

**NEW ISSUE – BOOK-ENTRY ONLY**

**Ratings:**  
**Moody's:** “\_\_\_”  
**S&P:** “\_\_\_”  
**Fitch:** “\_\_\_”  
 (See “RATINGS” herein.)

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



**\$700,000,000\***  
**COUNTY OF LOS ANGELES**  
**2025-26 Tax and Revenue Anticipation Notes,**  
**Series A**  
 \_\_\_% Priced to Yield \_\_\_%  
 CUSIP<sup>†</sup> No. 544657\_\_\_

**Dated: July 1, 2025****Due: June 30, 2026**

The County of Los Angeles 2025-26 Tax and Revenue Anticipation Notes, Series A (the “Series A Notes”) will be issued in fully registered form. The Series A Notes, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as securities depository for the Series A Notes. Purchases of beneficial interests in the Series A Notes will be made in book-entry only form, in denominations of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interests in the Series A Notes purchased. The Series A Notes will bear interest from their dated date at the interest rate per annum specified above. Principal of and interest on the Series A Notes are payable on the maturity date thereof directly to DTC by the Paying Agent. Upon receipt of payments of principal and interest, DTC will in turn distribute such payments to the beneficial owners of the Series A Notes. See APPENDIX D – “BOOK-ENTRY ONLY SYSTEM.”

The Series A Notes are being issued to provide moneys to help meet Fiscal Year 2025-26 County General Fund expenditures, including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County of Los Angeles (the “County”). The Series A Notes are being issued pursuant to a resolution adopted by the Board of Supervisors of the County on May 13, 2025 (the “Resolution”) and a Financing Certificate entitled “Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2025-26 Tax and Revenue Anticipation Notes” (the “Financing Certificate”) to be delivered on the date of issuance of the Series A Notes pursuant to the Resolution. The Series A Notes and the interest thereon are a first lien and charge against, and are payable from the first Unrestricted Revenues to be received by the County, in each period specified in the Financing Certificate, in an amount equal to the amount, or in the proportion of the total amount due, specified in the Financing Certificate (the “Pledged Revenues”). For purposes of the Series A Notes, the term “Unrestricted Revenues” is defined in the Resolution to mean the taxes, income, revenue, cash receipts and other moneys provided for Fiscal Year 2025-26 which will be received by or will accrue to the County during such fiscal year for the General Fund of the County and which are lawfully available for the payment of current expenses and other obligations of the County. See “THE SERIES A NOTES – Security for the Notes” herein. The County is not authorized, however, to levy or collect any tax for the repayment of the Series A Notes.

Under certain conditions, the Resolution authorizes the County to issue one or more additional series of tax and revenue anticipation notes (the “Additional Notes”) in Fiscal Year 2025-26 by the adoption of a supplemental financing certificate. See “SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE – Supplemental Financing Certificates and Resolutions” and “– Issuance of Additional Notes.”

**The Series A Notes are not subject to redemption prior to maturity.**

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

*The Series A Notes will be offered when, as and if issued and received by the Underwriters (herein defined), subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel. Certain legal matters will be passed upon for the County by Hawkins Delafield & Wood LLP, Los Angeles, California, Disclosure Counsel, and County Counsel, and for the Underwriters by their counsel, Norton Rose Fulbright US LLP, Los Angeles, California. It is expected that the Series A Notes will be available for delivery through the facilities of DTC on or about July 1, 2025.*

**Raymond James****J.P. Morgan****Bancroft Capital, LLC****Cabrera Capital Markets, LLC****PNC Capital Markets LLC**

Dated: June \_\_, 2025

\* Preliminary, subject to change.

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# COUNTY OF LOS ANGELES

## 2025-26 TAX AND REVENUE ANTICIPATION NOTES, SERIES A

### BOARD OF SUPERVISORS

Kathryn Barger  
*Fifth District, Chair*

Hilda L. Solis  
*First District*

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*Second District*

Lindsey P. Horvath  
*Third District*

Janice Hahn  
*Fourth District*

Edward Yen  
*Executive Officer-Clerk  
Board of Supervisors*

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### COUNTY OFFICIALS

Fesia A. Davenport  
*Chief Executive Officer*

Dawyn R. Harrison  
*County Counsel*

Elizabeth Buenrostro Ginsberg  
*Treasurer and Tax Collector*

Oscar Valdez  
*Auditor-Controller*

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

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

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

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

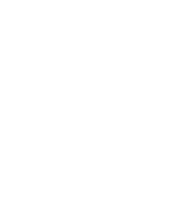
THE UNDERWRITERS MAY OFFER AND SELL THE SERIES A NOTES TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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

## TABLE OF CONTENTS

	PAGE
<b>INTRODUCTION .....</b>	<b>1</b>
GENERAL .....	1
THE COUNTY .....	2
<b>COUNTY OF LOS ANGELES CASH MANAGEMENT PROGRAM .....</b>	<b>2</b>
<b>THE SERIES A NOTES .....</b>	<b>2</b>
GENERAL .....	2
AUTHORITY FOR ISSUANCE .....	3
PURPOSE OF ISSUE .....	3
SECURITY FOR THE NOTES .....	3
AVAILABLE SOURCES OF PAYMENT FOR THE SERIES A NOTES .....	5
STATE OF CALIFORNIA FINANCES .....	7
INTERFUND BORROWING, INTRAFUND BORROWING AND CASH FLOW .....	8
<b>SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING</b>	
<b>CERTIFICATE.....</b>	<b>16</b>
RESOLUTION AND FINANCING CERTIFICATE TO CONSTITUTE CONTRACT .....	16
COVENANTS OF THE COUNTY.....	16
NEGOTIABILITY, TRANSFER AND EXCHANGE OF THE SERIES A NOTES .....	17
PERMITTED INVESTMENTS .....	17
NOTES REPAYMENT FUND HELD BY THE TREASURER.....	18
SUPPLEMENTAL FINANCING CERTIFICATES AND RESOLUTIONS .....	18
ISSUANCE OF ADDITIONAL NOTES .....	19
EVENTS OF DEFAULT.....	20
PAYMENT OF UNCLAIMED MONEYS TO COUNTY.....	21
<b>RISK FACTORS.....</b>	<b>21</b>
THE COUNTY’S FISCAL YEAR 2025-26 RECOMMENDED BUDGET .....	21
LIABILITY RELATED TO AB 218.....	21
FINANCIAL CONDITIONS IN LOCAL, STATE AND NATIONAL ECONOMIES.....	22
CYBERSECURITY.....	23
CLIMATE CHANGE .....	23
SEISMIC EVENTS, FIRES AND OTHER NATURAL DISASTERS .....	24
PUBLIC HEALTH EMERGENCIES .....	25
ENFORCEABILITY OF REMEDIES.....	25
<b>TAX MATTERS .....</b>	<b>26</b>
<b>CERTAIN LEGAL MATTERS .....</b>	<b>28</b>
<b>LEGALITY FOR INVESTMENT IN CALIFORNIA .....</b>	<b>29</b>
<b>FINANCIAL STATEMENTS.....</b>	<b>29</b>
<b>RATINGS .....</b>	<b>29</b>
<b>LITIGATION.....</b>	<b>29</b>
<b>MUNICIPAL ADVISOR .....</b>	<b>29</b>
<b>CONTINUING DISCLOSURE .....</b>	<b>30</b>
<b>UNDERWRITING.....</b>	<b>30</b>
<b>ADDITIONAL INFORMATION.....</b>	<b>31</b>
APPENDIX A – COUNTY OF LOS ANGELES INFORMATION STATEMENT .....	A-1
APPENDIX B – COUNTY OF LOS ANGELES FINANCIAL STATEMENTS .....	B-1
APPENDIX C – PROPOSED FORM OF APPROVING OPINION OF BOND COUNSEL .....	C-1
APPENDIX D – BOOK-ENTRY ONLY SYSTEM .....	D-1
APPENDIX E – FORM OF DISCLOSURE CERTIFICATE.....	E-1



## OFFICIAL STATEMENT

**\$700,000,000\***  
**COUNTY OF LOS ANGELES**  
**2025-26 Tax and Revenue Anticipation Notes,**  
**Series A**

### INTRODUCTION

#### General

The purpose of this Official Statement, which includes the front cover and the attached appendices, is to provide certain information concerning the sale and delivery by the County of Los Angeles, California (the “County”) of \$700,000,000\* in aggregate principal amount of County of Los Angeles 2025-26 Tax and Revenue Anticipation Notes, Series A (the “Series A Notes”). The Series A Notes will bear interest at the rate per annum and mature on the date set forth on the cover page of this Official Statement. Issuance of the Series A Notes will provide moneys to help meet Fiscal Year 2025-26 County General Fund expenditures attributable to the General Fund of the County (the “General Fund”), including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County.

The Series A Notes are authorized by and are being issued in accordance with Article 7.6, Chapter 4, Part 1, Division 2, Title 5 (commencing with Section 53850) of the California Government Code (the “Act”), and a resolution adopted by the Board of Supervisors of the County (the “Board of Supervisors”) on May 13, 2025 and entitled “Resolution of the Board of Supervisors of the County of Los Angeles, California Providing for the Issuance and Sale of 2025-26 Tax and Revenue Anticipation Notes in an Aggregate Principal Amount Not to Exceed \$1,400,000,000” (the “Resolution”). The Series A Notes will be issued subject to the terms and conditions of a Financing Certificate of the Treasurer and Tax Collector of the County (the “Treasurer”) entitled “Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2025-26 Tax and Revenue Anticipation Notes” (the “Financing Certificate”) to be delivered on the date of issuance of the Series A Notes pursuant to the Resolution. The Series A Notes and the interest thereon are a first lien and charge against and are payable from the first Unrestricted Revenues to be received by the County, in each period set forth under the caption “THE SERIES A NOTES – Security for the Notes,” in an amount equal to the amount, or in the proportion of the total amount due, specified in the Financing Certificate (the “Pledged Revenues”). For purposes of the Series A Notes, the term “Unrestricted Revenues” is defined in the Resolution to mean the taxes, income, revenue, cash receipts and other moneys provided for Fiscal Year 2025-26 which will be received by or will accrue to the County during such fiscal year for the General Fund of the County and which are lawfully available for the payment of current expenses and other obligations of the County. See “THE SERIES A NOTES – Security for the Notes.”

Pursuant to the Resolution, the County is authorized to issue one or more series of tax and revenue anticipation notes (the “Additional Notes,” and collectively with the Series A Notes, the “Notes”) in Fiscal Year 2025-26, upon the execution and delivery by the Treasurer of one or more supplemental financing certificates amending the Financing Certificate (each, a “Supplemental Financing Certificate”) to provide for the issuance of such Additional Notes. Such Additional Notes, if issued, will be issued in accordance with the terms and conditions set forth in, and subject to the limitations specified in, the Resolution and the Financing Certificate. The aggregate par amount of the Series A Notes and any Additional Notes to be

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\* Preliminary, subject to change.

issued by the County shall not exceed \$1,400,000,000, which is the maximum aggregate principal amount for the Notes authorized under the Resolution. See “SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE – Supplemental Financing Certificates and Resolutions” and “– Issuance of Additional Notes.” The County does not currently intend to issue Additional Notes under the Resolution.

## **The County**

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

## **COUNTY OF LOS ANGELES CASH MANAGEMENT PROGRAM**

The County implemented a cash management program in 1977 to finance General Fund cash flow shortages occurring periodically during its fiscal year (July 1 through June 30). In each year since the program’s inception, the County has sold either tax anticipation notes or tax and revenue anticipation notes (including commercial paper notes) in annual aggregate amounts up to \$1,850,000,000. The Resolution authorizes the County to issue and sell up to \$1,400,000,000 aggregate principal amount of its Notes, including the Series A Notes.

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

## **THE SERIES A NOTES**

### **General**

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

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

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\* Preliminary, subject to change.



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

### **Authority for Issuance**

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

### **Purpose of Issue**

Issuance of the Series A Notes will provide moneys to help meet Fiscal Year 2025-26 General Fund expenditures, including current expenses, capital expenditures and the discharge of other obligations or indebtedness of the County. The County expects to invest proceeds of the Series A Notes in the Pooled Surplus Investments Fund of the County Treasury Pool (the “County Treasury Pool”) until expended. See APPENDIX A – “COUNTY OF LOS ANGELES INFORMATION STATEMENT – Financial Summary – County Pooled Surplus Investments” attached hereto.

### **Security for the Notes**

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

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

(a) the first Unrestricted Revenues to be received by the County on and after December 20, 2025, (1) in an amount equal to forty-five percent (45%) of the principal amount of the Series A Notes, plus (2) to the extent one or more series of Additional Notes are issued prior to December 20, 2025, (A) an amount equal to the percentage of the principal amount of such Additional Notes indicated in one or more Supplemental Certificates not to exceed \$700,000,000\*, plus (B) an amount equal to the interest that will accrue on such Additional Notes indicated in such Supplemental Certificates;

(b) the first Unrestricted Revenues to be received by the County on and after January 1, 2026, (1) in an amount equal to forty-five percent (45%) of the principal amount of the Series A Notes, plus (2) to the extent one or more series of Additional Notes are issued prior to January 1, 2026, (A) an amount equal to the percentage of the principal amount of such Additional Notes indicated in one or more Supplemental Certificates not to exceed \$700,000,000\* less the amount of any principal of Additional Notes included in any previous period’s calculation as described in clause (a) above, plus (B) an amount equal to the interest that will accrue on such Additional Notes indicated in such Supplemental Certificates less the amount of any interest on Additional Notes included in any previous period’s calculation as described in clause (a) above;

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\* Preliminary, subject to change.

(c) the first Unrestricted Revenues to be received by the County on and after April 1, 2026, (1) in an amount equal to ten percent (10%) of the principal amount of the Series A Notes , plus (2) an amount equal to the interest that will accrue on the Series A Notes, plus (3) to the extent one or more series of Additional Notes are issued prior to April 1, 2026, (A) an amount equal to the percentage of the principal amount of such Additional Notes indicated in one or more Supplemental Certificates not to exceed \$700,000,000\* less the amount of any principal of Additional Notes included in any previous period's calculation as described in clauses (a) and (b) above, plus (B) an amount equal to the interest that will accrue on such Additional Notes indicated in such Supplemental Certificates less the amount of any interest on Additional Notes included in any previous period's calculation as described in clauses (a) and (b) above; and

(d) the first Unrestricted Revenues to be received by the County on and after the date or dates indicated in a Supplemental Certificate relating to one or more series of Additional Notes, in an amount, with respect to each date, equal to (1) the percentage of the principal amount of such Additional Notes indicated in one or more Supplemental Certificates not to exceed \$700,000,000\* less the amount of any principal of Additional Notes included in any previous period's calculation as described in clauses (a), (b) and (c) above, plus (B) an amount equal to the interest that will accrue on the Additional Notes indicated in such Supplemental Certificate less the amount of any interest on Additional Notes included in any previous period's calculation as described in clauses (a), (b) and (c) above.

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

The Pledged Revenues may be invested in Permitted Investments (herein defined) and such Permitted Investments shall be subject to the pledge, lien and security interest described in the Financing Certificate and in the preceding paragraph; provided, however, that such Pledged Revenues shall not be invested for a term that exceeds the term of the Notes. Pledge Revenues will be invested for a period of time in the County Treasury Pool. Any amounts remaining in the Notes Repayment Fund after repayment

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\* Preliminary, subject to change.

of all Notes and the interest thereon shall be transferred to any account in the General Fund of the County as the Treasurer or any of the Treasurer's respective designees may direct. See "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE – Permitted Investments."

