair or replace the affected Equipment Component, such proceeds shall be, at the direction of the Lessee, transferred to the Lessee if and to the extent that the Base Rental due under the Lease does not exceed the fair rental value of the remaining Equipment or deposited into the Redemption Account and applied to the redemption of Bonds in the manner provided in the Indenture.

Investments Authorized

Except as otherwise provided in the Indenture, money held by the Trustee in any fund or account under the Indenture shall be invested by the Trustee in such Qualified Investments as the Lessor shall direct in writing or shall confirm in writing pending application as provided in the Indenture. The Qualified Investments shall be registered in the name of the Trustee where applicable, as Trustee, and shall be held by the Trustee. Absent timely written directions from the Lessor, the Trustee shall invest any funds held under the Indenture by it in securities described in subsection (5) of the definition of Qualified Investments. The Lessor agrees that it will give direction to invest or confirm investments only in Qualified Investments and the Trustee shall have no obligation to inquire into the accuracy of the Lessor's determination that such investments are Qualified Investments. Absent direction from the Lessor to the contrary, the Trustee may commingle any of the funds held by it pursuant to the Indenture into a separate fund or funds for investment purposes only; provided, however, that all funds and accounts held by the Trustee shall be accounted for separately notwithstanding such commingling by the Trustee, including separate accounting of the earnings on such commingled investments. The Trustee may purchase or sell to itself or any affiliate, principal or agent, investments authorized by this paragraph. Any investments and reinvestment shall be made giving full consideration to the time at which funds are required to be available under the Indenture and, subject to the Tax Certificate, to the highest yield practicably obtainable giving due regard to the safety of the funds and the date upon which the funds will be required for the uses and purposes required by the Indenture. The Trustee or any of its affiliates may act as principal or agent in the making or disposing of any investment or as a sponsor or advisor with respect to any investment. The Lessor acknowledges that to the extent the Comptroller of the Currency or other applicable regulatory entity grants the Lessor the right to receive brokerage confirmations of security transactions as they occur at no additional cost, the Lessor specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Lessor

periodic cash transaction statements which will include detail for all investment transactions made by the Trustee under the Indenture.

Provisions Relating to the Trustee

The Trustee is appointed to act solely as set forth in the Indenture, to receive, hold and disburse in accordance with the terms of the Indenture the moneys to be paid to it, to authenticate and deliver Bonds secured by Base Rental to be made by the Lessee under the Lease, to apply and disburse payments received pursuant to the Lease to Bondowners, all as provided in the Indenture. By executing and delivering the Indenture, the Trustee accepts the duties and obligations provided in the Indenture.

The Lessor may at any time, so long as no Event of Default has occurred and is continuing, by written request at any time and for any reason, remove the Trustee and any successor thereto, and shall thereupon appoint a successor or successors thereto, but any such successor shall be a commercial bank, national banking association, or trust company having an office in Los Angeles, California, which, together with the corporate parent of such Trustee, has a combined capital (exclusive of borrowed capital) and surplus of at least \$100,000,000 and shall be subject to supervision or examination by federal or state banking authority. Notwithstanding the foregoing, a bank, national banking association or trust company which does not have a combined capital and surplus of at least \$100,000,000 may be appointed as the successor Trustee if its obligations under the Indenture are guaranteed by an affiliate which meets the capitalization requirement set forth in the preceding sentence, which guaranty shall be acceptable as to form and substance to the Lessor. If the bank, national banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes as provided for under the Indenture, the combined capital and surplus of the bank, national banking association or trust company shall be deemed to be its combined capital and surplus set forth in its most recent report of condition so published. Any removal of the Trustee shall become effective upon acceptance of appointment by the successor Trustee.

The Trustee or any successor may at any time resign by giving written notice to the Lessor and by giving notice by first class mail, postage prepaid, to the Bondowners of its intention to resign and of the proposed date of resignation, which shall be a date not less than 45 days after mailing of the notice, unless an earlier appointment of a successor trustee shall have been affected. Upon receiving the notice of resignation, the Lessor shall promptly appoint a successor Trustee by an instrument in writing; provided, however, that in the event the Lessor fails to appoint a successor Trustee within 30 days following receipt of the written notice of resignation or following its removal of the Trustee, the retiring Trustee may, at the expense of the Lessor, petition the appropriate court having jurisdiction to appoint a successor Trustee.

Any resignation of the Trustee shall become effective upon acceptance of appointment by the successor Trustee. Any successor Trustee approved by the Bondowners, the Lessor or any court shall satisfy the qualifications set forth in the Indenture. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which the Trustee shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business (provided such company is eligible under the Indenture), shall be the successor to the Trustee without the execution or filing of any paper or further action, anything in the Indenture to the contrary notwithstanding.

Amendments

Amendments to Indenture. The Indenture may be modified or amended at any time without the consent of any Bondowners, upon the written agreement of the Lessor and the Trustee, but only (a) for the purpose of curing any ambiguity or omission, or of curing, correcting or supplementing any defective

provisions contained in the Indenture, (b) in regard to questions arising under the Indenture which the Trustee may deem necessary or desirable and not inconsistent with the Indenture and which shall not adversely affect the interests of the Bondowners then Outstanding, (c) to qualify the Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (d) for any other reason; provided such modification or amendment does not adversely affect the interests of the Bondowners then Outstanding; and provided further that the Lessor and the Trustee may rely in entering into any such amendment or modification of the Indenture upon the opinion of Bond Counsel (which opinion may rely upon the opinions of other experts, consultants or advisors) stating that the requirements of this sentence have been met with respect to such amendment or modification. No amendment shall impair the right of any Bondowner to receive the Bondowner's proportionate share of Base Rental in accordance with the provisions of the Owner's Bond without the prior written consent of the Bondowner so affected, and no amendment shall reduce the percentage of Bondowners whose consent is required for any amendment to the Indenture without the prior written consent of the Owners of all Bonds then Outstanding. The Trustee may in its discretion, but shall not be obligated to, enter into any such amendment which materially adversely affects the Trustee's own rights, duties or immunities under the Indenture.

Amendments to Lease. The Lease may be amended in writing by agreement among the parties to the Indenture. The Lease may be modified or amended at any time, and the Trustee may consent to such modification or amendment without the consent of any Bondowners, if such modification or amendment is (a) for the purpose of curing any ambiguity or omission, or of curing, correcting or supplementing any defective provision contained in the Indenture; (b) in regard to questions arising under the Lease which the Lessee and the Lessor may deem necessary or desirable and not inconsistent with the Lease and which shall not adversely affect the interests of the Bondowners then Outstanding; (c) to modify or amend the equipment description set forth in Exhibit B to the Lease to reflect the substitution of Equipment Components; (d) to modify or amend Exhibit A to the Lease to reflect the acquisition of Equipment Components after the Closing Date, if applicable; (e) to modify or amend Exhibit A to the Lease to reflect the prepayment of Base Rental pursuant to the Lease; or (f) for any other reason; provided such modification or amendment does not adversely affect the interests of the Bondowners then Outstanding; and provided further that the Lessor and the Trustee may rely in entering into any such amendment or modification of the Indenture or in giving consent to such amendment or modification upon the opinion of Bond Counsel (which opinion may rely upon the opinions of other experts, consultants or advisors) stating that the requirements of this sentence have been met with respect to such amendment or modification. No amendment to the Lease shall impair the right of an Bondowner to receive such Bondowner's share of Base Rental in accordance with the terms of his Bond or shall decrease the amount of Base Rental payable or postpone the dates upon which such payments are to be made without the prior written consent of the Bondowner so affected.