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

#### **Available Sources of Payment for the Series A Notes**

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

The County estimates that, for purposes of Section 53858 of the Act, the uncollected taxes, income, revenue, cash receipts and other moneys to be received by or accrue to the County during the Fiscal Year 2025-26 that will be available for the payment of the principal of and interest on the Series A Notes, including the Pledged Revenues, will be in excess of \$14.6 billion, as indicated in the table below. Except for Pledged Revenues, the uncollected taxes, income, revenue, cash receipts and other moneys to be received by or accrue to the County during the Fiscal Year 2025-26 will be expended during the course of Fiscal Year 2025-26, and no assurance can be given that any moneys, other than the Pledged Revenues, will be available to pay the Series A Notes and the interest thereon.

As provided in Section 53856 of the Act, the Notes and the interest thereon shall be a first lien and charge against, and shall be payable from the first moneys received by the County from, the Pledged Revenues. See "THE SERIES A NOTES – Security for the Notes" herein. "Pledged Revenues," as indicated above, is defined as the first Unrestricted Revenues to be received by the County, in each period set forth under the caption "THE SERIES A NOTES – Security for the Notes," in an amount equal to the amount, or in the proportion of the total amount due, specified in the Financing Certificate, as described under the caption "THE SERIES A NOTES – Security for the Notes." "Unrestricted Revenues," for purposes of the Notes, means "the taxes, income, revenue, cash receipts and other moneys provided for Fiscal Year 2025-26 which will be received by or will accrue to the County during such fiscal year for the General Fund of the County and which are lawfully available for the payment of current expenses and other obligations of the County."

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

**COUNTY OF LOS ANGELES**  
**ESTIMATED GENERAL FUND UNRESTRICTED REVENUES**  
**FISCAL YEAR 2025-26<sup>(1)</sup>**  
**(In Thousands)**

<b>SOURCES:</b>	<b>AMOUNT</b>
Property Taxes	\$8,099,337
Other Taxes	237,309
Homeowner's Exemptions	18,244
Motor Vehicle (VLF) Realignment	475,867
Fines, Forfeitures and Penalties	175,075
Licenses, Permits and Franchises	87,766
Charges for Current Services	2,991,867
Investment and Rental Income	542,251
Other Revenue and Tobacco Settlement	1,974,246
Total:	\$14,601,962
Less amount pledged for payment of the Notes: <sup>(2)</sup>	(700,000)
Net total in excess of Pledged Revenues:	<u>\$13,901,962</u>

<sup>(1)</sup> Reflects revenues set forth in the projected cash flow for Fiscal Year 2025-26. Information subject to change to reflect the impact of any revisions to the 2025-26 State Budget Act and other matters. See "THE SERIES A NOTES – State of California Finances" and APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT" attached hereto.

<sup>(2)</sup> Based on \$700,000,000\* aggregate principal amount of Series A Notes, excluding the interest thereon.

To the extent that the Unrestricted Revenues are insufficient to pay the Notes, the County may access certain borrowable resources in order to satisfy its payment obligations. See the table entitled "County of Los Angeles Borrowable Resources – Fiscal Year 2025-26" for a detailed summary of the borrowable resources which the County currently projects to be available for Fiscal Year 2025-26. Such amounts are not pledged for payment of the Notes and the interest thereon. The amount of borrowable resources actually available will depend on a variety of factors, including the final form of the County's 2025-26 Budget, when adopted, the County's actual revenues and expenditures, and actions by the State of California which could materially impact the County's expenses and revenues.

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\* Preliminary, subject to change.

## State of California Finances

**General.** The County receives a significant portion of its funding from the State. Changes in the financial situation of the State can affect the amount of funding received for numerous County programs, including various health, social services and public safety programs. A description of the Fiscal Year 2025-26 State Budget (the “2025-26 State Budget”) is set forth below. See APPENDIX A – “COUNTY OF LOS ANGELES INFORMATION STATEMENT – Budgetary Information – 2025-26 State Budget.” There can be no assurances that the 2025-26 State Budget, when adopted, will not place additional burdens on local governments, including the County, or will not significantly reduce revenues to such local governments. The County cannot predict the ultimate impact of the 2025-26 State Budget on the County’s financial outlook. If the 2025-26 State Budget includes decreases in revenues to the County or requires increases in County expenditures from the levels assumed by the County, the County will be required to generate additional revenues or curtail programs and/or services to ensure a balanced budget. See APPENDIX A – “COUNTY OF LOS ANGELES INFORMATION STATEMENT.”

**Governor’s Proposed 2025-26 State Budget.** The Governor released his proposed Fiscal Year 2025-26 State Budget (the “2025-26 Proposed State Budget”) on January 10, 2025. The 2025-26 Proposed State Budget projects that for Fiscal Year 2025-26 total resources available will be approximately \$251.4 billion (including a prior year balance of approximately \$26.3 billion) and total expenditures will be approximately \$228.9 billion, resulting in a year-end surplus of \$22.5 billion, of which \$18.0 billion would be reserved for the liquidation of encumbrances and \$4.5 billion would be deposited in a special fund for economic uncertainties. In addition, the 2025-26 Proposed State Budget projects \$10.9 billion on deposit in the State’s Rainy Day Fund. The projected balances are inclusive of a planned withdrawal of approximately \$7.1 billion from the Rainy Day Fund.

**May Revision to the 2025-26 Proposed State Budget.** On May 14, 2025, the Governor released his 2025-26 May Revision to the 2025-26 Proposed State Budget (the “May Revision”). The May Revision projects Fiscal Year 2025-26 State General Fund total available resources of approximately \$248.9 billion (including a prior year balance of \$34.3 billion) and total expenditures of approximately \$226.4 billion, resulting in a year-end surplus of approximately \$22.5 billion, of which \$18.0 billion would be reserved for the liquidation of encumbrances and \$4.5 billion would be deposited in a reserve for economic uncertainties. In addition, the May Revision projects \$11.2 billion on deposit in the State’s Rainy Day Fund. The May Revision projects that the Safety Net Reserve will have a zero balance in Fiscal Year 2025-26. See APPENDIX A – “COUNTY OF LOS ANGELES INFORMATION STATEMENT – 2025-26 State Budget” for additional information on the 2025-26 Proposed State Budget and the May Revision.

**LAO Overview of the May Revision.** Beginning on May 17, 2025, the Legislative Analyst’s Office (the “LAO”) released a series of analyses of the May Revision starting with its report entitled “The 2025-26 Budget: Initial Comments on the Governor’s May Revision” (the “Initial Comments”). Among other things, the Initial Comments estimate that the May Revision solved a \$14 billion budget problem, which is similar to the \$12 billion budget problem cited in the May Revision. The LAO states that the budget problem is driven by two key factors: higher baseline spending, most notably in Medi-Cal, and lower revenues, reflecting diminished expectations for both the personal income tax and the corporation tax. The LAO notes that the May Revision proposes \$9.5 billion in spending solutions, including approximately \$5 billion in spending reductions, and that a significant share of these spending solutions are ongoing and grow to \$17.5 billion by the last year of the administration’s forecast. The LAO further notes that these spending solutions help address, but do not fully solve, the State’s persistent multiyear deficits. Further, the LAO notes that the administration does not propose using reserves to address the budget problem, which the LAO believes to be prudent.

The LAO recommends that the State Legislature address the budget shortfall with a similar approach that the administration took, namely adopting solutions that primarily put the State on more solid fiscal footing, rather than those that delay or exacerbate future problems. The LAO also recommended avoiding committing to new activities. Finally, although the LAO had not previously recommended the Legislature take decisive action to address the structural deficits, the State's persistent fiscal imbalance and the added downside risks – particularly from potential federal actions – suggest a need for a more proactive approach. As such, the LAO views the Governor's focus on reducing multiyear spending as a reasonable and appropriate step. The LAO further suggests that the Legislature could allocate the mix of solutions differently, for example, by changing the types of programs, types of reductions, or mix of spending and revenue solutions adopted.

***Impact of Fiscal Year 2025-26 State Budget on the County.*** Changes in federal policy, particularly the imposition of tariffs, adversely impacted the State's economic and revenue forecasts. Additionally, projected expenditures—most notably in Medi-Cal—increased since the 2025-26 Proposed State Budget. Due to these factors, the May Revision projects an estimated \$12.0 billion budget shortfall. The May Revision generally reflects declining revenues and increased expenditures for the State, which may have an adverse impact on future County budgets. See APPENDIX A – “COUNTY OF LOS ANGELES INFORMATION STATEMENT – Budgetary Information – 2025-26 State Budget” attached hereto.

***Additional Information.*** The Governor may release additional details of the proposals or updates to the 2025-26 Proposed State Budget and May Revision. Information about the State Budget is regularly available at various State-maintained websites. The 2025-26 State Budget may be found at the Department of Finance website, [www.dof.ca.gov](http://www.dof.ca.gov), under the heading “The Budget.” An impartial analysis of the budget is posted by the LAO at [www.lao.ca.gov](http://www.lao.ca.gov). The information referred to is prepared by the respective State agency maintaining each website and not by the County or the Underwriters, and the County and the Underwriters take no responsibility for the continued accuracy of the internet addresses or for the accuracy or timeliness of information posted there, and such information is not incorporated herein by these references.

## **Interfund Borrowing, Intrafund Borrowing and Cash Flow**

County General Fund expenditures tend to occur in level amounts throughout the fiscal year. However, revenues are received during the fiscal year by the County in uneven amounts, primarily as a result of the receipt of secured property tax installment payments in December and April and delays in payments from other governmental agencies, the two largest sources of County revenues. Prior to 1977, the County managed its General Fund cash flow deficits by (i) borrowing from specific funds of other governmental entities whose funds are held in the County Treasury Pool (so-called “interfund borrowing”) pursuant to Section 6 of Article XVI of the California Constitution and (ii) borrowing from funds held in trust by the County (so-called “intrafund borrowing”). Because General Fund interfund borrowings caused disruptions in the County's management of the General Fund's pooled investments, since 1977 the County has regulated its cash flow by issuing tax anticipation notes and tax and revenue anticipation notes for the General Fund and by using intrafund borrowing. Except for tax and revenue anticipation notes that have not yet matured (being the \$700,000,000 in aggregate principal amount of tax and revenue anticipation notes issued in Fiscal Year 2024-25 and due June 30, 2025), all tax and revenue anticipation notes issued in connection with the County's cash management program have been repaid on their respective maturity dates. Sufficient revenues have been reserved in a 2024-25 TRANs Repayment Fund therefor, separate from the General Fund, to repay the outstanding 2024-25 Tax and Revenue Anticipation Notes due on June 30, 2025. The County does not intend to engage in interfund borrowing for the General Fund nor has

it done so since the implementation of the General Fund cash management program in Fiscal Year 1977-78.

The use of intrafund borrowing to cover negative balances in the General Fund is a regular practice. The legality of this practice was decided and affirmed in May 1999 by the California Court of Appeal in the case entitled *Stanley G. Auerbach et al. v. Board of Supervisors of the County et al.* The funds available as borrowable resources and reviewed by the court in 1999 consisted primarily of property tax collections and moneys in transit. Such funds are held in trust by the County prior to being distributed to the various taxing agencies and governmental units within the County. The General Fund itself is a major recipient of these moneys in transit and ultimately receives more than 30 percent of all borrowable resources. The County has chosen not to classify such amounts as General Fund receipts until they are actually moved from trust and into the General Fund. If such moneys were classified as General Fund deposits when first received by the County, the cash balance in the General Fund would be materially greater throughout the fiscal year. See the tables entitled “Borrowable Resources Average Daily Balances – Fiscal Years 2020-21 through 2024-25” and “County of Los Angeles Borrowable Resources – Fiscal Year 2025-26” for the County’s historical and projected borrowable resources for purposes of intrafund borrowing.

The following tables set forth for Fiscal Years 2020-21 through 2024-25 the month-end cash balances in the General Fund and the average daily balances in the various funds that account for the County's borrowable resources.

**GENERAL FUND  
MONTH-END CASH BALANCES  
FISCAL YEARS 2020-21 THROUGH 2024-25  
(In Thousands)<sup>(1)</sup>**

	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>July</b>	\$2,084,187	\$3,186,717	\$3,532,192	\$4,554,113	\$5,538,503
<b>August</b>	1,329,889	2,172,654	3,237,406	4,095,301	5,046,461
<b>September</b>	685,095	1,527,213	2,848,231	3,706,239	4,796,103
<b>October</b>	676,059	842,120	2,487,260	2,686,005	4,180,968
<b>November</b>	36,391	246,304	1,778,473	2,124,984	3,214,753
<b>December</b>	574,998	1,319,034	2,707,459	3,378,328	3,927,945
<b>January</b>	770,599	1,545,696	3,077,444	3,717,922	4,601,000
<b>February</b>	360,962	1,494,942	2,651,622	2,729,866	3,755,299
<b>March</b>	1,683	1,177,052	1,931,765	2,190,831	2,718,865
<b>April</b>	612,909	2,175,408	3,134,261	3,170,206	4,335,838
<b>May</b>	1,311,927	2,843,143	4,069,262	4,300,424	4,441,489 <sup>(2)</sup>
<b>June</b>	2,752,640	3,256,071	4,708,560	4,937,094	3,153,776 <sup>(2)</sup>

<sup>(1)</sup> Month-end balances include the effects of short-term note issuance net of deposits to the repayment fund for the County's 2024-25 Tax and Revenue Anticipation Notes. Monthly periods with negative cash balances are covered by borrowable resources available to the County. See "THE SERIES A NOTES – Interfund Borrowing, Intrafund Borrowing and Cash Flow" and APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – FINANCIAL SUMMARY" attached hereto.

<sup>(2)</sup> Estimated.

**BORROWABLE RESOURCES  
AVERAGE DAILY BALANCES  
FISCAL YEARS 2020-21 THROUGH 2024-25  
(In Thousands)**

	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>July</b>	\$1,430,818	\$2,063,708	\$2,874,085	\$2,519,295	\$2,645,610
<b>August</b>	1,463,537	1,621,008	1,990,464	2,195,686	2,306,796
<b>September</b>	1,611,878	1,564,800	1,907,879	2,165,280	2,238,478
<b>October</b>	2,752,162	2,201,240	2,866,612	3,044,680	3,418,739
<b>November</b>	4,687,600	4,125,084	5,617,787	6,044,713	6,350,849
<b>December</b>	7,514,453	7,745,735	9,418,470	10,022,460	10,495,388
<b>January</b>	5,166,904	5,380,354	6,052,190	6,170,298	6,344,838
<b>February</b>	3,479,769	3,579,695	4,060,667	4,252,158	4,836,749
<b>March</b>	3,958,513	4,042,570	4,419,615	4,637,798	5,012,621
<b>April</b>	7,732,620	7,920,792	9,118,627	9,439,885	9,382,105
<b>May</b>	4,284,710	5,067,413	5,603,536	6,174,225	4,260,574 <sup>(1)</sup>
<b>June</b>	2,474,454	3,162,739	2,912,297	2,404,821	1,572,685 <sup>(1)</sup>

<sup>(1)</sup> Estimated.



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

In connection with the issuance of the Series A Notes, the County has prepared the following detailed cash flow projection for Fiscal Year 2025-26 based on the 2025-26 Recommended Budget that was approved by the Board of Supervisors on April 15, 2025 (the "2025-26 Recommended Budget"), and a detailed projection of average daily balances for Fiscal Year 2025-26 for all funds expected to be available as borrowable resources. The projected information relating to cash flow and borrowable resources has been prepared by the County based on historical information, as well as the County's analysis of expected revenues and expenses for Fiscal Year 2025-26. Although the County believes its Fiscal Year 2025-26 projections are reasonable, the cash flow and borrowable resources will depend on a variety of factors, including the extent and timing of liability and settlement costs relating to Assembly Bill 218 ("AB 218"), the final County Budget, actual revenues and expenses, the impact on the County of State budgetary actions, and other factors, and such projections should not be construed as statements of fact. See "RISK FACTORS – Liability Related to AB 218" and APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Litigation." In preparing cash flow forecasts for prior issuances of tax and revenue anticipation notes, the County has historically been conservative in its projections. Since Fiscal Year 1990-91, the County has exceeded its year-end cash projections in 32 of 33 years, and has done so by an average of more than \$500 million. For June 30, 2025, the County projects that its cash balance will be \$2,336 million greater than the original May 2024 forecast of \$818 million, ending the current fiscal year at a positive \$3,154 million. There can be no assurances that actual results for Fiscal Year 2025-26 will not materially differ from the projections.

**COUNTY OF LOS ANGELES**  
**GENERAL FUND CASH FLOW ANALYSIS**  
**FISCAL YEAR 2025-26 PROJECTION**  
(in thousands of \$)

	July 2025	August 2025	September 2025	October 2025	November 2025	December 2025
<b>BEGINNING BALANCE</b>	\$ 3,153,776	\$ 3,589,180	\$ 2,773,254	\$ 1,732,303	\$ 695,696	\$ (320,725)
<b>RECEIPTS</b>						
Property Taxes	\$ 52,190	\$ 183,025	\$ 0	\$ 0	\$ 74,403	\$ 1,871,607
Other Taxes	21,524	17,424	16,683	15,837	24,482	13,524
Licenses, Permits & Franchises	5,507	3,057	7,053	3,849	3,965	6,475
Fines, Forfeitures & Penalties	29,387	26,771	5,875	6,978	17,834	6,674
Investment and Rental Income	60,684	53,889	43,789	47,853	44,850	44,748
Motor Vehicle (VLF) Realignment	0	46,615	104,591	44,367	44,321	39,838
Sales Taxes - Proposition 172	96,410	72,456	72,819	75,823	88,531	73,580
1991 Program Realignment	97,657	2,473	111,571	100,413	86,820	86,810
Other Intergovernmental Revenue	496,229	564,197	313,098	445,066	209,003	413,463
COVID-19 Revenues	0	0	0	0	0	0
Charges for Current Services	376,384	223,080	152,769	207,196	224,665	213,465
Other Revenue & Tobacco Settlement	244,580	239,700	62,018	82,227	87,280	138,155
Transfers & Reimbursements	14,669	1,623	(132)	1,798	15,012	44,742
Hospital Loan Repayment	0	0	0	0	0	0
Welfare Advances	560,489	312,525	476,115	400,240	417,450	648,477
Other Financing Sources/MHSA	408,899	25,491	0	17,411	94,275	55,392
Intrafund Borrowings	0	0	0	0	0	0
TRANS Sold	700,000	0	0	0	0	0
Total Receipts	\$ 3,164,610	\$ 1,772,327	\$ 1,366,250	\$ 1,449,058	\$ 1,432,891	\$ 3,656,951
<b>DISBURSEMENTS</b>						
Welfare Warrants	\$ 275,473	\$ 329,237	\$ 303,865	\$ 313,005	\$ 285,845	\$ 281,287
Salaries	661,684	676,594	689,028	725,224	722,895	714,245
Employee Benefits	451,943	457,249	495,346	469,724	477,419	460,937
Vendor Payments	974,923	865,375	867,361	862,790	905,521	693,902
Loans to Hospitals	0	0	0	0	0	0
Hospital Subsidy Payments	300,000	225,358	0	0	0	0
Transfer Payments	65,184	34,440	51,600	114,922	57,632	27,242
TRANS Pledge Transfer	0	0	0	0	0	315,000
Intrafund Repayment	0	0	0	0	0	0
Total Disbursements	\$ 2,729,206	\$ 2,588,253	\$ 2,407,200	\$ 2,485,665	\$ 2,449,312	\$ 2,492,613
<b>ENDING BALANCE</b>	<b>\$ 3,589,180</b>	<b>\$ 2,773,254</b>	<b>\$ 1,732,303</b>	<b>\$ 695,696</b>	<b>\$ (320,725)</b>	<b>\$ 843,613</b>
Borrowable Resources (Avg. Balance)	\$ 1,934,888	\$ 1,731,437	\$ 1,708,124	\$ 2,692,286	\$ 5,865,427	\$ 10,394,080
<b>Total Cash Available</b>	<b>\$ 5,524,068</b>	<b>\$ 4,504,691</b>	<b>\$ 3,440,427</b>	<b>\$ 3,387,982</b>	<b>\$ 5,544,702</b>	<b>\$ 11,237,693</b>

January 2026	February 2026	March 2026	April 2026	May 2026	June 2026	2025-26	
\$ 843,613	\$ 1,329,130	\$ 1,329,596	\$ 882,743	\$ 1,976,634	\$ 2,290,666		<b>BEGINNING BALANCE</b>
							<b>RECEIPTS</b>
\$ 1,937,073	\$ 255,572	\$ 17,444	\$ 1,906,748	\$ 1,445,939	\$ 355,335	\$ 8,099,337	Property Taxes
16,839	27,829	18,525	16,340	17,316	30,986	237,309	Other Taxes
5,259	4,713	17,778	16,317	6,777	7,016	87,766	Licenses, Permits & Franchises
7,356	23,931	17,151	5,447	22,602	5,069	175,075	Fines, Forfeitures & Penalties
35,282	54,578	48,664	35,189	41,768	30,956	542,251	Investment and Rental Income
62,030	45,350	40,870	35,677	12,208	0	475,867	Motor Vehicle (VLF) Realignment
75,144	102,152	67,748	64,978	88,949	73,677	952,269	Sales Taxes - Proposition 172
99,307	86,831	80,729	60,618	82,457	71,688	967,374	1991 Program Realignment
382,681	706,418	515,760	214,699	468,129	233,438	4,962,183	Other Intergovernmental Revenue
0	0	0	0	0	0	0	COVID-19 Revenues
385,589	100,755	123,410	690,135	130,323	164,096	2,991,867	Charges for Current Services
209,564	200,613	348,536	167,235	95,603	98,735	1,974,246	Other Revenue & Tobacco Settlement
3,897	7,408	21,754	5,156	20,160	18,709	154,796	Transfers & Reimbursements
0	0	0	55,515	0	0	55,515	Hospital Loan Repayment
688,967	760,088	645,627	617,200	643,793	674,570	6,845,541	Welfare Advances
46,822	42,285	68,041	61,700	59,089	58,941	938,345	Other Financing Sources/MHSA
0	0	0	0	0	0	0	Intrafund Borrowings
0	0	0	0	0	0	700,000	TRANS Sold
\$ 3,955,812	\$ 2,418,523	\$ 2,032,039	\$ 3,952,954	\$ 3,135,112	\$ 1,823,215	\$ 30,159,741	Total Receipts
							<b>DISBURSEMENTS</b>
\$ 277,490	\$ 301,137	\$ 338,250	\$ 489,334	\$ 516,476	\$ 475,469	\$ 4,186,868	Welfare Warrants
711,606	702,787	702,723	706,679	711,761	760,421	8,485,646	Salaries
530,597	532,921	536,897	544,782	542,716	537,281	6,037,813	Employee Benefits
721,504	805,274	782,621	861,198	912,767	751,423	10,004,659	Vendor Payments
0	0	55,515	0	0	0	55,515	Loans to Hospitals
0	0	0	0	0	0	525,358	Hospital Subsidy Payments
914,097	75,939	62,886	187,070	137,359	72,609	1,800,979	Transfer Payments
315,000	0	0	70,000	0	0	700,000	TRANS Pledge Transfer
0	0	0	0	0	0	0	Intrafund Repayment
\$ 3,470,294	\$ 2,418,057	\$ 2,478,891	\$ 2,859,063	\$ 2,821,080	\$ 2,597,203	\$ 31,796,838	Total Disbursements
<b>\$ 1,329,130</b>	<b>\$ 1,329,596</b>	<b>\$ 882,743</b>	<b>\$ 1,976,634</b>	<b>\$ 2,290,666</b>	<b>\$ 1,516,679</b>		<b>ENDING BALANCE</b>
\$ 5,886,864	\$ 4,266,973	\$ 4,599,702	\$ 8,544,934	\$ 4,350,786	\$ 1,609,137		Borrowable Resources (Avg. Balance)
<b>\$ 7,215,994</b>	<b>\$ 5,596,569</b>	<b>\$ 5,482,445</b>	<b>\$ 10,521,568</b>	<b>\$ 6,641,452</b>	<b>\$ 3,125,816</b>		<b>Total Cash Available</b>

**COUNTY OF LOS ANGELES BORROWABLE RESOURCES**  
**AVERAGE DAILY BALANCES: Fiscal Year 2025-26 PROJECTION**  
**FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of \$)**

	July 2025	August 2025	September 2025	October 2025	November 2025	December 2025
<b>PROPERTY TAX GROUP</b>						
Tax Collector Trust Fund	\$ 117,905	\$ 94,075	\$ 44,966	\$ 857,439	\$ 2,401,760	\$ 5,435,200
Auditor Unapportioned Property Tax	382,380	216,365	205,139	322,095	1,998,487	2,869,666
Unsecured Property Tax	234,754	231,606	208,218	260,050	189,448	117,589
Miscellaneous Fees & Taxes	309	324	374	464	603	735
State Redemption Fund	44,151	73,543	68,731	58,658	52,265	46,647
Education Revenue Augmentation	17,585	81,972	19,678	383	24,732	655,523
State Reimbursement Fund	7	7	7	7	1,579	8,191
Vehicle License Fee Replacement Fund	0	16,199	166,381	186,864	187,216	213,206
Property Tax Rebate Fund	6,025	25,395	20,377	14,447	31,440	30,321
Utility User Tax Trust Fund	1,363	0	3,638	8,574	11,728	11,671
Subtotal	\$ 804,479	\$ 739,486	\$ 737,509	\$ 1,708,981	\$ 4,899,258	\$ 9,388,749
<b>VARIOUS TRUST GROUP</b>						
Departmental Trust Fund	\$ 814,006	\$ 671,489	\$ 636,404	\$ 665,354	\$ 651,491	\$ 663,644
Non-County Entities Trust Fund	68,714	75,035	71,183	68,024	70,601	69,099
Payroll Revolving Fund	61,471	59,192	75,314	61,069	54,729	82,538
Asset Development Fund	24,026	23,763	23,776	23,802	23,827	23,853
Productivity Investment Fund	7,276	7,543	7,347	8,252	9,595	9,491
Motor Vehicle Capital Outlays	5,813	5,207	4,872	4,463	3,651	3,651
Civic Center Parking	30	215	140	65	223	267
Reporters Salary Fund	533	471	1,052	988	235	261
Cable TV Franchise Fund	14,663	14,220	14,626	14,630	14,397	13,827
Megaflex Long-Term Disability	11,593	11,642	11,819	11,836	12,033	12,162
Megaflex Long-Term Disability & Health	17,552	17,669	17,797	17,895	18,006	18,123
Megaflex Short-Term Disability	99,732	100,505	101,285	101,927	102,381	103,415
Subtotal	\$ 1,125,409	\$ 986,951	\$ 965,615	\$ 978,305	\$ 961,169	\$ 1,000,331
<b>HOSPITAL GROUP</b>						
Harbor-UCLA Medical Center	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Olive View-UCLA Medical Center	1,000	1,000	1,000	1,000	1,000	1,000
LAC+USC Medical Center	1,000	1,000	1,000	1,000	1,000	1,000
Rancho Los Amigos Rehab Center	1,000	1,000	1,000	1,000	1,000	1,000
HLTH SVC - Harbor UCLA MC	1,000	1,000	1,000	1,000	1,000	1,000
Subtotal	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
<b>GRAND TOTAL</b>	<b>\$ 1,934,888</b>	<b>\$ 1,731,437</b>	<b>\$ 1,708,124</b>	<b>\$ 2,692,286</b>	<b>\$ 5,865,427</b>	<b>\$ 10,394,080</b>

Source: Los Angeles County Auditor-Controller



January 2026	February 2026	March 2026	April 2026	May 2026	June 2026	
<b>PROPERTY TAX GROUP</b>						
\$ 1,112,228	\$ 610,070	\$ 1,168,383	\$ 3,348,925	\$ 1,385,452	\$ 186,092	Tax Collector Trust Fund
2,156,426	1,646,388	1,204,105	2,448,872	956,925	208,537	Auditor Unapportioned Property Tax
113,880	97,886	83,787	73,736	69,328	142,932	Unsecured Property Tax
875	952	675	697	6,723	9,887	Miscellaneous Fees & Taxes
35,694	26,224	28,073	30,752	21,581	28,172	State Redemption Fund
740,191	116,022	27,467	563,990	262,542	187,953	Education Revenue Augmentation
14,594	616	616	1,533	21,347	12,555	State Reimbursement Fund
621,063	591,099	821,911	879,399	800,902	0	Vehicle License Fee Replacement Fund
46,217	46,175	39,175	53,515	9,088	0	Property Tax Rebate Fund
11,671	5,629	12,691	19,519	12,648	12,713	Utility User Tax Trust Fund
\$ 4,852,839	\$ 3,141,061	\$ 3,386,883	\$ 7,420,938	\$ 3,546,536	\$ 788,841	Subtotal
<b>VARIOUS TRUST GROUP</b>						
\$ 719,701	\$ 796,189	\$ 882,971	\$ 798,846	\$ 506,600	\$ 560,105	Departmental Trust Fund
60,268	68,432	74,806	75,555	40,603	44,891	Non-County Entities Trust Fund
62,934	70,732	65,373	59,513	72,797	57,484	Payroll Revolving Fund
23,876	23,894	23,914	24,502	54,271	49,056	Asset Development Fund
9,202	9,087	8,318	7,925	8,610	6,690	Productivity Investment Fund
3,618	2,986	2,967	2,746	648	6,690	Motor Vehicle Capital Outlays
209	264	164	98	90	159	Civic Center Parking
986	615	448	626	588	461	Reporters Salary Fund
13,853	13,724	13,934	14,058	15,666	14,494	Cable TV Franchise Fund
12,306	12,567	12,703	12,769	12,017	16,605	Megaflex Long-Term Disability
18,226	18,333	18,201	18,311	14,496	10,375	Megaflex Long-Term Disability & Health
103,846	104,089	104,020	104,047	72,864	48,286	Megaflex Short-Term Disability
\$ 1,029,025	\$ 1,120,912	\$ 1,207,819	\$ 1,118,996	\$ 799,250	\$ 815,296	Subtotal
<b>HOSPITAL GROUP</b>						
\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	Harbor-UCLA Medical Center
1,000	1,000	1,000	1,000	1,000	1,000	Olive View-UCLA Medical Center
1,000	1,000	1,000	1,000	1,000	1,000	LAC+USC Medical Center
1,000	1,000	1,000	1,000	1,000	1,000	Rancho Los Amigos Rehab Center
1,000	1,000	1,000	1,000	1,000	1,000	HLTH SVC - Harbor UCLA MC
\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	Subtotal
<b>\$ 5,886,864</b>	<b>\$ 4,266,973</b>	<b>\$ 4,599,702</b>	<b>\$ 8,544,934</b>	<b>\$ 4,350,786</b>	<b>\$ 1,609,137</b>	<b>GRAND TOTAL</b>

## **SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION AND THE FINANCING CERTIFICATE**

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

### **Resolution and Financing Certificate to Constitute Contract**

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

### **Covenants of the County**

The County covenants under the Financing Certificate that it will not issue any notes, or otherwise incur any indebtedness, pursuant to the Act with respect to Fiscal Year 2025-26 in an amount which, when added to the interest payable thereon, shall exceed 85 percent of the estimated amount of the then-uncollected taxes, income, revenue, cash receipts, and other moneys of the County which will be available for the payment of said notes or other indebtedness and the interest thereon; provided, however, that to the extent that any principal of or interest on such notes or other indebtedness is secured by a pledge of the amount in any inactive or term deposit of the County, the term of which will terminate during said fiscal year, such principal and interest may be disregarded in computing said limit.