Consent of Bondowners. If the consent of the Bondowners is required or requested with respect to any proposed amendment to the Indenture or to the Lease, it shall not be necessary for the consent of the Bondowners to approve the particular form of any such amendment, but it shall be sufficient if such consent shall approve the substance thereof. If at any time the Lessee or the Lessor shall request the Trustee to enter into any amendment to the Indenture or to consent to an amendment to the Lease and the Trustee determines that the consent of the Bondowners is required for such amendment, then the Trustee shall, at the expense of the Lessor, cause notice of the proposed execution of a document containing such amendment, and requesting their consent thereto, to be mailed, postage prepaid, to the Owners of all Outstanding Bonds at their addresses appearing on the Bond Register. Such notice shall briefly set forth the nature of the proposed amendment and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Bondowners.

Whenever, at any time after the date of the mailing of such notice, there shall be delivered to the Trustee an instrument or instruments in writing purporting to be executed by the Bondowners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed amendment described in such notice and specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Trustee upon having received the consent of the Lessor may execute such amendment or give its consent thereto in substantially such form, without liability or responsibility to any Owner of any Bond, whether or not such Bondowner shall have consented thereto. If the Bondowners of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the execution of such supplemental agreement shall have consented to and approved the execution of such supplemental agreement as provided under the Indenture, no Owner of any Bond shall have any right to object to the execution of such amendment, or to object to any of the terms and provisions contained in such supplemental agreement or the operation thereof or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Lessor from executing the same or from taking any action pursuant to the provisions of such supplemental agreement.

The lack of actual receipt by any Bondowner of such notice and request for consent and any defects in such notice and request for consent shall not affect the validity of the proceedings for the obtaining of such consent. A certificate of the Trustee that the notice and request for consent have been mailed as provided in the Indenture shall be conclusive as against all parties. Any such written consent shall be binding upon the Bondowner giving such consent and on any subsequent Bondowner (whether or not such subsequent Bondowner has notice thereof) unless such consent is revoked in writing by the Bondowner giving such consent or by the subsequent Bondowner. To be effective, any revocation of consent must be filed at the address provided in the request for consent before the Trustee shall have executed the applicable amendment or given its consent to the applicable amendment as provided under the Indenture.

Covenants

Lessor to Perform Pursuant to Lease. The Lessor covenants and agrees with the Bondowners to perform all obligations and duties imposed on it as Lessor under the Lease.

Extension of Payment of Bonds. The Lessor shall not directly or indirectly extend the dates upon which the Base Rental payments are required to be paid or prepaid, or the time of payment of interest with respect thereto. Nothing in the Indenture shall be deemed to limit the right of the Lessor to issue any securities for the purpose of providing funds for the repayment of the Bonds and such issuance shall not be deemed to constitute an extension of the maturity of the Bonds.

Access to Books and Records; Notices. The Trustee shall at all times have access to those books and records of the Lessor which may be reasonably required by the Trustee to fulfill its duties and obligations under the Indenture.

General. The Lessor shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Lessor under the provisions of the Indenture. The Treasurer and Tax Collector of the Lessee as ex officio officer of the Lessor and all deputies or assistants of such officer are designated agents of the Lessor for the purposes of instructing the Trustee under the Indenture and executing and delivering any documents necessary or advisable for the transactions contemplated by the Indenture or in order to accomplish the purposes of the Indenture, and the Lessor further authorizes such persons to instruct the Trustee as they deem necessary and to execute and deliver such documents. The Lessor certifies, declares, recites and warrants that upon the date of initial issuance of any of the Bonds, (a) all conditions, acts and things with respect to the Lessor required by the Constitution and the laws of the State and the Indenture to exist, to have happened and to have been performed precedent

to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by the Constitution of the State and the applicable laws of the State, and (b) the Lessor is duly authorized to execute and enter into the Indenture.

Tax Matters. The Lessor shall at all times do and perform all acts and things permitted by law and the Indenture which are necessary or desirable in order to assure that interest paid on the Bonds (or any of them) will be excluded from gross income for federal income tax purposes and shall take no action that would result in such interest not being so excluded. Without limiting the generality of the foregoing, the Lessor agrees to comply with the provisions of the Tax Certificate. This covenant shall survive payment in full or defeasance of the Bonds. The Trustee agrees to comply with any written instructions received from the Lessor which the Lessor indicates must be followed in order to comply with the Tax Certificate.

Prosecution and Defense of Suits. The Lessor shall promptly take such action as may be necessary to cure any defect in the title to the Equipment or any Equipment Component, whether now existing or hereafter occurring, and shall prosecute and defend all suits, actions and all other proceedings as may be appropriate for such purpose.

Further Assurances. The Lessor will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the provisions of the Indenture, and for the better assuring and confirming to the Trustee, on behalf of the Bondowners, the rights and benefits provided in the Indenture.

Continuing Disclosure. The Lessee has covenanted and agreed in the Disclosure Certificate that the Lessee will comply with and carry out all of the provisions of the Disclosure Certificate. Notwithstanding anything to the contrary contained in the Indenture, failure to comply with the provisions of the Disclosure Certificate shall not be considered an Event of Default under the Indenture; provided, however, the Trustee at the written request of any Bondowner of at least 25% aggregate principal amount of Bonds, shall, or any Bondowner may, take such actions as may be necessary and appropriate but only to the extent indemnified to its satisfaction from any cost, liability, expense or additional charges, including without limitation fees and expenses of its attorneys, including seeking mandate on specific performance by court order, to cause the Lessee to comply with its obligations under the Disclosure Certificate.

Notices to Rating Agencies . The Trustee covenants and agrees that it shall give or cause to be given notice to the Rating Agencies of the occurrence of any amendments to the Indenture or the Lease, to the extent actually known to it; and any redemption, purchase or defeasance of the Bonds.

Events of Default and Remedies of Owners

The following shall be “Events of Default” under the Indenture: (a) an event of default shall have occurred under the Lease; or (b) breach by the Lessor of any other terms, covenants or conditions contained in the Indenture or the Lease, and failure to remedy any such breach with all reasonable dispatch within a period of 60 days after written notice thereof from the Trustee to the Lessor, or to the Lessor and the Trustee or the owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding; provided, however, that if such breach cannot be remedied within the 60 day period, the Lessor, the Trustee or the owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding, shall not unreasonably withhold their consent to an extension of time if corrective action is instituted by the Lessee within the 60 day period and diligently pursued until the default is corrected. In the event an Event of Default has occurred and is continuing and the Trustee has actual knowledge of such Event of Default, the Trustee shall give notice, at the expense of the Lessor, of the Event of Default to the Bondowners. The notice shall state that the Lessor is in default and shall provide a brief description of the default. The Trustee in its discretion may withhold notice if it deems it in the best interest of the Bondowners. The notice to

Bondowners provided for under the Indenture shall be given by first class mail, postage prepaid, to the Bondowners within 30 days of the occurrence of the Event of Default, to the extent such Event of Default is actually known to the Trustee.