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

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

## **Negotiability, Transfer and Exchange of the Series A Notes**

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

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

## **Permitted Investments**

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

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

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

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

(4) The County Treasury Pool.

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

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

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

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

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

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

### **Notes Repayment Fund Held by the Treasurer**

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

### **Supplemental Financing Certificates and Resolutions**

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



Certificate with respect to the Notes, as set forth under “THE SERIES A NOTES – Security for the Notes,” without the consent of all of the Holders of the affected Notes, or (iii) reduce the percentage of the Holders required to approve such Supplemental Financing Certificate without the consent of all of the Holders of the affected Notes, or (iv) change or modify any of the rights or obligations of the Paying Agent without its written consent thereto.

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

### **Issuance of Additional Notes**

Under the Resolution, the County may issue one or more series of Additional Notes from time to time during Fiscal Year 2025-26, and each such series will be dated the date of issuance thereof, will mature on one or more dates not more than thirteen (13) months thereafter, as set forth in a Supplemental Financing Certificate, and will bear interest, payable on such interest payment dates and at their respective maturity dates computed on the basis of a 360-day year composed of twelve 30-day months, at the rate or rates per annum determined at the time of the sale thereof (not to exceed the maximum interest rate permitted by law) as established by the Treasurer and set forth in such Supplemental Financing Certificate. Each series of Additional Notes, if issued, will be in an aggregate principal amount which, when combined with the aggregate principal amount of the Series A Notes and any previously issued series of Additional Notes issued pursuant to the Resolution, is not in excess of \$1,400,000,000. The terms of each series of Additional Notes will be set forth in a Supplemental Financing Certificate (in accordance with the terms and conditions set forth in, and subject to the limitations specified in, the Financing Certificate when executed and delivered). Additional Notes may be issued on a tax-exempt or a taxable basis.

Under the Financing Certificate, the County may issue Additional Notes subject to the following conditions:

1. the County shall not have issued any tax and revenue anticipation notes relating to Fiscal Year 2025-26 except (a) pursuant to the Resolution, the Financing Certificate and any Supplemental Financing Certificate, or (b) notes secured by a pledge of, lien on and security interest in its Unrestricted Revenues that is subordinate in all respects to the pledge of, lien on and security interest in its Unrestricted Revenues granted under the Financing Certificate; the County shall be

in compliance with all agreements and covenants contained in the Resolution, the Financing Certificate and any Supplemental Financing Certificate; and no Event of Default shall have occurred and is continuing under the Financing Certificate;

2. the issuance of the Additional Notes shall have been authorized under and pursuant to the Act and under and pursuant to the Resolution and the Financing Certificate and shall have been provided for by a Supplemental Financing Certificate specifying the following:

- (a) the aggregate principal amount of the Additional Notes, which, when combined with the aggregate principal amount of any previously issued series of Notes, will not exceed \$1,400,000,000;
- (b) the denominations of the Additional Notes, which will be Authorized Denominations;
- (c) the date, the interest rate or rates, and the Maturity Date or dates (not more than thirteen (13) months thereafter) of the Additional Notes; provided that no Additional Notes will have a Maturity Date on or prior to the Maturity Date of the Series A Notes;
- (d) whether such Additional Notes shall be issued as Tax-Exempt or Taxable Notes;
- (e) that such Additional Notes shall not be subject to redemption prior to their respective Maturity Dates; and
- (f) such other provisions that are appropriate or necessary and are not inconsistent with the provisions of the Resolution or the Financing Certificate.

### **Events of Default**

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

- (1) the County fails to make any payment of the principal of or interest on any Notes when and as the same become due and payable;
- (2) the County fails to perform or observe any other of the covenants, agreements or conditions required to be performed or observed by the County pursuant to the Resolution, the Financing Certificate or the Notes and such default shall continue for a period of 60 days after written notice thereof to the County by the Holders of not less than 10 percent in principal amount of the Notes outstanding; or
- (3) the County shall file a petition for relief under the federal bankruptcy laws.

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

## **Payment of Unclaimed Moneys to County**

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

## **RISK FACTORS**

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

## **The County's Fiscal Year 2025-26 Recommended Budget**

The County's Fiscal Year 2025-26 Recommended Budget was based on a number of assumptions regarding both revenues and expenditures. The Fiscal Year 2025-26 Recommended Budget was approved by the Board of Supervisors on April 15, 2025. The Fiscal Year 2025-26 Recommended Budget equals approximately \$47.921 billion. The County Chief Executive Office presents the Recommended Budget in April each year. The Recommended Budget is the first phase of a three-phase budget process that ends in the adoption of a Final Adopted Budget in September or October of each year. The Fiscal Year 2025-26 Recommended Budget reflects an overall decrease of \$1.252 billion from Fiscal Year 2024-25 Final Adopted Budget and assumes a General Fund net County cost of \$12.6 billion. The County may make adjustments throughout the year as necessary to maintain a balanced budget, as required by the County Charter. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Budgetary Information – Fiscal Year 2025-26 Recommended Budget" attached hereto.

## **Liability Related to AB 218**

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

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 – “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 repayment of principal of and interest on the Series A Notes. 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 from Fiscal Year 2025-26 are used to pay liabilities relating to AB 218, a lesser amount of Unrestricted Revenues, as defined in this Official Statement, would be available for payment of current expenses and other obligations of the County. Because the Series A Notes are secured by the first Unrestricted Revenues to be received by the County in each period set forth under the caption “THE SERIES A NOTES – Security for the Series A Notes,” the current expenses and other obligations of the County for each such period are paid after amounts are set aside for the Series A Notes in such period. To the extent judgment obligation bonds are issued, repayment of such borrowings are likely to commence after the maturity date of the Series A Notes. There can be no assurance that the County will determine to use any financing option described herein. The County does not expect that the amounts it may be required to pay with respect to these lawsuits will materially impair its ability to pay the Series A Notes.

In addition, the Governor signed Assembly Bill 452 into law in October 2023, amending Section 340.1 of the California Code of Civil Procedure by removing all time limits to file lawsuits for childhood sexual assault prospectively for conduct occurring on or after January 1, 2024. The 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.

### **Financial Conditions in Local, State and National Economies**

The financial condition of the County can be significantly affected by generally prevailing financial conditions in the local, State and national economies. The County receives a significant portion of its funding from the State. Decreases in the State’s General Fund revenues may significantly affect appropriations made by the State to public agencies, including the County. There can be no assurances that the occurrence of a recession or otherwise declining conditions in the local, State or national economies will not materially adversely affect the financial condition of the County in the future. See also “THE

SERIES A NOTES – State of California Finances” herein and APPENDIX A – “COUNTY OF LOS ANGELES INFORMATION STATEMENT – Budgetary Information - Federal and State Funding” attached hereto.

## **Cybersecurity**

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

In November 2018, the Board adopted revised Information Technology and Security Board Policies which set forth directives on best practices for use of the County's computer systems. These policies include an Information Security Policy, an Information Classification Policy, a Use of County Information Assets Policy, an Information Security Incident Reporting and Response Policy and an Information Technology Audit and Risk Assessment Policy. The County uses a risk-based approach (which involves creating controls for managing risks based on prioritizing the severity of damage posed by those risks and helps focus efforts based on the level of risk involved) to manage cybersecurity threats, which allows the County to continuously evaluate the vulnerabilities of its systems and the threats posed thereto so that the County may timely react to and address each situation. The County also conducts ongoing cybersecurity awareness training for County employees as a component of its cyber liability insurance policy.

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

## **Climate Change**

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

Among the actions taken by the County to address climate change are the establishment of a Chief Sustainability Office and the adoption of the “OurCounty Sustainability Plan.” The Chief Sustainability Office provides comprehensive and coordinated policy support and guidance for the Board of Supervisors, County departments, the unincorporated areas and the region to assist in making communities in the County

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

In 2015, the County adopted the Unincorporated Los Angeles County Community Climate Action Plan 2020 (the "2020 CCAP"), as a component of the Air Quality Element of the Los Angeles County General Plan 2035, and set a target to reduce emissions in unincorporated Los Angeles County by 11% by 2020. The 2045 Los Angeles County Climate Action Plan (the "2045 CAP"), adopted on April 16, 2024, builds upon the County's existing and ongoing efforts under the 2020 CCAP and focuses on actions to reduce greenhouse gas emissions associated with community activities in unincorporated Los Angeles County. The 2045 CAP sets new greenhouse gas emissions reductions targets beyond the 2020 timeframe in the 2020 CCAP, which are consistent with State goals. Through the 2045 CAP, the County has set a target of 2045 for achieving carbon neutrality in the County's unincorporated areas and maintaining net negative greenhouse gas emissions thereafter in accordance with statewide goals established in 2018.

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

### **Seismic Events, Fires and Other Natural Disasters**

The County, like most regions in the State, is located in an area of seismic activity from movements along active fault zones and, therefore, could be subject to potentially destructive earthquakes. Known major faults running through the County include the Chatsworth, the Hollywood, the Newport-Inglewood, the Puente Hills Thrust, the San Andreas, the Santa Monica, the Palos Verdes, 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.

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"). 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 occurrence of severe seismic activity, a significant wildfire or other natural disaster, such as flooding or landslides in the County could result in substantial damage to property and infrastructure within the County. Substantial financial and operational resources of the County could be required during such an event and thereafter to repair damage to County infrastructure. The County operates and coordinates a comprehensive disaster recovery network that is responsible for providing critical services in response to such natural disasters and other emergencies. See Appendix A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – County Services – Disaster Services."

### **Public Health Emergencies**

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

### **Enforceability of Remedies**

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

On January 24, 1996, the United States Bankruptcy Court for the Central District of California held in the case of *County of Orange v. Merrill Lynch* that a State statute providing for a priority of distribution of property held in trust conflicted with, and was preempted by, federal bankruptcy law. In that case, the court addressed the priority of the disposition of moneys held in a county investment pool upon bankruptcy

of the county, but was not required to directly address the State statute that provides for the lien in favor of holders of tax and revenue anticipation notes. The County expects to be in possession of the Pledged Revenues, which will be set aside to repay the Series A Notes, and such amounts will be held in the Notes Repayment Fund, a segregated account to be established and maintained by the County for the benefit of the owners of the Series A Notes. The amounts in such segregated account will be invested for a period of time in the County Treasury Pool. In the event of a petition for the adjustment of County debts under Chapter 9 of the United States Bankruptcy Code, a court might hold that the owners of the Series A Notes do not have a valid and prior lien on the pledged amounts where such amounts are deposited in the County Treasury Pool and may not provide the Series A Note owners with a priority interest in such amounts. Such pledged amounts may not be available for payment of principal of and interest on the Series A Notes unless the owners could “trace” the funds from the Notes Repayment Fund that have been deposited in the County Treasury Pool. There can be no assurance that the Owners could successfully so “trace” the pledged amounts.

## **TAX MATTERS**

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

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

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



Premium Note, will be reduced by the amount of amortizable bond premium properly allocable to such holder of the Series A Notes. Holders of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

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

One of the covenants of the County referred to above requires the County to reasonably and prudently calculate the amount, if any, of excess investment earnings on the proceeds of the Series A Notes which must be rebated to the United States, to set aside from lawfully available sources sufficient moneys to pay such amounts and to otherwise do all things necessary and within its power and authority to ensure that interest on the Series A Notes is excluded from gross income for federal income tax purposes. Under the Code, if the County spends 100% of the proceeds of the Series A Notes within six months after issuance, there is no requirement that there be a rebate of investment profits in order for interest on the Series A Notes to be excluded from gross income for federal income tax purposes. The Code also provides that such proceeds are not deemed spent until all other available moneys (less a reasonable working capital reserve) are spent. The County expects to satisfy this expenditure test or, if it fails to do so, to make any required rebate payments from moneys received or accrued during Fiscal Year 2025-26. To the extent that any rebate cannot be paid from such moneys, California law is unclear as to whether such covenant would require the County to pay any such rebate. This would be an issue only if it were determined that the County's calculation of expenditures of Series A Notes proceeds or of rebatable arbitrage profits, if any, was incorrect.

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

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

or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

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

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

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

## **CERTAIN LEGAL MATTERS**

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

## **LEGALITY FOR INVESTMENT IN CALIFORNIA**

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

## **FINANCIAL STATEMENTS**

The financial statements of the County for the Fiscal Year ended June 30, 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 attached hereto. See APPENDIX B – "COUNTY OF LOS ANGELES FINANCIAL STATEMENTS." The Independent Auditor has not consented to the inclusion of its report as Appendix B and has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made herein, and no opinion is expressed by the Independent Auditor with respect to any event subsequent to its report dated December 12, 2024.

## **RATINGS**

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

## **LITIGATION**

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

## **MUNICIPAL ADVISOR**

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

## **CONTINUING DISCLOSURE**

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

The County 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.

## **UNDERWRITING**

The Series A Notes are being purchased for reoffering by Raymond James & Associates, Inc., as representative of itself and the underwriters identified on the cover page of this Official Statement (collectively, the “Underwriters”). The Underwriters have agreed to purchase the Series A Notes at a purchase price of \$\_\_\_\_\_ (representing the principal amount of the Series A Notes, plus original issue premium of \$\_\_\_\_\_, less Underwriters’ discount of \$\_\_\_\_\_). The Contract of Purchase (the “Contract of Purchase”) provides that the Underwriters will purchase all of the Series A Notes if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the Contract of Purchase.

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

The following paragraphs have been provided by the Underwriters:

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the Series A Notes, 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 Series A Notes from JPMS at the original issue price less a negotiated portion of the selling concession applicable to the portion of the Series A Notes that such firm sells.

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

activities may involve securities and instruments of the County or the State. The Underwriters and their affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend.

### **ADDITIONAL INFORMATION**

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

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

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



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**APPENDIX A**

**COUNTY OF LOS ANGELES INFORMATION STATEMENT**

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# THE COUNTY OF LOS ANGELES

## Information Statement

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### 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, but intends to issue \$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. The previous labor agreements with SEIU expired on March 31, 2025. The County is currently in the process of negotiating successor agreements with its collective bargaining units, 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 seven months ended January 31, 2025, LACERA reported a net gain on Retirement Fund assets of 5.2%, 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 January 31, 2025, the balance of the OPEB Trust was \$4.522 billion. For the seven months ended January 31, 2025, LACERA reported a net gain on OPEB Trust Fund assets of 6.5%.

### **Investment Policy**

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

### **OPEB Accounting Standards**

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

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

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, replaced

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

The requirement from GASB 75 to recognize the full amount of net OPEB liabilities in the financial statements is a substantive and material change to the previous standards. Prior accounting standards only required recognition of OPEB liabilities to the extent that OPEB funding was less than the actuarially determined amount. As of June 30, 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 repayment of principal of and interest on the Series A Notes described in the forepart of this Official Statement. 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 County has a demurrer pending and the case is in discovery, but 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, subject to Board of Supervisors approval.

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.*). No trial date has been set for *Childs*; *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 no trial date has been set. Given these uncertainties, the potential liability for the County is unknown at this time.

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 tentatively 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. No trial date has been set. 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 court continued the discussion to mid-May for further review and deliberation. 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 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 plaintiffs' 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)**

<u>Actuarial Valuation Date</u>	<u>Market Value of Plan Assets</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability</u>	<u>UAAL</u>	<u>Funded Ratio</u>
06/30/2016	47,846,694	49,357,847	62,199,214	12,841,367	79.35%
06/30/2017	52,743,651	52,166,307	65,310,803	13,144,496	79.87%
06/30/2018	56,299,982	55,233,108	68,527,354	13,294,246	80.60%
06/30/2019	58,294,837	57,617,288	74,635,840	17,018,552	77.20%
06/30/2020	58,510,408	59,762,991	78,275,175	18,512,184	76.35%
06/30/2021	73,012,026	64,909,377	81,898,044	16,988,667	79.26%
06/30/2022	70,289,612	68,711,610	86,320,151	17,608,541	79.60%
06/30/2023	73,851,886	72,414,936	90,651,092	18,236,156	79.88%

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

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

<u>Fiscal Year</u>	<u>Market Value of Plan Assets</u>	<u>Market Rate of Return</u>	<u>Funded Ratio Based on Market Value</u>
2015-16	47,846,694	0.8%	76.1%
2016-17	52,743,651	12.7%	80.0%
2017-18	56,299,982	9.0%	81.3%
2018-19	58,294,837	5.5%	77.3%
2019-20	58,510,408	1.8%	74.0%
2020-21	73,012,026	25.2%	88.3%
2021-22	70,289,612	0.1%	79.9%
2022-23	73,851,886	6.4%	80.0%

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

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

<u>Fiscal Year</u>	<u>Retirement Fund</u>	<u>Payments to LACERA OPEB (PAYGO)</u>	<u>OPEB (Prefund)</u>	<u>OPEB Disability</u>	<u>Total Retirement &amp; OPEB Payments</u>
2017-18	1,499,212	559,233	120,796	41,141	2,220,382
2018-19	1,635,719	604,515	182,851	41,626	2,464,711
2019-20	1,766,735	634,753	246,197	42,567	2,690,252
2020-21	1,971,006	668,582	309,394	38,715	2,987,697
2021-22	2,150,155	692,616	372,243	39,902	3,254,916
2022-23	2,242,925	713,034	441,452	40,607	3,438,018
2023-24	2,435,784	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

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## 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 77.9% of the Fiscal Year 2025-26 Recommended Budget (the "2025-26 Recommended Budget") and appropriates funding for programs that are provided on a mostly county-wide basis (e.g., health care, welfare, and detention facilities), municipal services to the unincorporated areas not otherwise included in a special district, and certain municipal services to various cities on a contract fee-for-service basis (e.g., law enforcement, planning and engineering).

Special Revenue Funds represent 11.3% of the 2025-26 Recommended Budget and are used to account for the allocation of revenues that are restricted to defined purposes, such as public library operations, road construction and maintenance programs, specific automation projects and Measure H – Los Angeles County Plan to prevent and combat homelessness.

Capital Project Special Funds account for 0.7% of the 2025-26 Recommended Budget and provide funding for the acquisition or construction of major capital facilities that are not financed through other funding sources.

Special District Funds, which account for 7.1% of the 2025-26 Recommended Budget, are separate legal entities funded by specific taxes and assessments. These districts provide public improvements and/or services benefiting targeted properties and residents. Special Districts are governed by the Board of Supervisors and include, among others, Flood Control, Garbage Disposal, Sewer Maintenance and Regional Park and Open Space Districts. The remaining fund groups, Other Enterprise, Internal Services and Fiduciary Funds account for 3.0% of the 2025-26 Recommended 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 2024-25 is \$36,347,018,630. The 2024-25 Adopted Budget includes proceeds from taxes of \$18,929,425,000, which is substantially below the statutory limit.

### Proposition 62

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

## Proposition 218

Proposition 218, a 1996 ballot initiative that added Articles XIII C and XIII D 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 XIII C or SB 919, and the scope of the initiative power under Article XIII C 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, \$5.675 billion of the \$37.352 billion 2025-26 Recommended Budget is received from the Federal government and \$9.827 billion is funded by the State. The remaining \$21.850 billion of County revenues are generated from property taxes and a variety of other sources. The fact that 42% 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 2, 2025, President Trump released an initial budget blueprint for FFY 2026. The budget blueprint request proposes approximately \$557 billion in non-defense discretionary funding, a reduction of \$163 billion, or 22.6 percent, from the enacted FFY 2025 level. The budget blueprint proposes to increase defense discretionary spending by approximately 13 percent, from the FFY 2025 level of \$892 billion, to just over \$1 trillion. The budget blueprint mainly provides broad numbers for most Federal agencies along with a list of programs that are proposed to be consolidated or eliminated. A more detailed line-by-line budget proposal is expected to be submitted by the end of May.

Among the largest cuts, the budget blueprint proposes a 48.0 percent reduction in funding to the State Department, a 44.0 percent cut to the Department of Housing and Urban Development, and a 26.0 percent cut to the Department of Health and Human Services. Other agencies targeted for significant funding reductions include the Environmental Protection Agency (55.0 percent), the National Science Foundation (56.0 percent), and the National Aeronautics and Space Administration (24.0 percent).

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. Mandatory entitlement programs such as Medicaid and the Supplemental Nutrition Assistance Program (SNAP), which are the fastest growing parts of the overall Federal budget, are currently being considered in separate budget reconciliation deliberations that are currently underway in the House and Senate. Given the lack of specificity surrounding the funding reductions and the significant uncertainty surrounding the outcome of the Federal budget process, the financial impact to the County is unknown at this time.

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 Recommended 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).

To address a projected \$12 billion State budget deficit, the May Budget Revision proposes a mix of spending reductions, revenue and borrowing strategies, fund shifts and targeted use of reserves, including freezing enrollment in the Medi-Cal full scope expansion for undocumented adult immigrants; eliminating long-term care and dental benefits for certain Medi-Cal populations; capping IHSS overtime pay and reducing healthcare provider payments; reducing funding for child welfare programs; shifting fire prevention funding to the Greenhouse Gas Reduction Fund; rolling back housing and workforce development programs; and withdrawing \$7.1 billion from the Rainy-Day Fund, while preserving \$15.7 billion of total State reserves.

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

Medi-Cal Expansion, Adults 19 and Older – Restricts new enrollment in full-scope Medi-Cal for individuals, regardless of immigration status, aged 19 and over, effective no sooner than January 1, 2026. The enrollment restriction is estimated to save \$86.5 million in State funding in Fiscal Year 2025-26, which will increase to \$3.3 billion by Fiscal Year 2028-29.

Medi-Cal Premiums, Adults 19 and Older – Implements \$100 monthly premiums for individuals with certain statuses, those who will eventually qualify for Federal funds and individuals enrolled in the Medi-Cal full-scope expansion aged 19 and over, effective January 1, 2027. The monthly premiums are estimated to save

\$1.1 billion in State funding in Fiscal Year 2026-27, which will increase to \$2.1 billion by Fiscal Year 2028-29.

Dental Benefits, Adults 19 and Older – Eliminates full-scope dental coverage for Medi-Cal members with certain statuses, those who will eventually qualify for Federal funds and individuals enrolled in the Medi-Cal full-scope expansion aged 19 and over, effective July 1, 2026. This population will continue to have access to restricted-scope, emergency dental coverage. The estimated savings in State funding are \$308 million in Fiscal Year 2026-27 and \$336 million per year in Fiscal Year 2028-29 and thereafter.

Medi-Cal Asset Test Limits – Reinstates the Medi-Cal asset limit for seniors and disabled adults of \$2,000 for an individual or \$3,000 for a couple, effective no sooner than January 1, 2026. The reinstated limit is estimated to save \$94 million in Fiscal Year 2025-26, \$540 million in Fiscal Year 2026-27 and \$791 million thereafter, inclusive of IHSS impacts.

Behavioral Health Workforce Initiative – Provides \$1.9 billion in funding (\$143 million from the Behavioral Health Services Fund, \$808 million from Designated State Health Program Funding, and \$950 million in Federal funds) for the Department of Health Care Access and Information to implement the Behavioral Health Workforce Initiative beginning in January 2026.

Pharmacy Drug Rebates – Implements a rebate aggregator to secure State rebates for individuals with certain statuses, those who will eventually qualify for Federal funds and individuals enrolled in the Medi-Cal full-scope expansion. The rebate aggregator is estimated to save approximately \$300 million in State funding in Fiscal Year 2025-26 and \$362 million thereafter. The May Budget Revision reflects additional State General Fund savings of \$75 million in Fiscal Year 2025-26 and \$150 million thereafter associated with increasing the minimum rebate for HIV/AIDS and cancer drug rebates.

Affordable Housing Programs – Reverts \$31.7 million in unexpended State funding previously appropriated for affordable housing programs such as the Infrastructure Grant Catalytic Program, the Commercial Property Pilot Program, and the 2021 Infill Infrastructure Grant Program.

Statewide Training Center – Reverts \$31.5 million in State funding for the acquisition of property for a new California Department of Forestry and Fire Protection (CAL FIRE) training center.

CAL FIRE Operations – Shifts \$1.54 billion in State funding to the Greenhouse Gas Reduction Fund in Fiscal Year 2025-26 to support CAL FIRE’s fire prevention, fire control, and resource management activities on an ongoing basis.

Community Development Block Grant – Disaster Recovery – Provides a \$416.6 million increase in one-time funding from the Federal Trust Fund that will be available to the California Department of Housing and Community Development beginning

in Fiscal Year 2025-26 to support recovery efforts related to the 2023 and 2024 winter storms, mudslides and flooding.

Proposition 47 Savings – Identifies total savings of \$91.5 million in State funding in Fiscal Year 2025-26. Proposition 47 supports various anti-recidivism programs, victim services, and truancy prevention programs.

Community Corrections Performance Incentive Grant – Includes \$127.9 million in State funding for county probation departments to reduce the number of felony probationers sent to State prison. Proposed changes to the funding formula may reduce County funding by \$6 million.

Incompetent to Stand Trial Evaluations – Reverts \$9.1 million in State funding from Fiscal Year 2023-24 and Fiscal Year 2024-25 for improvements to Incompetent to Stand Trial evaluations.

Pretrial Release Program – Reverts \$20 million in State funding from Fiscal Year 2024-25 associated with savings related to the Judicial Branch's pretrial services and a reduction of \$20 million in ongoing State funding starting in Fiscal Year 2025-26.

Flexible Cash Assistance for Survivors of Crime – Reverts \$49.7 million in one-time State funding in Fiscal Year 2025-26 in connection with financial assistance for survivors of crime.

Workforce Innovation and Opportunity Act ("WIOA") – Provides one-time funding increases of \$20.4 million in Fiscal Year 2024-25 and \$119.6 million in Fiscal Year 2025-26 to align with anticipated Federal WIOA funding that will be available to support various workforce development programs.

California Competes Grant Program – Removes \$60 million in one-time State funding for the California Competes Grant Program, which is aimed at incentivizing businesses to remain in the State or to create new, high-quality jobs in California.

Apprenticeship Training Grant Expansion – Includes a \$18.2 million one-time increase in State funding from the Apprenticeship Training Contribution Fund for the California Department of Industrial Relations to support apprenticeship training in construction and related trades.

In-Home Supportive Services for Full-Scope Medi-Cal Expansion – Reduces State funding by \$158.8 million in Fiscal Year 2025-26 and thereafter, to eliminate IHSS benefits for individuals eligible for IHSS due to the Medi-Cal Expansion, regardless of immigration status, aged 19 and older.

California Food Assistance Program ("CFAP") Expansion – Proposes to 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.

Streamlining the CalWORKs Program – Proposes to make changes to the CalWORKs program, resulting in improved efficiencies for families and counties.

Tiered Rate Structure ("TRS") Implementation – Proposes to make the implementation of the TRS subject to a trigger-on, based on the availability of State funding in the spring of 2027.

Family Urgency Response System ("FURS") Reduction – Reduces State funding by \$13 million in Fiscal Year 2025-26 and thereafter to assist in closing the projected State budget shortfall, and maintains \$18.2 million in ongoing State funding for FURS.

Emergency Child Care Bridge ("ECCB") Program for Foster Children – Removes \$34.8 million in State funding to the ECCB in Fiscal Year 2024-25 to assist in closing the projected State budget shortfall and maintains \$51 million in annual ongoing funding for the ECCB program beginning in Fiscal Year 2025-26.

Hope, Opportunity, Perseverance, and Empowerment ("HOPE") for Children Trust Account Program Board – Removes \$50 million in one-time State funding in Fiscal Year 2025-26 of the amount available for future use by the HOPE Program.

Child Care Cost-of-Living Adjustment – Reduces State funding by \$60.7 million in Fiscal Year 2025-26 and thereafter to suspend the child-care cost-of-living adjustment.

Enforcement Against Illicit Commercial Cannabis Activities – Authorizes the Department of Cannabis Control, and cities and counties that adopt ordinances consistent with the TBL, to seal an unlicensed premises when it is involved in illicit commercial cannabis activities and proposes moving funding for enforcement against unlicensed cannabis operators from fees on legal operators to excise taxes on cannabis sales.

Reorganization of Business, Consumer Services and Housing Agency – Provides \$4.2 million, including \$4 million in State funding, in Fiscal Year 2025-26 and \$6.2 million thereafter to support the reorganization of the Business, Consumer Services and Housing Agency to establish a new California Housing and Homelessness Agency and a Business and Consumer Services Agency.

Exide Cleanup Fund Shift — Repurposes \$35 million from unused one-time State funding to the Lead-Acid Battery Cleanup Fund for the cleanup of residential properties with lead contamination near the former Exide lead-acid battery recycling facility in Vernon, CA.

Community Renewable Energy and Storage – Reverts \$33 million in State funding from the California Public Utilities Commission's Clean Energy Reliability Investment Plan, which supports community renewable generation and storage-backed renewable generation programs.

Utility Rate Rebate – Requires all unencumbered funds paid into the School Energy Efficiency Stimulus Program be returned to utility corporations and used to reduce ratepayer charges that support the Emergency Load Reduction Program, or any other existing utility emergency grid reliability, load flexibility, or demand reduction program.

Cap-and-Invest Program – Proposes to extend the Cap-and-Trade program to January 1, 2046, rename the program to Cap-and-Invest, and revise mechanisms for reporting and compliance.

Clean Transportation Program Grants – Proposes to add zero-emission vehicle infrastructure as an eligible grant purpose and revise the Clean Transportation Program to eliminate the restriction that block grants and incentive programs be administered by public entities or non-profits.

LA28 Olympics – Provides \$17.6 million in one-time funding from the State Highway Account to support transportation project planning associated with the 2028 Olympic Games, including work on the Games Route Network project.

## 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. For Fiscal Year 2025-26, the County anticipates a 3.0% growth in assessed valuation based on a full 2% consumer price index adjustment and an expected increase in sales activity.