Upon the occurrence and continuance of any Event of Default specified in subsection (a) of the immediately preceding paragraph, the Trustee may proceed ((upon written request of the owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding and upon being indemnified to its satisfaction by the Bondowners, shall proceed) to exercise the remedies set forth in of the Lease or available to the Trustee under the Indenture. The Trustee shall exercise the rights and remedies vested in it under the Indenture with the same degree of care and skill as a prudent person would exercise or use under the circumstances in the conduct of his affairs. No remedy conferred upon or reserved to the Trustee under the Indenture or the Lease is intended to be exclusive and every remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture and the Lease, or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Event of Default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Trustee or the Bondowners to exercise any remedy reserved to it or them, it shall not be necessary to give any notice other than the notice as may be required in the Indenture or by law. In the event any provision contained in the Indenture should be breached by a party and thereafter waived by another party, the waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach.

In the event the Trustee fails to take any action to eliminate an Event of Default under the Lease or under the Indenture, including the collection of Base Rental when due, the Bondowners of a majority in aggregate principal amount of the Bonds then Outstanding may institute any suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of any right under the Lease or the Indenture, but only if such Bondowners, shall have first made written request of the Trustee after the right to exercise such powers or right of action shall have arisen, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in the Lease or the Indenture or otherwise granted by law or to institute such action, suit or proceeding in its name, and unless, also, the Trustee shall have been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with the request within a reasonable time. Notwithstanding any other provisions in the Indenture, the right of any Bondowner to receive the Bondowner's share of Base Rental in accordance with the provisions of his Bond or to institute suit for the enforcement of any such payment on or after such payments become due shall not be impaired or affected without the consent of such Bondowner.

Except to the extent necessary to compensate the Trustee for its reasonable fees and expenses (including reasonable attorneys' fees and expenses), to the extent necessary to pay all principal and interest then due and unpaid with respect to all Outstanding Bonds and to make the deposit into the Base Rental Account required to be made pursuant to the Lease, all damages or other payments received by the Trustee from the enforcement of any rights and powers of the Trustee under the Indenture or the Lease shall be deposited by the Trustee into the Base Rental Account and transferred, first, to the Interest Account and, then, to the Principal Account to pay the interest and principal due with respect to the Bonds. If the amount deposited into the Interest Account is not sufficient to pay all overdue interest payments, the amounts deposited shall, if paid to the owners of the Bonds, be distributed pro rata to such owners on the basis of the amount of interest due and unpaid to the owners. If the amount deposited into the Principal Account is not sufficient to pay all overdue principal payments, the amount deposited shall, if paid to such owners, be distributed pro rata to such owners on the basis of the amount of principal due and unpaid to the owners.

To the extent not required to be deposited into the Base Rental Account pursuant to the immediately preceding paragraph, all damages or other payments received by the Trustee from the enforcement of any

rights and powers under the Indenture or the Lease shall be applied as follows in the order of priority indicated: (a) first, to the payment of Additional Rental then due and payable; and (b) thereafter, any remaining amounts shall be deposited into the Base Rental Account.

Limitation of Liability

Neither the Lessee nor the Lessor shall have any obligation or liability to the Bondowners with respect to the performance by the Trustee of any duty imposed upon the Trustee under the Indenture, including the distribution by the Trustee of principal of and interest on the Bonds to the owners of the Bonds. Except as provided in the Indenture, neither the Trustee nor the Lessor shall have any obligation or liability to the owners of the Bonds with respect to the payment of Base Rental by the Lessee when due, or with respect to the performance by the Lessee of any other covenant made by the Lessee in the Lease. Except for (a) the payment of Base Rental and Additional Rental when due in accordance with the provisions of the Lease, and (b) the performance by the Lessee of its obligations and duties as set forth in the Lease, the Lessee shall have no obligation or liability to the Trustee or the owners of the Bonds.

Neither the Trustee nor the Lessor shall have any obligation or responsibility for providing information to the Bondowners concerning the investment quality of the Bonds, for the sufficiency of any Base Rental or for the actions or representations of the Lessee. Neither the Trustee nor the Lessor (except as provided below) shall have any obligation or liability to the Lessee with respect to the failure or refusal of the Lessee to perform any covenant or agreement made by it under the Lease, but shall be responsible solely for the performance of the duties expressly imposed upon it under the Indenture. Notwithstanding the foregoing, the Lessor shall be liable to the owners of the Bonds with respect to the failure of the Lessee to perform any covenant or agreement contained in the Lease, but only to the extent of the Lessor's interest in the Equipment. The recitals of facts, covenants, and agreements contained in the Lease shall be taken as statements, covenants and agreements of the Lessee and neither the Trustee nor the Lessor assumes any responsibility for the correctness of the same and makes no representation as to the validity or sufficiency of the Indenture, the Lease or the Bonds, or as to the value of or title to the Equipment and shall not incur any responsibility in respect thereof, other than in connection with the duties or obligations assigned to or imposed upon it under the Indenture. The Trustee shall not be liable except for its own negligence or willful misconduct.

To the extent permitted by law, the Lessor shall indemnify and save and hold the Trustee harmless from and against all claims, suits and actions brought against it, or to which it is made a party, and from all losses, including the costs of defense, and damages suffered by it as a result thereof (which includes legal fees and expenses), where and to the extent such claim, suit or action arises out of the performance of its duties under the Indenture, or the actions of any other party to the Indenture or the Lease, including but not limited to the ownership, operation or use of the Equipment, the defense of any suit or the enforcement of any remedies under the Indenture, the Bonds or any related document. Such indemnification shall not extend to judgments or settlements obtained against the Trustee and expenses of litigation in connection therewith based upon failure of the Trustee to perform and carry out the duties specifically imposed upon and to be performed by the Trustee pursuant to the Indenture, unless the Lessor has agreed in writing that the Trustee not perform such duty. In the event the Lessor is required to indemnify the Trustee as provided in the Indenture, the Lessor shall be subrogated to the rights of the Trustee to recover such losses or damages from any person or entity. This section will survive the termination of the Indenture and the earlier removal or resignation of the Trustee.

Nothing in the Indenture or in the Bonds expressed or implied is intended or shall be construed to give any person other than the Lessee, the Lessor, the Trustee and the owners of the Bonds any legal or equitable right, remedy or claim under or in respect of the Indenture or any covenant, condition or provision

of the Indenture; and all such covenants, conditions, and provisions are and shall be for the sole and exclusive benefit of the Lessee, the Lessor, the Trustee and the owners of the Bonds.

Defeasance

All or any of the Bonds shall be paid or be deemed to be paid in one of the following ways: (1) by the deposit by the Lessor with the Trustee, in trust, at or before maturity, cash which, together with the amounts then on deposit in the Bond Fund and dedicated, as evidenced by a certificate of a Lessor Representative, to this purpose, without the need for further investment, is fully sufficient to pay the Bonds, including all principal and interest due with respect thereto, provided, however, that this means of defeasance shall be subject to written confirmation by each nationally recognized rating agency, then rating the Bonds, that the defeasance provided for in the Indenture, will not cause the then current ratings to be reduced or withdrawn; or (2) by the deposit with the Trustee in accordance with the Lease, at or before maturity of the Bonds, of cash and/or Qualified Investments which, in the written opinion of a certified public accountant, is in an amount sufficient, together with the earnings to accrue on the Qualified Investments without the need for further investment, to pay when due the debt service on the Bonds, including all principal, redemption premium, if any, and interest payable with the respect thereto, provided, however, that this means of defeasance shall be subject to written confirmation by each nationally recognized rating agency, then rating the Bonds, that the defeasance provided in the Indenture, will not cause the then current ratings to be reduced or withdrawn.