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

<b>Public Assistance Changes</b>	\$56,759,000
<b>Unavoidable Cost Increases</b>	
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
<b>Program Changes</b>	
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
<b>Fiscal Policies</b>	
Appropriations for Contingencies	(10,496,000)
Deferred Maintenance	5,000,000
<b>Total Net County Cost Increases</b>	<b>422,224,000</b>
<b>Revenue Changes</b>	
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
<b>Total Locally Generated Revenue</b>	<b>422,224,000</b>
<b>Total NCC Budget Gap</b>	<b>\$0</b>

## 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 RECOMMENDED BUDGET

The Fiscal Year 2025-26 Recommended Budget (the "2025-26 Recommended Budget") was approved by the Board of Supervisors on April 15, 2025. The 2025-26 Recommended Budget appropriates \$47.921 billion, which reflects a \$1.252 billion or 2.5% decrease in total funding requirements from the 2024-25 Final Adopted Budget. The General County Budget (General Fund and Hospital Enterprise Fund) appropriates \$37.352 billion, which represents a \$0.643 billion or 1.7% decrease from the 2024-25 Final Adopted Budget. The 2025-26 Recommended Budget appropriates \$10.569 billion for Special Funds/Districts, reflecting a \$0.609 billion or 5.4% decrease from the Fiscal Year 2024-25 Final Adopted Budget.

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

<b>Public Assistance Changes</b>	\$93,566,000
<b>Unavoidable Cost Increases</b>	
Health Insurance Subsidies	4,052,000
Pension Costs	(19,224,000)
Employee Salaries	53,762,000
Retiree Healthcare Benefits	42,775,000
Various MOE Requirements	(4,828,000)
<b>Program Changes</b>	
Care First & Community Investment	(12,988,000)
Debt Service	2,061,000
Legal Settlements/Consent Decree	23,671,000
All Other Program Changes	59,360,000
<b>Fiscal Policies</b>	
Appropriations for Contingencies	(16,678,000)
Deferred Maintenance	5,000,000
<b>Total Net County Cost Increases</b>	<b>230,529,000</b>
<b>Revenue Changes</b>	
Property Taxes	217,435,000
Property Taxes - CRA Dissolution Residual	16,450,000
Public Safety Sales Tax	(5,141,000)
1991 Realignment - Sales Tax	0
Interest Earnings	0
Various Other Revenue Changes	1,785,000
<b>Total Locally Generated Revenue</b>	<b>230,529,000</b>
<b>Total NCC Budget Gap</b>	<b>\$0</b>

### Public Assistance Change

The increase in funding for Public Assistance in the 2025-26 Recommended 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 Recommended 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 Recommended Budget includes \$72.1 million of adjustments to various County programs, including increases for public safety, social services, and health and mental services.

## **Fiscal Policies**

As of the 2025-26 Recommended 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 Recommended Budget includes \$40.1 million in Appropriations for Contingencies, which reflects 17% of new ongoing discretionary revenues in Fiscal Year 2025-26. The 2025-26 Recommended Budget also includes a \$5.0 million allocation for deferred maintenance needs.

## **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 Recommended 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.

The County does not interpret the terms described under Measure J and the term "Unrestricted Revenues" as used for purposes of the Series A Notes described in the forepart of this Official Statement as synonymous. In accordance with Section 53856 of the California Government Code, the Series A Notes and the interest thereon, are a first lien and charge against, and shall be payable from the first moneys received by the County from, the Unrestricted Revenues required by the County's authorizing resolution and financing certificate for the Series A Notes to be deposited in the repayment fund for the Series A Notes. Measure J does not include similar lien or priority provisions, nor does it impair the County's ability to repay the Series A Notes.

## **Revenue Changes**

The 2025-26 Recommended Budget includes a \$217.4 million increase in property tax revenues based on a preliminary projected growth rate of 3.0% in assessed valuation. The 2025-26 Recommended Budget also includes a \$16.5 million increase in the property tax residual from the dissolution of redevelopment agencies. The 2025-26 Recommended 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.

### **Federal Changes Related to Medicaid Funding**

Medicaid revenues account for approximately 80% of DHS' revenues. Due to the heavy reliance of DHS on Medicaid revenue, the development of Federal plans to target large reductions in Medicaid funding is of critical concern to DHS. On April 10, 2025, the U.S. House of Representatives voted to adopt a Senate-passed budget resolution, marking the next step in the budget reconciliation process. While this procedural move advances the process, the House and Senate have drastically different Federal spending priorities. The House is tasked to find at least \$1.5 trillion in savings to the Federal budget over ten years and are likely to target major Federal spending programs such as Medicaid. In a previous House budget resolution, the Energy & Commerce Committee, which has jurisdiction over the Medicaid budget, was instructed to identify \$880 billion in reductions over ten years which would essentially shift Medicaid program costs to state and county governments. The Senate set a much lower Federal savings

threshold of \$5 billion, but characterizes this amount as a floor, not a ceiling.

It is expected that the House and Senate will reach a compromise on the amount Medicaid funding reductions by the end of the third quarter in 2025. If the Medicaid funding reductions are substantial, the impact on DHS' fiscal status would be materially negative, and without sufficient replacement revenues, service reductions and/or facility closures would likely be unavoidable.

### **Intensified 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 <sup>(A)</sup>	507.3
County General Fund - Specific Programs <sup>(B)</sup>	85.0
Vehicle License Fees Realignment	297.7
Tobacco Settlement Revenue	55.0
Transfers to Other Budget Units <sup>(C)</sup>	(32.8)
<b>Total</b>	<b>\$ 1,279.8</b>
<sup>(A)</sup> Reflects the transfer of Correctional Health Services from the Sheriff and the Department of Mental Health to DHS, which was finalized in May 2017.	
<sup>(B)</sup> Includes funding for Board initiatives, such as homeless services and health care for Probation youth.	
<sup>(C)</sup> 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 Recommended Budget is supported by \$8.187 billion in property tax revenue, \$5.675 billion in Federal funding, \$9.827 billion in State funding, \$388 million in cancelled obligated fund balance, \$3.381 billion in Fund Balance and \$9.894 billion from other funding sources.

County of Los Angeles: General County Budget Historical Appropriations by Fund (in thousands)						
Fund	Final 2020-21	Final 2021-22	Final 2022-23	Final 2023-24	Final 2024-25	Recommended 2025-26
General Fund	\$ 25,468,803	\$ 25,413,850	\$ 28,583,600	\$ 30,966,118	\$ 32,760,777	\$ 31,787,869
Hospital Enterprise Fund	3,803,498	4,468,193	4,749,724	4,967,704	5,234,072	5,564,615
Total General County Budget	\$ 29,272,301	\$ 29,882,043	\$ 33,333,324	\$ 35,933,822	\$ 37,994,849	\$ 37,352,484

County of Los Angeles: General County Budget Historical Funding Requirements and Revenue Sources						
	Final 2020-21	Final 2021-22	Final 2022-23	Final 2023-24	Final 2024-25	Recommended 2025-26
<b>Requirements</b>						
Social Services	\$ 8,298,441	\$ 8,186,912	\$ 9,295,250	\$ 9,884,885	\$ 10,299,010	\$ 10,054,310
Health	10,438,420	10,893,123	11,731,196	12,928,360	13,690,722	13,923,636
Justice	6,308,501	6,450,531	7,138,202	7,523,508	7,888,781	7,568,057
Other	4,226,939	4,351,477	5,168,676	5,597,069	6,116,336	5,806,481
Total	\$ 29,272,301	\$ 29,882,043	\$ 33,333,324	\$ 35,933,822	\$ 37,994,849	\$ 37,352,484
<b>Revenue Sources</b>						
Property Taxes	\$ 6,371,071	\$ 6,586,439	\$ 7,163,808	\$ 7,607,483	\$ 7,952,325	\$ 8,187,066
State Assistance	7,146,855	7,669,963	8,811,781	9,565,638	10,181,494	9,827,009
Federal Assistance	5,633,127	5,148,436	5,489,983	6,001,402	5,798,099	5,675,471
Other	10,121,248	10,477,205	11,867,752	12,759,299	14,062,931	13,662,938
Total	\$ 29,272,301	\$ 29,882,043	\$ 33,333,324	\$ 35,933,822	\$ 37,994,849	\$ 37,352,484

County of Los Angeles: General County Budget Historical Summary of Funding Requirements by Budgetary Object and Available Financing (in thousands)						
	Final 2020-21	Final 2021-22	Final 2022-23	Final 2023-24	Final 2024-25	Recommended 2025-26
<b>Financing Requirements</b>						
Salaries & Employee Benefits	\$ 14,252,672	\$ 15,027,355	\$ 16,044,329	\$ 16,984,661	\$ 18,039,624	\$ 18,308,505
Services & Supplies	10,457,231	10,840,813	12,410,538	13,659,081	14,273,348	14,002,753
Other Charges	6,178,632	5,794,476	6,543,900	7,146,058	7,723,172	7,507,891
Capital Assets	1,432,583	1,346,599	1,486,108	1,847,405	2,192,581	1,854,981
Other Financing Uses	1,186,455	877,986	942,102	1,084,815	1,085,319	830,124
Appropriations for Contingencies	22,113	25,119	77,191	77,376	62,732	40,064
Interbudget Transfers <sup>1</sup>	(2,581,864)	(2,363,930)	(2,413,443)	(3,059,977)	(3,432,077)	(3,143,274)
Gross Appropriation	\$ 30,947,822	\$ 31,548,418	\$ 35,090,725	\$ 37,739,419	\$ 39,944,699	\$ 39,401,044
Less: Intrafund Transfers	1,883,836	1,894,352	1,985,472	1,972,104	2,093,217	2,063,743
Net Appropriation	\$ 29,063,986	\$ 29,654,066	\$ 33,105,253	\$ 35,767,315	\$ 37,851,482	\$ 37,337,301
<b>Provision for Obligated Fund Balance</b>						
General Reserve	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	3,400	-	-	-	-	-
Assigned for Rainy Day Funds	53,450	13,929	96,490	116,135	93,545	-
Committed Fund Balance	151,465	214,048	131,581	50,372	49,822	15,183
Total Financing Requirements	\$ 29,272,301	\$ 29,882,043	\$ 33,333,324	\$ 35,933,822	\$ 37,994,849	\$ 37,352,484
<b>Available Financing</b>						
Fund Balance	\$ 2,196,874	\$ 2,437,598	\$ 3,177,971	\$ 3,764,489	\$ 4,216,065	\$ 3,381,152
Cancel Provision for Obligated Fund Balance	482,861	359,685	222,647	395,690	587,613	388,063
Property Taxes: Regular Roll	6,316,080	6,531,284	7,104,477	7,547,149	7,887,540	8,121,856
Supplemental Roll	54,991	55,155	59,331	60,334	64,785	65,210
Revenue	20,221,495	20,498,321	22,768,898	24,166,160	25,238,846	25,396,203
Total Available Financing	\$ 29,272,301	\$ 29,882,043	\$ 33,333,324	\$ 35,933,822	\$ 37,994,849	\$ 37,352,484

<sup>1</sup> This amount includes certain non-program expenditures and revenues that are included in the budget for accounting purposes. Failure to exclude such amounts, totaling \$3.1 billion in 2025-26, from the above table would give the impression that there are more resources than are actually available and artificially inflate General County appropriations to \$40.5 billion.

Source: Chief Executive Office

**COUNTY OF LOS ANGELES  
GENERAL COUNTY BUDGET  
COMPARISON OF 2024-25 FINAL ADOPTED BUDGET TO 2025-26 RECOMMENDED BUDGET  
Net Appropriation: By Function  
(In thousands)**

Function	2023-24 Final <sup>(1)</sup>	2024-25 Adopted <sup>(2)</sup>	2024-25 Final <sup>(1)</sup>	2025-26 Recommended <sup>(2)</sup>	Difference	Percentage Difference
<b>REQUIREMENTS</b>						
General						
General Government	\$ 1,826,384.0	\$ 1,721,159.0	\$ 1,881,266.0	\$ 1,695,972.0	\$ (185,294.0)	-9.85%
General Services	1,468,073.0	1,376,269.0	1,754,483.0	2,067,573.0	313,090.0	17.85%
Public Buildings	1,747,549.0	1,612,754.0	2,005,706.0	1,784,240.0	(221,466.0)	-11.04%
Total General	\$ 5,042,006.0	\$ 4,710,182.0	\$ 5,641,455.0	\$ 5,547,785.0	\$ (93,670.0)	-1.66%
Public Protection						
Justice	\$ 6,487,241.0	\$ 6,618,309.0	\$ 6,745,954.0	\$ 6,620,042.0	\$ (125,912.0)	-1.87%
Other Public Protection	540,511.0	351,785.0	436,758.0	352,694.0	(84,064.0)	-19.25%
Total Public Protection	\$ 7,027,752.0	\$ 6,970,094.0	\$ 7,182,712.0	\$ 6,972,736.0	\$ (209,976.0)	-2.92%
Health and Sanitation	12,643,239.0	12,693,908.0	13,376,858.0	13,591,365.0	214,507.0	1.60%
Public Assistance	9,860,696.0	9,820,333.0	10,269,696.0	10,000,751.0	(268,945.0)	-2.62%
Recreation and Cultural Services	497,398.0	485,968.0	528,264.0	491,894.0	(36,370.0)	-6.88%
Education	50,726.0	43,986.0	50,795.0	44,127.0	(6,668.0)	-13.13%
Other	474,612.0	527,053.0	641,709.0	581,219.0	(60,490.0)	-9.43%
Insurance and Loss Reserve	93,510.0	82,360.0	97,261.0	67,360.0	(29,901.0)	-30.74%
Provision for Obligated Fund Balance	166,507.0	19,766.0	143,367.0	15,183.0	(128,184.0)	-89.41%
Appropriations for Contingencies	77,376.0	56,742.0	62,732.0	40,064.0	(22,668.0)	-36.13%
<b>Total Requirements</b>	<b>\$ 35,933,822.0</b>	<b>\$ 35,410,392.0</b>	<b>\$ 37,994,849.0</b>	<b>\$ 37,352,484.0</b>	<b>\$ (642,365.0)</b>	<b>-1.69%</b>
<b>AVAILABLE FUNDS</b>						
Property Taxes	\$ 7,607,483.0	\$ 7,935,874.0	\$ 7,952,325.0	\$ 8,187,066.0	\$ 234,741.0	2.95%
Fund Balance	3,764,489.0	2,776,005.0	4,216,065.0	3,381,152.0	(834,913.0)	-19.80%
Cancelled Prior-Year Reserves	395,690.0	429,883.0	587,613.0	388,063.0	(199,550.0)	-33.96%
Intergovernmental Revenues						
State Revenues						
In-Lieu Taxes	\$ 447,088.0	\$ 447,088.0	\$ 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	2,011,866.0	2,021,682.0	1,898,941.0	(122,741.0)	-6.07%
Other Public Assistance	2,875,930.0	2,937,992.0	2,984,797.0	2,997,493.0	12,696.0	0.43%
Public Protection	1,804,679.0	1,750,478.0	1,817,864.0	1,737,154.0	(80,710.0)	-4.44%
Health and Mental Health	2,311,715.0	2,309,392.0	2,420,208.0	2,383,806.0	(36,402.0)	-1.50%
Capital Projects	163,896.0	172,904.0	296,211.0	212,435.0	(83,776.0)	-28.28%
Other State Revenues	47,897.0	64,880.0	155,865.0	112,313.0	(43,552.0)	-27.94%
Total State Revenues	\$ 9,565,638.0	\$ 9,713,600.0	\$ 10,181,494.0	\$ 9,827,009.0	\$ (354,485.0)	-3.48%
Federal Revenues						
Public Assistance Subventions	\$ 3,084,976.0	\$ 3,224,404.0	\$ 3,266,883.0	\$ 3,249,399.0	\$ (17,484.0)	-0.54%
Other Public Assistance	228,490.0	209,154.0	218,958.0	214,761.0	(4,197.0)	-1.92%
Public Protection	178,658.0	84,573.0	97,238.0	80,330.0	(16,908.0)	-17.39%
Health and Mental Health	1,978,080.0	1,749,354.0	1,859,202.0	1,999,992.0	140,790.0	7.57%
Capital Projects	277,080.0	44,495.0	165,124.0	16,017.0	(149,107.0)	-90.30%
Other Federal Revenues	254,118.0	159,405.0	190,694.0	114,972.0	(75,722.0)	-39.71%
Total Federal Revenues	\$ 6,001,402.0	\$ 5,471,385.0	\$ 5,798,099.0	\$ 5,675,471.0	\$ (122,628.0)	-2.11%
Other Governmental Agencies	52,778.0	53,244.0	60,737.0	62,126.0	1,389.0	2.29%
Total Intergovernmental Revenues	\$ 15,619,818.0	\$ 15,238,229.0	\$ 16,040,330.0	\$ 15,564,606.0	\$ (475,724.0)	-2.97%
Fines, Forfeitures and Penalties	138,706.0	143,279.0	146,850.0	147,225.0	375.0	0.26%
Licenses, Permits and Franchises	70,958.0	72,387.0	76,610.0	86,437.0	9,827.0	12.83%
Charges for Services	6,358,694.0	6,845,699.0	6,936,413.0	7,728,793.0	792,380.0	11.42%
Other Taxes	246,195.0	228,001.0	228,001.0	229,786.0	1,785.0	0.78%
Use of Money and Property	377,084.0	442,360.0	447,124.0	475,894.0	28,770.0	6.43%
Miscellaneous Revenues	703,311.0	789,780.0	896,125.0	685,452.0	(210,673.0)	-23.51%
Operating Contribution from General Fund	651,394.0	508,895.0	467,393.0	478,010.0	10,617.0	2.27%
<b>Total Available Funds</b>	<b>\$ 35,933,822.0</b>	<b>\$ 35,410,392.0</b>	<b>\$ 37,994,849.0</b>	<b>\$ 37,352,484.0</b>	<b>\$ (642,365.0)</b>	<b>-1.69%</b>

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

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

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

<b>Function</b>	<b>General Fund</b>	<b>Hospital Enterprise Fund</b>	<b>Total General County</b>
<b>REQUIREMENTS</b>			
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	\$ 8,142,786.0	\$ 5,234,072.0	\$ 13,376,858.0
Public Assistance	10,269,696.0	-	10,269,696.0
Recreation and Cultural Services	528,264.0	-	528,264.0
Education	50,795.0	-	50,795.0
Other	641,709.0	-	641,709.0
Insurance and Loss Reserve	97,261.0	-	97,261.0
Provision for Obligated Fund Balance	143,367.0	-	143,367.0
Appropriation for Contingency	62,732.0	-	62,732.0
<b>Total Requirements</b>	<b>\$ 32,760,777.0</b>	<b>\$ 5,234,072.0</b>	<b>\$ 37,994,849.0</b>
<b>AVAILABLE FUNDS</b>			
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
<b>Total Available Funds</b>	<b>\$ 32,760,777.0</b>	<b>\$ 5,234,072.0</b>	<b>\$ 37,994,849.0</b>

(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 <sup>(1)</sup>**
**Net Appropriation: By Fund and Function  
(In thousands)**

Function	General Fund	Hospital Enterprise Fund	Total General County
<b>REQUIREMENTS</b>			
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	\$ 8,026,750.0	\$ 5,564,615.0	\$ 13,591,365.0
Public Assistance	10,000,751.0	-	10,000,751.0
Recreation and Cultural Services	491,894.0	-	491,894.0
Education	44,127.0	-	44,127.0
Other	581,219.0	-	581,219.0
Insurance and Loss Reserve	67,360.0	-	67,360.0
Provision for Obligated Fund Balance	15,183.0	-	15,183.0
Appropriation for Contingency	40,064.0	-	40,064.0
<b>Total Requirements</b>	<b>\$ 31,787,869.0</b>	<b>\$ 5,564,615.0</b>	<b>\$ 37,352,484.0</b>
<b>AVAILABLE FUNDS</b>			
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
<b>Total Available Funds</b>	<b>\$ 31,787,869.0</b>	<b>\$ 5,564,615.0</b>	<b>\$ 37,352,484.0</b>

(1) Reflects the 2025-26 Recommended General County Budget approved by the Board of Supervisors on April 15, 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 "situation" 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
PINCAY 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
PINCAY 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
	<b>\$ 771,475,455</b>

Total may not add due to rounding.

Source: Los Angeles County Treasurer and Tax Collector

## PROPERTY TAXATION AND COLLECTIONS

The table on the following page compares the full cash values, property tax levies and collections from Fiscal Years 2020-21 through 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 <sup>(1)</sup>	General Fund Secured Property Tax Levies	General Fund Secured Property Tax Collections <sup>(2)</sup>	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 <sup>(3)</sup>	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 for Fiscal Years 2020-21 through 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 <sup>(1)</sup>	Total Tax Allocations <sup>(2)</sup>
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	2,094,975,147 <sup>(3)</sup>

(1) Equals the full cash value for all redevelopment project areas above their base year valuations. This data represents growth in full cash values which generates tax revenues for use by former community redevelopment agencies and their successor agencies created under ABX1 26.

(2) Includes actual cash revenues collected by the County and subsequently paid to redevelopment agencies, which includes incremental growth allocation, debt service, mid-year changes and Supplemental Roll.

(3) Total CRA Tax Allocations from November 2024 through April 2025.

### 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.

## 2024-25 Tax and Revenue Anticipation Notes

Pursuant to California law and a resolution adopted by the Board of Supervisors on May 21, 2024, the County issued the 2024-25 TRAns with an aggregate principal amount of \$700,000,000 on July 1, 2024. The 2024-25 TRAns, which will mature on June 30, 2025, are general obligations of the County attributable to Fiscal Year 2024-25 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 2024-25, 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 2024-25 for the purpose of repaying the 2024-25 TRAns on the June 30, 2025 maturity date. The deposits to the Repayment Fund have been made in accordance with the following schedule:

### COUNTY OF LOS ANGELES

#### 2024-25 TAX AND REVENUE ANTICIPATION NOTES SCHEDULE OF DEPOSITS TO REPAYMENT FUND\*

Deposit Date	Deposit Amount
December, 2024	\$315,000,000
January, 2025	315,000,000
April, 2025	104,902,778
<b>Total</b>	<b>\$734,902,778</b>

\* Includes \$700,000,000 of 2024-25 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 2019-20 to Fiscal Year 2023-24.

### COUNTY OF LOS ANGELES

#### GENERAL FUND

#### UNRESTRICTED GENERAL FUND RECEIPTS (in thousands)

	2019-20	2020-21	2021-22	2022-23	2023-24
Property Taxes	\$ 6,114,188	\$ 6,632,057	\$ 6,757,307	\$ 7,488,759	\$ 7,793,678
Other Taxes	217,568	227,840	293,548	271,809	250,207
Licenses, Permits and Franchises	69,060	65,989	71,281	73,784	86,508
Fines, Forfeitures and Penalties	195,093	147,618	166,194	175,622	193,565
Investment and Rental Income	247,094	143,986	149,077	362,993	616,392
State In-Lieu Taxes	339,802	(101,848)	407,236	364,801	381,298
State Homeowner Exemptions	18,536	18,382	18,419	18,299	17,718
Charges for Current Services	2,301,629	3,042,996	2,606,320	2,832,406	2,873,769
Other Revenue*	1,106,808	1,525,749	1,264,482	1,504,348	1,603,064
<b>TOTAL UNRESTRICTED RECEIPTS</b>	<b>\$ 10,609,778</b>	<b>\$ 11,702,769</b>	<b>\$ 11,733,864</b>	<b>\$ 13,092,821</b>	<b>\$ 13,816,199</b>

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 is estimating an ending General Fund cash balance of \$3.154 billion.

### COUNTY POOLED SURPLUS INVESTMENTS

The Treasurer and Tax Collector has delegated authority to invest funds on deposit in the County Treasury Pool (the "Treasury Pool"). As of March 31, 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	\$ 23.546
Schools and Community Colleges	29.273
Discretionary Participants	3.600
Total	\$ 56.419

Of these entities, the discretionary participants accounted for 6.37% 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 April 30, 2025, the March 31, 2025 book value of the Treasury Pool was approximately \$56.419 billion and the corresponding market value was approximately \$54.769 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 March 31, 2025:

<u>Type of Investment</u>	<u>% of Pool</u>
Certificates of Deposit	2.93
U.S. Government and Agency Obligations	69.95
Bankers Acceptances	0.00
Commercial Paper	27.07
Municipal Obligations	0.05
Corporate Notes & Deposit Notes	0.00
Repurchase Agreements	0.00
Asset Backed Instruments	0.00
Other	0.00
	<hr/> 100.00

The Treasury Pool is highly liquid. As of March 31, 2025, approximately 45.01% of the investments mature within 60 days, with an average of 649 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.

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

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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
	<hr/>
Unassigned Fund Balance - GAAP Basis	\$4,894,801

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	<u>\$ 9,888,543</u>	<u>\$ 12,054,857</u>	<u>\$ 16,208,647</u>	<u>\$ 16,864,929</u>	<u>\$ 18,558,551</u>

**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	<u>\$ 4,751,182</u>	<u>\$ 6,431,242</u>	<u>\$ 8,009,889</u>	<u>\$ 7,919,662</u>	<u>\$ 8,403,639</u>

<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>\$ 618,557</u>	<u>\$ 689,891</u>	<u>\$ 2,581,104</u>	<u>\$ 2,462,210</u>	<u>\$ 2,462,203</u>
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**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	<u>\$ 4,518,804</u>	<u>\$ 4,933,724</u>	<u>\$ 5,617,654</u>	<u>\$ 6,483,057</u>	<u>\$ 7,692,709</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 9,888,543</u>	<u>\$ 12,054,857</u>	<u>\$ 16,208,647</u>	<u>\$ 16,864,929</u>	<u>\$ 18,558,551</u>

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
<b>REVENUES:</b>					
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
<b>TOTAL</b>	<b>\$ 20,978,099</b>	<b>\$ 23,283,142</b>	<b>\$ 22,862,668</b>	<b>\$ 25,221,437</b>	<b>\$ 27,263,482</b>
<b>EXPENDITURES</b>					
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
<b>Total</b>	<b>\$ 20,699,250</b>	<b>\$ 22,254,989</b>	<b>\$ 22,089,600</b>	<b>\$ 24,614,360</b>	<b>\$ 26,396,162</b>
<b>EXCESS (DEFICIENCY)</b> <b>OF REVENUES OVER EXPENDITURES</b>	<b>\$ 278,849</b>	<b>\$ 1,028,153</b>	<b>\$ 773,068</b>	<b>\$ 607,077</b>	<b>\$ 867,320</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
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
<b>OTHER FINANCING SOURCES (USES)-Net</b>	<b>\$ (194,054)</b>	<b>\$ (613,233)</b>	<b>\$ (89,138)</b>	<b>\$ 258,326</b>	<b>\$ 342,332</b>
<b>Excess (Deficiency) of Revenues</b> <b>and other Sources Over</b> <b>Expenditures and Other Uses</b>	<b>84,795</b>	<b>414,920</b>	<b>683,930</b>	<b>865,403</b>	<b>1,209,652</b>
<b>Beginning Fund Balance</b>	<b>4,434,009</b>	<b>4,518,804</b>	<b>4,933,724</b>	<b>5,617,654</b>	<b>6,483,057</b>
<b>Ending Fund Balance</b>	<b>\$ 4,518,804</b>	<b>\$ 4,933,724</b>	<b>\$ 5,617,654</b>	<b>\$ 6,483,057</b>	<b>\$ 7,692,709</b>

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.

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**COUNTY OF LOS ANGELES BORROWABLE RESOURCES  
FUNDS AVAILABLE FOR INTRAFUND BORROWING**

**2023-24: 12 MONTHS ACTUAL**

**2024-25: 10 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
<b>PROPERTY TAX GROUP</b>						
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
<b>VARIOUS TRUST GROUP</b>						
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
<b>HOSPITAL GROUP</b>						
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
<b>GRAND TOTAL</b>	<b>\$ 2,519,295</b>	<b>\$ 2,195,686</b>	<b>\$ 2,165,280</b>	<b>\$ 3,044,680</b>	<b>\$ 6,044,713</b>	<b>\$ 10,022,460</b>

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

**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
<b>PROPERTY TAX GROUP</b>						
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
<b>VARIOUS TRUST GROUP</b>						
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
<b>HOSPITAL GROUP</b>						
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
<b>GRAND TOTAL</b>	<b>\$ 2,645,610</b>	<b>\$ 2,306,796</b>	<b>\$ 2,238,478</b>	<b>\$ 3,418,739</b>	<b>\$ 6,350,849</b>	<b>\$ 10,495,388</b>

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

January 2025	February 2025	March 2025	April 2025	Estimated May 2025	Estimated June 2025	
<b>PROPERTY TAX GROUP</b>						
\$ 1,090,420	\$ 598,108	\$ 1,145,474	\$ 3,283,260	\$ 1,358,286	\$ 182,443	Tax Collector Trust Fund
2,114,143	1,614,106	1,180,495	2,400,855	938,162	204,448	Auditor Unapportioned Property Tax
111,647	95,967	82,144	72,290	67,969	140,129	Unsecured Property Tax
858	933	662	683	6,591	9,693	Miscellaneous Fees & Taxes
34,994	25,710	27,523	30,149	21,158	27,620	State Redemption Fund
725,677	113,747	26,928	552,931	257,394	184,268	Education Revenue Augmentation
14,308	604	604	1,503	20,928	12,309	State Reimbursement Fund
608,885	579,509	805,795	862,156	785,198	0	Vehicle License Fee Replacement Fund
45,311	45,270	38,407	52,466	8,910	0	Property Tax Rebate Fund
11,442	5,519	12,442	19,136	12,400	12,464	Utility User Tax Trust Fund
\$ 4,757,685	\$ 3,079,473	\$ 3,320,474	\$ 7,275,429	\$ 3,476,996	\$ 773,374	Subtotal
<b>VARIOUS TRUST GROUP</b>						
\$ 705,589	\$ 780,577	\$ 865,658	\$ 783,182	\$ 496,667	\$ 549,123	Departmental Trust Fund
59,086	67,090	73,339	74,074	39,807	44,011	Non-County Entities Trust Fund
61,700	69,345	64,091	58,346	71,370	56,357	Payroll Revolving Fund
23,408	23,425	23,445	24,022	53,207	48,094	Asset Development Fund
9,022	8,909	8,155	7,770	8,441	6,559	Productivity Investment Fund
3,547	2,927	2,909	2,692	635	6,559	Motor Vehicle Capital Outlays
205	259	161	96	88	156	Civic Center Parking
967	603	439	614	576	452	Reporters Salary Fund
13,581	13,455	13,661	13,782	15,359	14,210	Cable TV Franchise Fund
12,065	12,321	12,454	12,519	11,781	16,279	Megaflex Long-Term Disability
17,869	17,974	17,844	17,952	14,212	10,172	Megaflex Long-Term Disability & Health
101,810	102,048	101,980	102,007	71,435	47,339	Megaflex Short-Term Disability
\$ 1,008,849	\$ 1,098,933	\$ 1,184,136	\$ 1,097,056	\$ 783,578	\$ 799,311	Subtotal
<b>HOSPITAL GROUP</b>						
\$ 30,319	\$ 10,086	\$ 1,910	\$ 214,474	\$ 0	\$ 0	Harbor-UCLA Medical Center
175,825	209,454	140,676	235,160	0	0	Olive View-UCLA Medical Center
9,769	20,280	(3,583)	171,769	0	0	LAC + USC Medical Center
174,261	229,774	179,751	198,482	0	0	Rancho Los Amigos Rehab Center
188,130	188,749	189,257	189,735	0	0	Health Services - Harbor-UCLA Medical Center
\$ 578,304	\$ 658,343	\$ 508,011	\$ 1,009,620	\$ 0	\$ 0	Subtotal
<b>\$ 6,344,838</b>	<b>\$ 4,836,749</b>	<b>\$ 5,012,621</b>	<b>\$ 9,382,105</b>	<b>\$ 4,260,574</b>	<b>\$ 1,572,685</b>	<b>GRAND TOTAL</b>