When any Bond has been paid or is deemed to have been paid as provided in the Indenture, the Bond shall no longer be deemed Outstanding under the provisions of the Indenture, and all obligations of the Trustee and the Lessor under the Indenture with respect to the Bond shall cease, except only the obligations of the Trustee under certain provisions of the Indenture and the obligations to pay or cause to be paid to the Bondowner thereof all sums due with respect thereto and to pay to the Trustee any amounts due pursuant to the Indenture.

THE LEASE AGREEMENT

Term

The Term of the Lease shall commence on the Closing Date, and shall end on the earlier of (1) such time as the Bonds payable from Base Rental attributable to all the Equipment Components shall have been paid (including any abated Base Rental) and provided no default or event of default then exists and is continuing under the Lease, or (2) December 1, 2028 unless such Term is otherwise terminated or extended as hereinafter provided. If on December 1, 2028, the Indenture shall not be discharged by its terms, or if the Base Rental payable under the Lease shall be abated at any time and for any reason, then the Term of the Lease shall be extended until the Indenture shall be discharged by its terms. If prior to December 1, 2028, the Base Rental and Additional Rental shall have been fully paid in connection with the Bonds, the Term of the Lease shall end ten days thereafter or ten days after written notice by the Lessee to the Lessor to the effect that the Base Rental and Additional Rental payable under the Lease shall be fully paid and all Bonds have been fully paid, and the Lease shall thereupon terminate.

Base Rental

Subject to the provisions of the Lease, the Lessee shall pay to the Lessor, its successors and assigns, as a portion of the rental for the use and possession of the Equipment, Base Rental payments, each comprised of components of principal and interest, equal to the aggregate Base Rental specified in the Lease. Except as otherwise required under the Lease, in no event shall the Base Rental on any date be less than the aggregate amount of principal and interest required to be paid or redeemed on such date with

respect to the Bonds. Base Rental payable by the Lessee shall be due on or before each Interest Payment Date during the Term of the Lease, each such date being a "Lease Payment Date." The interest component of Base Rental payable on or before June 1 in any year shall be for the period of December 1 of the preceding year (or from the Closing Date in the case of the first year) to May 31 of such year and the interest component of Base Rental payable on or before December 1 in any year shall be for the period of June 1 of such year (or from the Closing Date in the case of the first year) to November 30 of such year. The principal component of Base Rental payable on or before June 1 in any year shall be for the period of December 1 of the preceding year (or from the Closing Date in the case of the first year) to May 31 of such year and the principal component of Base Rental payable on or before December 1 in any year shall be for the period of June 1 of such year (or from the Closing Date in the case of the first year) to November 30 of such year. To secure the performance of its obligation to pay Base Rental, the Lessee shall deposit the Base Rental payable on or before each Lease Payment Date with the Trustee, in immediately available funds, on or before that Lease Payment Date, in each case for application by the Trustee in accordance with the terms of the Indenture. The obligation of the Lessee to pay Base Rental shall commence on the Closing Date.

Base Rental shall be paid from any source of legally available funds of the Lessee and, so long as any Equipment Component is available for the Lessee's use, the Lessee covenants to take such action as may be necessary to include all Rental Payments due under the Lease in any Fiscal Year during the Term in its annual budget for the Fiscal Year and to make the necessary annual appropriations for all such Rental Payments, which covenants of the Lessee shall be deemed to be, and shall be, ministerial duties imposed by law, and it shall be the duty of each and every public official of the Lessee to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the Lessee to carry out and perform the covenants made by the Lessee under the Lease. Subject to certain provisions of the Lease, the Lessee's obligation to make Rental Payments when due shall be absolute and unconditional without any right of set off or counterclaim. The obligation of the Lessee to make Rental Payments does not constitute an obligation of the Lessee for which the Lessee is obligated to levy or pledge any form of taxation or for which the Lessee has levied or pledged any form of taxation. Neither the Bonds nor the obligation of the Lessee to make Rental Payments under the Lease constitute indebtedness of the Lessee, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

Notwithstanding any dispute between the Lessor and the Lessee, including any dispute as to the failure of any Equipment Component to perform the task for which it is leased, the Lessee shall make all Rental Payments when due and shall not withhold any Rental Payments pending the final resolution of such dispute. In the event the Lessee should fail to make any of the payments required, the payments in default shall continue as an obligation of the Lessee until the amount in default shall have been fully paid, and the Lessee agrees to pay the same with interest thereon, to the extent permitted by law, from the date such amount was originally payable to the Lessor, its successors and assigns, at the rate equal to the net effective interest rate paid with the respect to the Bonds on the date such interest was due.

The Base Rental and the Additional Rental required by the Lease shall be paid by the Lessee in consideration of the right of possession of, and the continued use and possession of, the Equipment during each such period for which said rental is to be paid. The parties to the Lease have agreed and determined that the Base Rental for each of such period as set forth in the Lease does not exceed the fair rental value of the Equipment. In making such determination, consideration has been given to the Acquisition Costs, other obligations of the parties under the Lease (including but not limited to costs of maintenance, taxes and insurance), the uses and purposes which may be served by the Equipment and the benefits therefrom which will accrue to the Lessee and the general public. The Lessee understands and agrees that, pursuant to the assignment provided for in the Indenture, the Lessor has assigned its right to receive and collect Base Rental and prepayments thereof and certain other rights to the Trustee in trust for the benefit of the Bondowners, and the Lessee consents to such assignment. The Lessor directs the Lessee, and the Lessee

agrees to pay to the Trustee at the Principal Corporate Trust Office, or to the Trustee at such other place as the Trustee shall direct in writing, all payments payable by the Lessee pursuant to the Lease. The total Rental Payments due in any Fiscal Year shall be for the use and possession of the Equipment for such Fiscal Year. Base Rental payments shall be subject to abatement as provided in the Lease.

Additional Rental

In addition to the Base Rental, the Lessee shall pay as Additional Rental such amounts as shall be required for the payment of all administrative costs of the Lessor, if any, relating to the Equipment or the issuance of the Bonds, including without limitation, taxes of any sort whatsoever payable by the Lessor as a result of its ownership of the Equipment or undertaking of the transactions contemplated in the Lease or in the Indenture, fees of auditors, accountants, attorneys or engineers, fees, expenses and indemnification costs of the Trustee and all other necessary administrative costs of the Lessor and Lessee or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Lease, the Bonds or of the Indenture, including the insurance premiums required to maintain insurance as required under the Lease, or to defend the Lessor, its members and each Indemnified Party. Additional Rental due under the Lease shall be paid by the Lessee directly to the person or persons to whom such amounts shall be payable. The Lessee shall pay all such amounts when due or within thirty days after notice in writing from the Trustee to the Lessee, stating the amount of additional payments then due and payable and the purpose thereof.

Substitution of Equipment Components

The Lessee shall, at any time, have the right to substitute any item of personal property of comparable value to and a Useful Life not less than the remaining Useful Life of, the Equipment Component to be substituted, but only by providing the Trustee with (a) a written certificate (i) describing both the new Equipment Component and the Equipment Component for which it is to be substituted, and stating that such new Equipment Component is of comparable value and has a Useful Life not less than the Useful Life of the Equipment Component for which it is being substituted and (ii) stating that such substitution will not result in an abatement of Rental Payments, and (b) a new Exhibit B to the Lease, which shall include the substitute Equipment Components and which shall supersede in its entirety the existing Exhibit B to the Lease. All costs and expenses incurred in connection with such substitution, including without limitation the cost of acquiring such property, shall be borne by the Lessee. In the event of such substitution, the Equipment Component substituted for the original Equipment Component shall become fully subject to the terms of the Lease. Notwithstanding any substitution of Equipment Components pursuant to the Lease, there shall be no reduction in the Base Rental due from the Lessee under the Lease and there shall be no reduction in the aggregate fair rental value of the Equipment as a result of such substitution.

Option to Purchase Equipment Components and Prepay Base Rental

The Lessee shall have the exclusive right and option, which shall be irrevocable during the Term of the Lease, to purchase all but not less than all of the Lessor's right, title and interest in the Equipment on any Business Day, upon payment of the option price, but only if the Lessee is not in default under the Lease and only in the manner provided in the Lease. The option price for the Equipment in any Fiscal Year shall be the amount necessary to pay or defease all of the Bonds then Outstanding. The Lessee shall exercise its option to purchase the Equipment under the Lease by giving notice thereof to the Trustee not later than 10 days prior to the Business Day on which it desires to purchase the Lessor's right, title and interest in the Equipment and the option price shall be payable in installments solely from amounts deposited with the Trustee as provided in the Lease. Each such installment (i) shall be payable at each time at which a payment of Base Rental would have been payable had such option not been exercised, and (ii) shall be in an amount equal to the amount of Base Rental which would have been payable had such option not been exercised. In order to secure its obligations to pay the installments referred to above and to provide for the payment

thereof, the Lessee, concurrently with the exercise of its option under the Lease, shall deposit or cause to be deposited with the Trustee, in trust, cash and/or Qualified Investments in such amount as in the written opinion of a certified public accountant will, together with the interest to accrue thereon without the need for further investment, be fully sufficient to pay the installments (including all principal and interest) referred to above at the times at which such installments are required to be paid. Such deposit shall be in addition to the Base Rental due on such date. The excess, if any, of the amount so deposited over the installments actually required to be paid by the Lessee shall be remitted to the Lessee. On any Business Day as to which the Lessee shall properly have exercised the option granted it pursuant to the Lease, and shall have paid or made provision (as set forth in the preceding paragraph) for the payment of the required option price, the Lessor and the Trustee shall execute and deliver to the Lessee bills of sale or quitclaim deeds and releases, as appropriate, conveying to the Lessee or its nominee the Lessor's and Trustee's right, title and interest in each purchased Equipment Component. If the Lessee shall properly exercise the option provided in the Lease prior to the expiration of the Term of the Lease, and the Lessor and the Trustee shall execute and deliver the bills of sale or quitclaim deeds and releases, as appropriate, for each Equipment Component as aforesaid, then the Lease shall terminate, but such termination shall not affect the Lessee's obligation to pay the option price on the terms set forth in the Lease.

In the event that the Lessee exercises its option to purchase all of the Equipment and in connection therewith performs all of its obligations and satisfies all of the requirements specified in the immediately preceding paragraph and pays all Additional Rental required by the Lease, the Lessee's obligations under the Lease shall thereupon cease and terminate, including but not limited to the Lessee's obligations to continue to pay Base Rental under the Lease.

The Lessee shall also have the exclusive right and option, which shall be irrevocable during the Term of the Lease, to purchase the Lessor's right, title and interest in any Equipment Component on any Business Day, upon payment of the option price therefor, but only if the Lessee is not then in default under the Lease and only in the manner provided in the Lease. The option price for the Equipment in any Fiscal Year shall be the amount necessary to pay or defease all of the Bonds then Outstanding. The Lessee shall exercise its option to purchase under this paragraph by giving notice thereof to the Trustee not later than 10 days prior to the Business Day on which it desires to purchase the Lessor's right, title and interest in any Equipment Component and the option price shall be payable in installments solely from amounts deposited with the Trustee as provided in the Lease. Each such installment (i) shall be payable at each time at which a payment of Base Rental would have been payable had such option not been exercised, and (ii) shall be in an amount equal to the amount of Base Rental which would have been payable had such option not been exercised. In order to secure its obligations to pay the installments referred to above and to provide for the payment thereof, the Lessee, concurrently with the exercise of its purchase option under the Lease, shall deposit or cause to be deposited with the Trustee, in trust, cash and/or Qualified Investments in such amount as in the written opinion of a certified public accountant will, together with the interest to accrue thereon without the need for further investment, be fully sufficient to pay the installments (including all principal and interest) referred to above at the times at which such installments are required to be paid. Such deposit shall be in addition to the Base Rental due on such date. The excess, if any, of the amount so deposited over the installments actually required to be paid by the Lessee shall be remitted to the Lessee. On any Business Day as to which the Lessee shall properly have exercised its option to purchase any Equipment Component pursuant to this paragraph, and shall have paid the option price therefor, the Lessor and the Trustee shall execute and deliver to the Lessee bills of sale or quitclaim deeds and releases, as appropriate, conveying to the Lessee or its nominee the Lessor's and Trustee's right, title and interest in each Equipment Component. If the Lessee shall properly exercise the option provided in this paragraph as to any Equipment Component prior to the expiration of the Term of the Lease, then the lease for that Component shall terminate and thereafter the Lessee shall be obligated to pay Base Rental only on the remaining Equipment Components.

In the event the Lessee exercises its option to purchase any Equipment Component and in connection therewith performs all of its obligations and satisfies all of the requirements specified in the immediately preceding paragraph with respect to such Equipment Component, the principal component of each Base Rental due on each Lease Payment Date after such date of purchase shall be reduced by an amount equal to the principal amount of Bonds payable on that Lease Payment Date which were redeemed or defeased (as a result of such purchase) and the interest component of each Base Rental due on each Lease Payment Date after such date of purchase shall be reduced by an amount equal to the interest which would have been payable on that Lease Payment Date on the prepaid principal components (as a result of such purchase) had such amounts not been prepaid. If any such reductions in Base Rental shall occur, the Lease shall be amended by the Lessee to reflect such reductions.

Maintenance

The Lessee shall, at its own expense, maintain the Equipment, or cause the same to be maintained, in good order, condition and repair and furnish all parts, mechanisms, devices and servicing required therefor so that the value and condition of the Equipment will at all times be maintained, ordinary wear and tear excepted. All such parts, mechanisms and devices shall immediately, without further act, become part of the Equipment, without cost to the Lessor. The Lessee shall provide or cause to be provided all maintenance service, security service, custodial service, janitorial service and other services necessary for the proper upkeep and maintenance of the Equipment. The Lessee shall cause all Equipment Components to be operated in accordance with the manufacturer's or supplier's instructions or manuals, by duly qualified personnel only and in compliance with all laws and regulations applicable to such Equipment Components and with all insurance which the Lessee is required to maintain under the Lease. It is understood and agreed that in consideration of the payment by the Lessee of the Rental Payments provided for in the Lease, the Lessee is entitled to use and possession of the Equipment and no other party shall have any obligation to incur any expense of any kind or character in connection with the management, operation or maintenance of the Equipment during the Term of the Lease. The Lessor shall not be required at any time to make any improvements, alterations, changes, additions, repairs or replacements of any nature whatsoever to the Equipment. The Lessee expressly waives the right to make repairs or to perform maintenance of the Equipment at the expense of the Lessor and (to the extent applicable and to the extent permitted by law) waives the benefit of Sections 1932, 1941 and 1942 of the Civil Code of the State relating to repairs and maintenance. The Lessee shall keep the Equipment free and clear of all liens, charges and encumbrances, other than provided in the Lease, and any liens of mechanics, materialmen, suppliers, vendors or other persons or entities for work or services performed on or materials furnished in connection with the Equipment which are not due and payable or the amount, validity or application of which is being contested in accordance with the Lease.

Insurance

The Lessee shall secure and maintain or cause to be secured and maintained at all times with insurers of recognized responsibility or through a program of self-insurance to the extent specifically permitted in the Lease, all coverage on the Equipment required by the Lease. Such insurance shall consist of: (a) a policy or policies of insurance against loss or damage to the Equipment known as "all risk," including theft, earthquake and flood. Such insurance shall be maintained at all times in an amount not less than the greater of the full replacement value of the Equipment or the aggregate principal amount of Bonds at such time Outstanding (such insurance may at any time include a deductible clause providing for a deductible not to exceed \$1,000,000 from all losses in any year; if such policies are not available or if such policies are not obtainable with such deductibles from reputable insurers at a reasonable cost on the open market, the Lessee shall self-insure to the extent it cannot obtain such insurance policies); (b) comprehensive general liability coverage against claims for damages including death, personal injury, bodily injury or property damage arising from operations involving the Equipment (such insurance shall

afford protection with a combined single limit of not less than \$100,000 per occurrence with respect to bodily injury, death or property damage liability, or such greater amount as may from time to time be recommended by the Lessee's risk management officer or an independent insurance consultant retained by the Lessee for that purpose); provided, however, that the Lessee's obligations under this clause (b) may be satisfied by self-insurance; (c) rental interruption insurance to cover loss, total or partial, of the use of any part of the Equipment as a result of any of the hazards covered by the insurance required pursuant to clause (a) above, in an amount sufficient at all times to pay the Base Rental payable under the Lease for a period of not less than two years (the Lessee may not self-insure for rental interruption insurance); and (d) workers' compensation insurance issued by a responsible carrier authorized under the laws of the State or by qualified self-insurance programs, to insure against liability for compensation under the Workers' Compensation Insurance and Safety Act in force in the State, or any act enacted after the date of the Lease as an amendment or supplement thereto or in lieu thereof.

Liens

Except as provided in the Lease, the Lessee shall not, directly or indirectly, create, incur, assume or suffer to exist any mortgages, pledges, liens, charges, encumbrances or claims, as applicable, on or with respect to the Equipment, other than the respective rights of the Lessor and the Lessee as provided in the Lease. Except as expressly provided in the Lease, the Lessee shall promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time; provided, however, that the Lessee (a) may contest any such mortgage, pledge, lien, charge, encumbrance or claim without payment thereof so long as such non-payment and contest stays execution or enforcement of such mortgage, pledge, lien, charge, encumbrance or claim, but if such mortgage, pledge, lien, charge, encumbrance or claim is reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not stayed, or if stayed and the stay thereafter expires, then and in any such event the Lessee shall forthwith pay and discharge such judgment or such mortgage, pledge, lien, charge, encumbrance or claim, or (b) delay payment without contest so long as and to the extent that such delay will not result in the imposition of any penalty or forfeiture. The Lessee shall reimburse the Lessor for any expense incurred by the Lessor in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Laws and Ordinances

The Lessee agrees to observe and comply with all rules, regulations and laws applicable to the Lessee with respect to each Equipment Component and the operation thereof. The cost, if any, of such observance and compliance shall be borne by the Lessee, and the Lessor shall not be liable therefor. The Lessee agrees further to place, keep, use, maintain and operate the Equipment in such a manner and condition as will provide for the safety of its agents, employees, invitees, subtenants, licensees and the public.

Abatement

A proportionate amount of Base Rental shall be abated during any period in which, by reason of condemnation, damage, destruction, theft or otherwise, there is substantial interference with the use and possession of any Equipment Component by the Lessee and the Base Rental due hereunder shall exceed the fair rental value of the Equipment. There shall be no abatement of Base Rental to the extent that moneys are (a) on deposit in the in the Base Rental Account, Interest Account or Principal Account of the Bond Fund and (b) otherwise legally available to the Lessee and transferred to the Trustee for the purpose of making Base Rental, and are available to pay the amount which would otherwise be abated. The amount of any abatement shall be such that the resulting Base Rental in any Fiscal Year during which such interference continues, excluding any amounts described in clauses (a) and (b) above, do not exceed the

fair rental value for the use and possession of the Equipment Components not condemned, taken, damaged or destroyed. Such abatement shall commence on the date of condemnation, theft, damage or destruction and shall end with the substantial completion of the work of repair of the Equipment Component or the delivery of a replacement Equipment Component. Additional Rental shall not be abated so long as a significant portion of the Equipment Components remains available for the use and possession of the Lessee. Except as provided in the Lease, in the event of any such condemnation, theft, damage or destruction, the Lease shall continue in full force and effect and the Lessee waives any right to terminate the Lease by virtue of any such condemnation, theft, damage or destruction.

Application of Insurance Proceeds

If the Lessee shall receive insurance proceeds as a result of any Equipment Component being condemned, stolen, damaged or destroyed and the fair rental value of the remaining Equipment exceeds the Base Rental due hereunder, such insurance proceeds may be retained by the Lessee without any obligation to repair or replace the condemned, stolen, damaged or destroyed Equipment Component. If the Lessee shall receive insurance proceeds as a result of any Equipment Component being condemned, stolen, damaged or destroyed and the fair rental value of the remaining Equipment is less than the Base Rental due hereunder, the Lessee shall either promptly repair or replace the condemned, stolen, damaged or destroyed Equipment Component so long as such repair or replacement can be completed within the period during which rental interruption insurance proceeds will be available if Base Rental is to be abated as a result of any such condemnation, theft, damage or destruction, or apply any insurance proceeds received as a result of such condemnation, theft, damage or destruction to the extraordinary redemption of the Bonds as provided in the Indenture so that the remaining Base Rental due hereunder shall be at least equal to the fair rental value of the remaining Equipment.

If the Lessee exercises its option to repair or replace any condemned, stolen, damaged or destroyed Equipment Component as set forth in the preceding paragraph, the Lessee shall deposit with the Trustee the amount of any insurance deductible with respect to such affected Equipment Component and such amount together with any insurance proceeds received as a result of such condemnation, theft, damage or destruction shall be applied to the repair or replacement of the affected Equipment Component in accordance with the Lease and the Indenture.

If the Lessee exercises its option to repair or replace any condemned, stolen, damaged or destroyed Equipment Component, the Lessee agrees to diligently and expeditiously pursue the repair or replacement of such condemned, stolen, damaged or destroyed Equipment Component. In connection with the repair or replacement of the affected Equipment Component, insurance proceeds (together with any insurance deductible required to be deposited with the Trustee) shall be made available to the Lessee from time to time upon receipt of a requisition signed by the Lessee Representative stating with respect to each payment to be made pursuant to such requisition (a) the requisition number, (b) the name and address of the person, firm or corporation to whom payment is due, (c) the amount to be paid, (d) that each obligation mentioned in the requisition has been properly incurred, is a proper charge against the Insurance Proceeds Fund, and (e) that such payment has not been the basis of any previous withdrawal. Each such requisition shall specify in reasonable detail the nature of the obligation and shall be accompanied by a bill or a statement of account for such obligation. Upon completion of such repair or replacement as evidenced by a certificate of a Lessee Representative delivered to the Trustee any remaining moneys in the Insurance Proceeds Fund shall be applied to the extraordinary redemption as provided in the Indenture.

Assignment, Subleasing and Amendment of the Lease

Except as provided in the Indenture, the Lessor will not assign the Lease, its right to receive Base Rental from the Lessee, or its duties and obligations under the Lease to any other person, firm or corporation.

The Lessee may sublease any Equipment Component, with the consent of the Lessor, subject to all of the following conditions: (a) the Lease and the obligation of the Lessee to make Base Rental under the Lease shall remain obligations of the Lessee; (b) the Lessee shall, within sixty (60) days after the delivery thereof, furnish or cause to be furnished to the Lessor and the Trustee a true and complete copy of such sublease; (c) no sublease by the Lessee shall cause any Equipment Component to be used for a purpose other than a governmental or proprietary function authorized under the provisions of the laws of the State; and (d) prior to entering into any sublease, the Lessee shall deliver to the Trustee an opinion of Bond Counsel to the effect that the interest component of the Base Rental due with respect to the Equipment Component subject to the sublease shall not be includable in gross income for federal income tax purposes as a result of such sublease.

The Lessee will not alter, modify or cancel or agree or consent to alter, modify or cancel the Lease except as permitted by the Indenture.

Events of Default and Remedies

The following shall be “events of default” under the Lease and the terms “events of default” and “defaults” shall mean, whenever they are used in the Lease, any one or more of the following events: (a) failure by the Lessee to pay any Base Rental required to be paid under the Lease when due on a Lease Payment Date; (b) failure by the Lessee to observe and perform any covenant, condition or agreement on its part to be observed or performed in the Lease or otherwise with respect to the Lease or in the Indenture, other than as referred to in clause (a) of this paragraph, for a period of sixty (60) days after written notice specifying such failure and requesting that it be remedied has been given to the Lessee by the Lessor, the Trustee, or the Bondowners of not less than a majority in aggregate principal amount of Bonds then Outstanding; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Lessor, the Trustee or such Owners, shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Lessee within the applicable period and diligently pursued until the default is corrected; (c) the filing by the Lessee of a case in bankruptcy, or the subjection of any right or interest of the Lessee under the Lease to any execution, garnishment or attachment, or adjudication of the Lessee as a bankrupt, or assignment by the Lessee for the benefit of creditors, or the entry by the Lessee into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Lessee in any proceedings instituted under the provisions of the federal bankruptcy code, as amended, or under any similar act which may be enacted after the date of the Lease; and (d) the Lessor’s failure to perform any of its obligations under the Lease shall not be an event permitting the nonpayment of Base Rental by the Lessee or the termination of the Lease by the Lessee.

The parties hereto agree that any remedies provided under the Lease shall be exercised by the Trustee, as assignee of the Lessor’s rights. Upon the occurrence and continuance of any event of default, the Trustee may proceed (and upon written request of the Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding shall proceed) to exercise the remedies set forth in the Lease. Pursuant to California Civil Code Section 1951.4, notwithstanding that the Lessee has breached the Lease and abandoned the Equipment, the Lease shall continue in effect and the Lessor or the Trustee may enforce all of their rights and remedies under the Lease. Without limiting any other remedies available to the Trustee under the Lease or at law, the Trustee shall have the right, at its option, without any further notice

(a) to recover rent as it becomes due under the Lease, and (b) to exercise any other right or remedy which may be available to it under applicable law or to proceed by appropriate court action to enforce the terms of the Lease or to recover damages for the breach of the Lease or to rescind the Lease. In addition, unless and until the Lease has been terminated pursuant to its terms, the Lessee shall be liable for all unpaid rent and other amounts due under the Lease before or during the exercise of any of the foregoing remedies and for all legal fees, taxes, governmental charges and other costs and expenses incurred by reason of the occurrence of any event of default or the exercise of the Trustee's remedies with respect thereto.

Neither the Lessor nor the Trustee shall exercise its remedies under the Lease so as to cause the portion of Base Rental designated as and comprising interest to be included in gross income for federal income tax purposes or to be subject to State personal income taxes. Notwithstanding any other provision of the Lease to the contrary, in no event shall the Lessor or the Trustee have the right to accelerate the payment of any Base Rental under the Lease. Notwithstanding any provision of the Lease to the contrary, the Trustee does not have the right: (i) to demand that the Lessee return the Equipment; (ii) to enter upon the premises where the Equipment is located and take possession of or remove the same by summary proceedings or in any other manner; (iii) to terminate the Lease and sell the Equipment or otherwise dispose of, hold, use, operate, lease to others or keep idle the Equipment; or (iv) to retake possession of the Equipment in any manner.



APPENDIX D

FORM OF FINAL OPINION OF BOND COUNSEL



APPENDIX D

FORM OF FINAL OPINION OF BOND COUNSEL

Upon the delivery of the Bonds, Hawkins Delafield & Wood LLP, Los Angeles, California, Bond Counsel to the County and the Corporation, proposes to issue its approving opinion in substantially the following form:

Los Angeles County Capital Asset Leasing Corporation
Los Angeles, California

County of Los Angeles
Los Angeles, California

We have examined a record of proceedings relating to the issuance of \$15,845,000 Los Angeles County Capital Asset Leasing Corporation Lease Revenue Bonds, 2025 Series A (LAC-CAL Equipment Program) (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of August 1, 2025 (the “Indenture”), by and between the Los Angeles County Capital Asset Leasing Corporation (the “Corporation”) and U.S. Bank Trust Company, National Association, as Trustee (the “Trustee”). The Bonds are payable from and secured by payments of Base Rental, as such term is defined in the Lease Agreement, dated as of August 1, 2025 (the “Lease Agreement”), by and between the Corporation, as lessor, and the County of Los Angeles, California, a political subdivision of the State of California, as lessee (the “County”). Capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Indenture and the Lease Agreement.

We are of the opinion that:

1. The Lease Agreement has been duly authorized, executed and delivered by the County and constitutes a valid and legally binding obligation of the County, enforceable in accordance with its terms.
2. The Indenture has been duly authorized, executed and delivered by the Corporation and constitutes a valid and legally binding obligation of the Corporation, enforceable in accordance with its terms.
3. The obligation of the County to make Base Rental payments during the term of the Lease Agreement constitutes a valid and binding obligation of the County, payable from funds of the County lawfully available therefor, and does not constitute a debt of the County or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction and does not constitute an obligation for which the County or the State of California is obligated to levy or pledge any form of taxation or for which the County or State of California has levied or pledged any form of taxation.
4. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Bonds is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

The Code establishes certain requirements which must be met subsequent to the issuance of the Bonds in order that interest on the Bonds be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Bonds, restrictions on the investment of proceeds of the Bonds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Bonds to become subject to federal income taxation

retroactive to their date of execution and delivery, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Bonds, the County and the Corporation will execute a Tax Certificate containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate (the "Tax Certificate"), the County and the Corporation covenant that they will comply with the provisions and procedures set forth therein and that they will do and perform all acts and things necessary or desirable to assure that interest on the Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in paragraph (4) hereof, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations, and certifications of fact, contained in the Tax Certificate with respect to matters affecting the status of interest on the Bonds, and (ii) compliance by the County and the Corporation with procedures and representations set forth in the Tax Certificate as to such matters.

5. Under existing statutes, interest on the Bonds is exempt from State of California personal income tax.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated in paragraphs 4 and 5. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

We have examined an executed Bond and in our opinion, the form of said Bond and its execution are regular and proper.

The foregoing opinions are qualified to the extent that the enforceability of the Bonds and the Resolution may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditor's rights or remedies and is subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law), to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in the State of California.

This letter is furnished by us as Bond Counsel and is solely for your benefit and it is not to be used, circulated, quoted, or otherwise referred to for any purposes other than the issuance and delivery of the Bonds and may not be relied upon by any other person or entity without our express written permission, except that references may be made to it in any list of closing documents pertaining to the delivery of the Bonds.

Very truly yours,

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE



APPENDIX E

FORM OF 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 the Los Angeles County Capital Asset Leasing Corporation Lease Revenue Bonds, 2025 Series A (LAC-CAL Equipment Program) (the “Bonds”). The Bonds are being issued pursuant to the terms of an Indenture of Trust dated as of August 1, 2025 (the “Indenture”), by and between the County and U.S. Bank Trust Company, National Association, as Trustee (the “Trustee”), a Resolution of the Board of Supervisors of the County relating to the issuance of the Bonds. The County hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the County for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission (“SEC”) Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Dissemination Agent” shall mean the County, or any successor Dissemination Agent designated in writing by the County and which has filed with the County a written acceptance of such designation.

“EMMA System” means the MSRB’s Electronic Municipal Market Access system.

“Financial Obligation” means “financial obligation” as such term is defined in the Rule.

“Holder” shall mean the person in whose name any Bond shall be registered.

“Listed Events” shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board 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 Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“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.

Section 3. Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than April 1 after the end of the County's fiscal year, commencing with the report for the County's June 30, 2025 fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the County may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the County's fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(b) Not later than 15 Business Days prior to said date, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). If the County is unable to provide to the MSRB an Annual Report by the date specified in subsection (a) above, the County shall send timely notice of this event to the MSRB in electronic form prescribed by the MSRB.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the County) file a report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

Section 4. Content of Annual Reports. The County's Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the County for the preceding fiscal year, prepared in accordance with (1) generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board and (2) reporting standards as set forth by the State Controller in "State of California Accounting Standards and Procedures for Counties." If the County's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statement of the County, the Annual Report shall also include the following:

(i) assessed valuations, tax levies and delinquencies for real property located in the County for the fiscal year of the County most recently ended;

(ii) summary financial information on revenues, expenditures and fund balances for the fiscal year of the County most recently ended;

(iii) summary financial information on the proposed and adopted budgets of the County for the current fiscal year and any changes in the adopted budget;

(iv) summary of aggregate annual debt obligations of the County as of the beginning of the current fiscal year;

(v) summary of annual outstanding principal obligations of the County as of the beginning of the current fiscal year; and

(vi) the ratio of the County's outstanding debt to total assessed valuations as of the most recently ended fiscal year of the County.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the County or related public entities, which have been made available to the public on the MSRB's website. The County shall clearly identify each such other document so included by reference.

Section 5. Reporting of 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 Bonds in a timely manner not later than ten business days after the occurrence of the event:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties of the County;

(iv) unscheduled draws on any credit enhancement reflecting financial difficulties of the County;

(v) substitution of credit or liquidity providers or failure of a credit or liquidity provider to perform its obligations with respect to the Bonds;

(vi) 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 Bonds, or other material events affecting the tax status of the Bonds;

(viii) modifications to rights of Bondholders, if material;

(ix) redemption or call of the Bonds, if material, and tender offers;

(x) defeasances;

(xi) release, substitution or sale of property securing repayment of the Bonds, if material;

(xii) rating changes;

(xiii) 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;

(xiv) 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;

(xv) appointment of a successor or additional trustee or the change of name of the trustee, if material;

(xvi) 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

(xvii) 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 Bonds.

(b) Upon the occurrence of a Listed Event described in Section 5(a), the County shall within ten business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsections (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Indenture.

Section 6. Termination of Reporting Obligation. The County's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the County shall give notice of such termination in a filing with the MSRB.

Section 7. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the County.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), 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 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the County shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

Section 10. 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 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of Los Angeles or in U.S. District Court in or nearest to the County of Los Angeles. The sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. 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 Bonds, and shall create no rights in any other person or entity.

Date: August 7, 2025.

COUNTY OF LOS ANGELES

By: _____
Authorized Signatory



BOOK-ENTRY SYSTEM



APPENDIX F

BOOK-ENTRY SYSTEM

The information in this Appendix F concerning The Depository Trust Company, New York, New York (“DTC”) and DTC’s book-entry system has been obtained from DTC, and neither the County (as defined in the front part of this Official Statement) nor Corporation (as defined in the front part of this Official Statement) take responsibility for the accuracy thereof. The County and the Corporation cannot and do not give any assurances that DTC, Direct Participants or Indirect Participants will distribute to the Beneficial Owners (all as defined below): (a) payments of the principal or interest components with respect to the Bonds (“Debt Service”); (b) confirmations of ownership interest in the Bonds; or (c) notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, Direct Participants or 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.

Neither the County, the Corporation, nor the Trustee will have any responsibility or obligations to DTC, the Direct Participants, the Indirect Participants of DTC or the Beneficial Owners, as defined below, with respect to: (1) the accuracy of any records maintained by DTC or any Direct Participants or Indirect Participants of DTC; (2) the payment by DTC or any Direct Participants or Indirect Participants of DTC of any amount due to any Beneficial Owner in respect of the Debt Service on the Bonds; (3) the delivery by DTC or any Direct Participants or Indirect Participants of DTC of any notice to any Beneficial Owner that is required or permitted to be given to owners under the terms of the Indenture (as such term is defined in the Official Statement to which this Appendix F is attached); or (4) any consent given or other action taken by DTC as registered owner of the Bonds.

Information Furnished by DTC Regarding its Book-Entry Only System

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book- entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust

companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC is rated “AA+” by Standard & Poor’s. 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 and www.dtc.org. The information presented on each website is not incorporated by reference as part of this Official Statement.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities 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.

6. Redemption notices shall be sent to DTC. If less than all of the Securities of a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC’s MALI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities 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 Issuer or Agent, 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, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as

may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, 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.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. 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, Security certificates will be printed and delivered in accordance with the provisions of the Indenture.

Discontinuation of Book-Entry Only System; Payment to Beneficial Owners

In the event that the book-entry system described above is no longer used with respect to the Bonds, the provisions of the Indenture relating to place of payment, transfer and exchange of the Bonds, regulations with respect to exchanges and transfers, bond register, Bonds mutilated, destroyed or stolen, and evidence of signatures of Holders and ownership of Bonds will govern the payment, registration, transfer, exchange and replacement of the Bonds. Interested persons should contact the County for further information regarding such provisions of the Indenture.