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

**2023-24: 12 MONTHS ACTUAL  
2024-25: 10 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
<b>BEGINNING BALANCE</b>	\$ 4,708,560	\$ 4,554,113	\$ 4,095,301	\$ 3,706,239	\$ 2,686,005	\$ 2,124,984
<b>RECEIPTS</b>						
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
<b>DISBURSEMENTS</b>						
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
<b>ENDING BALANCE</b>	<b>\$ 4,554,113</b>	<b>\$ 4,095,301</b>	<b>\$ 3,706,239</b>	<b>\$ 2,686,005</b>	<b>\$ 2,124,984</b>	<b>\$ 3,378,328</b>
Borrowable Resources (Avg. Balance)	\$ 2,519,295	\$ 2,195,686	\$ 2,165,280	\$ 3,044,680	\$ 6,044,713	\$ 10,022,460
<b>Total Cash Available</b>	<b>\$ 7,073,408</b>	<b>\$ 6,290,987</b>	<b>\$ 5,871,519</b>	<b>\$ 5,730,685</b>	<b>\$ 8,169,697</b>	<b>\$ 13,400,788</b>

\* 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		<b>BEGINNING BALANCE</b>
							<b>RECEIPTS</b>
\$ 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
							<b>DISBURSEMENTS</b>
\$ 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
<b>\$ 3,717,922</b>	<b>\$ 2,729,866</b>	<b>\$ 2,190,831</b>	<b>\$ 3,170,206</b>	<b>\$ 4,300,424</b>	<b>\$ 4,937,094</b>		<b>ENDING BALANCE</b>
\$ 6,170,298	\$ 4,252,158	\$ 4,637,798	\$ 9,439,885	\$ 6,174,225	\$ 2,404,821		Borrowable Resources (Avg. Balance)
<b>\$ 9,888,220</b>	<b>\$ 6,982,024</b>	<b>\$ 6,828,629</b>	<b>\$ 12,610,091</b>	<b>\$ 10,474,649</b>	<b>\$ 7,341,915</b>		<b>Total Cash Available</b>

**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
<b>BEGINNING BALANCE</b>	\$ 4,937,094	\$ 5,538,503	\$ 5,046,461	\$ 4,796,103	\$ 4,180,968	\$ 3,214,753
<b>RECEIPTS</b>						
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
<b>DISBURSEMENTS</b>						
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
<b>ENDING BALANCE</b>	<b>\$ 5,538,503</b>	<b>\$ 5,046,461</b>	<b>\$ 4,796,103</b>	<b>\$ 4,180,968</b>	<b>\$ 3,214,753</b>	<b>\$ 3,927,945</b>
Borrowable Resources (Avg. Balance)	\$ 2,645,610	\$ 2,306,796	\$ 2,238,478	\$ 3,418,739	\$ 6,350,849	\$ 10,495,388
<b>Total Cash Available</b>	<b>\$ 8,184,113</b>	<b>\$ 7,353,257</b>	<b>\$ 7,034,581</b>	<b>\$ 7,599,707</b>	<b>\$ 9,565,602</b>	<b>\$ 14,423,333</b>

\* 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	Estimated May 2025	Estimated June 2025	Total 2024-25	
\$ 3,927,945	\$ 4,601,000	\$ 3,755,299	\$ 2,718,865	\$ 4,335,838	\$ 4,441,489		<b>BEGINNING BALANCE</b>
							<b>RECEIPTS</b>
\$ 1,960,012	\$ 248,128	\$ 16,936	\$ 1,494,680	\$ 1,538,243	\$ 315,175	\$ 7,817,083	Property Taxes
16,005	26,433	17,575	14,094	17,108	40,062	235,562	Other Taxes
5,043	4,520	17,049	26,213	3,398	2,864	87,766	Licenses, Permits & Franchises
7,356	23,931	17,151	6,808	21,490	4,820	175,075	Fines, Forfeitures & Penalties
40,007	61,347	54,106	48,030	47,015	34,758	615,591	Investment and Rental Income
56,508	41,313	37,232	42,819	803	0	433,503	Motor Vehicle (VLF) Realignment
75,363	102,449	67,945	64,053	86,569	72,436	949,831	Sales Taxes - Proposition 172
82,497	110,923	73,574	71,240	81,397	70,766	1,006,289	1991 Program Realignment
417,917	414,373	550,356	533,880	329,624	172,488	5,503,003	Other Intergovernmental Revenue**
200,804	97,737	118,279	692,896	131,905	144,220	2,921,948	Charges for Current Services
127,083	189,850	256,981	240,469	44,305	53,091	1,936,076	Other Revenue & Tobacco Settlement
3,897	7,408	21,754	4,499	20,410	19,116	154,796	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	466,797	626,936	6,515,213	Welfare Advances
38,810	35,050	56,399	95,278	36,577	36,121	796,787	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	\$ 2,825,641	\$ 1,592,853	\$ 30,321,336	Total Receipts
							<b>DISBURSEMENTS</b>
\$ 277,490	\$ 801,137	\$ 338,250	\$ 335,801	\$ 360,915	\$ 384,563	\$ 4,186,868	Welfare Warrants
775,182	716,514	685,584	711,772	719,250	731,543	8,426,660	Salaries
529,420	435,501	536,439	459,496	516,280	513,847	5,879,078	Employee Benefits
786,614	691,512	875,051	845,053	948,028	986,983	10,474,836	Vendor Payments
24,425	28,974	371,147	0	0	0	472,813	Loans to Hospitals*
97,703	50,643	151,051	(1,967)	3,364	139,823	799,460	Hospital Subsidy Payments
111,354	66,391	34,768	147,463	172,152	123,808	1,130,036	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	\$ 2,719,990	\$ 2,880,566	\$ 32,104,654	Total Disbursements
<b>\$ 4,601,000</b>	<b>\$ 3,755,299</b>	<b>\$ 2,718,865</b>	<b>\$ 4,335,838</b>	<b>\$ 4,441,489</b>	<b>\$ 3,153,776</b>		<b>ENDING BALANCE</b>
\$ 6,344,838	\$ 4,836,749	\$ 5,012,621	\$ 9,382,105	\$ 4,260,574	\$ 1,572,685		Borrowable Resources (Avg. Balance)
<b>\$ 10,945,838</b>	<b>\$ 8,592,048</b>	<b>\$ 7,731,486</b>	<b>\$ 13,717,943</b>	<b>\$ 8,702,063</b>	<b>\$ 4,726,461</b>		<b>Total Cash Available</b>



# 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, 2024, approximately \$2.439 billion of long-term obligations were outstanding. The General Fund is responsible for repayment of \$1.322 billion of the outstanding debt. Revenues from Special Districts/Special Funds, Courthouse Construction Funds, and Hospital Enterprise Funds secure the remaining \$1.117 billion of outstanding obligations.

The table below identifies the funding sources for the County's debt payments due in Fiscal Year 2024-25.

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

2024-25 Payments	
Funding Source	2024-25 Payment
Total 2024-25 Payment Obligations	\$185,197,704
Less: Sources of Non-General Fund Entities:	
Hospital Enterprise Funds	72,591,506
Courthouse Construction Funds	14,971,366
Special Districts/Special Funds	3,265,031
Net 2023-24 General Fund Obligations	\$94,369,801

Source: Los Angeles County Auditor-Controller

As of May 1, 2025, the County has \$1.127 billion of outstanding short-term obligations, which includes \$700 million in TRANS and \$426.747 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 MAY 1, 2025 (in thousands)

Type of Obligation	Outstanding Principal
Total County	
Short-Term Obligations:	
Tax and Revenue Anticipation Notes	\$700,000
Lease Revenue Notes	426,747
Long-Term Obligations	3,002,660
Total Outstanding Principal	\$4,129,407

Source: Los Angeles County Treasurer and Tax Collector

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 21, 2024, the County issued \$700 million of TRANS for Fiscal Year 2024-25 on July 1, 2024. The 2024-25 TRANS will mature on June 30, 2025. 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 2024-25, in the amounts, and on the dates specified in the Financial Summary Section under the heading "2024-25 Tax and Revenue Anticipation Notes" of this Appendix A.

### Bond Anticipation Notes

The County is currently utilizing the proceeds from the issuance of Bond Anticipation Notes ("BANs") to provide an interim source of funding for the acquisition of equipment on behalf of the County General Fund. The BANs are issued by the Los Angeles County Capital Asset Leasing Corporation ("LAC-CAL") and are purchased by the County Treasury Pool under terms and conditions established by the Board of Supervisors. The BANs are payable within three years of their initial issuance date from the proceeds of long-term bonds or other available funds. The repayment of the BANs is secured by lease agreements between the County and LAC-CAL and a pledge of the acquired equipment. As of May 1, 2025, there are \$35.0 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 May 1, 2025, \$426.747 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, 2024, \$2.439 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 2024-25 Adopted Budget includes sufficient appropriations to fund the debt service on the County's lease payment obligations. The County's Board of Supervisors has never failed to appropriate sufficient funding for such obligations, nor has the County abated payments on any of its lease-revenue financings to date.

### DEBT RATIOS

The ratio of the General Fund's outstanding debt to the net revenue-producing valuation of the property tax roll (the "Net Local Roll") decreased from 0.126% 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 \$77.62 million as of May 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, 2024**

#### **COMBINED PRINCIPAL AND INTEREST OBLIGATIONS BY FUNDING SOURCE**

#### **OUTSTANDING PRINCIPAL OBLIGATIONS BY FUNDING SOURCE**

#### **CURRENT FISCAL YEAR DEBT SERVICE OBLIGATIONS BY FUNDING SOURCE**

#### **OUTSTANDING PRINCIPAL BY FUNDING SOURCE**

#### **REPORTS AS OF MAY 1, 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, 2024						
Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Total Annual Debt Service	
2024-25	\$ 94,369,801	\$ 72,591,506	\$ 14,971,366	\$ 3,265,031	\$ 185,197,704	
2025-26	94,355,952	72,573,289	14,968,875	3,269,656	185,167,772	
2026-27	94,341,588	72,570,666	14,959,875	3,266,156	185,138,285	
2027-28	94,249,641	72,569,138	14,947,750	3,264,531	185,031,060	
2028-29	94,057,381	72,555,148	14,945,875	3,274,281	184,832,685	
2029-30	93,943,929	72,555,638	14,937,625	3,255,656	184,692,848	
2030-31	93,936,610	72,539,554	8,340,500	3,248,906	178,065,570	
2031-32	93,931,632	72,523,568	8,336,375	3,263,031	178,054,606	
2032-33	93,923,712	72,524,260	6,115,375	3,252,906	175,816,254	
2033-34	93,919,266	72,518,538	6,119,250	3,253,656	175,810,710	
2034-35	92,738,479	72,504,686	-	3,254,781	168,497,946	
2035-36	92,736,824	72,486,684	-	3,251,156	168,474,665	
2036-37	92,727,013	72,481,512	-	3,252,531	168,461,057	
2037-38	92,720,194	72,469,512	-	3,253,531	168,443,237	
2038-39	87,849,469	72,447,162	-	3,258,781	163,555,413	
2039-40	87,846,744	72,438,611	-	3,259,831	163,545,186	
2040-41	87,834,535	72,429,324	-	3,256,756	163,520,616	
2041-42	67,217,775	42,135,463	-	3,257,581	112,610,819	
2042-43	67,219,825	42,137,363	-	3,261,806	112,618,994	
2043-44	67,223,300	26,357,613	-	1,733,306	95,314,219	
2044-45	67,218,500	26,348,488	-	1,738,731	95,305,719	
2045-46	58,019,575	26,353,163	-	926,456	85,299,194	
2046-47	42,114,900	26,349,563	-	927,481	69,391,944	
2047-48	42,120,000	26,352,447	-	925,425	69,397,872	
2048-49	42,112,475	26,350,475	-	930,366	69,393,316	
2049-50	42,113,900	26,350,900	-	924,103	69,388,903	
2050-51	38,775,325	13,910,959	-	551,263	53,237,547	
2051-52	18,132,250	13,910,206	-	552,153	32,594,609	
Total	\$ 2,127,750,597	\$ 1,529,335,433	\$ 118,642,866	\$ 71,129,853	\$ 3,846,858,749	

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

Source: Los Angeles County Treasurer and Tax Collector

**COUNTY OF LOS ANGELES**  
**FISCAL YEAR DEBT SERVICE OBLIGATIONS BY FUNDING SOURCE**  
**AS OF JULY 1, 2024**

Title	Total Debt Service	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds
Long-Term Obligations					
2010 Lease Revenue Bonds, Series B (Taxable):					
Coroners Expansion/ Refurbishment	\$ 1,893,222	\$ 1,893,222			
Patriotic Hall Renovation	3,057,212	3,057,212			
Hall of Justice Rehabilitation	15,782,912	15,782,912			
Olive View Medical Center ER/TB Unit	3,522,707		\$ 3,522,707		
Olive View Medical Center Seismic	1,451,217		1,451,217		
Harbor/UCLA Surgery/ Emergency	22,074,923		22,074,923		
Harbor/UCLA Seismic Retrofit	3,404,047		3,404,047		
Total 2010 Lease Revenue Bonds, Series B (Taxable)	\$ 51,186,240	\$ 20,733,346	\$ 30,452,893	\$ 0	\$ 0
2011 High Desert Solar Complex (Taxable)	\$ 396,261	\$ 396,261			
2015 Lease Revenue Bonds, Series A					
Zev Yaroslavsky Family Support Center	\$ 9,196,250	\$ 9,196,250			
Manhattan Beach Library	808,000				\$ 808,000
Total 2015 Lease Revenue Bonds, Series A	\$ 10,004,250	\$ 9,196,250	\$ 0	\$ 0	\$ 808,000
2015 Lease Revenue Refunding Bonds, Series B					
LAX Area Courthouse	\$ 5,935,750			\$ 5,935,750	
Chatsworth Courthouse	4,981,250			4,981,250	
Total 2015 Lease Revenue Refunding Bonds, Series B	\$ 10,917,000	\$ 0	\$ 0	\$ 10,917,000	\$ 0
2015 Lease Revenue Refunding Bonds, Series C					
Michael D. Antonovich Antelope Valley Courthouse	\$ 4,054,366			\$ 4,054,366	
2016 Lease Revenue Bonds, Series D					
Martin Luther King Inpatient Tower	\$ 15,904,844	\$ 15,904,844			
2018 Lease Revenue Bonds					
Vermont Corridor Administration Building, Series A	\$ 19,304,200	\$ 19,304,200			
2019 Lease Revenue Bonds, Series E-1					
East Antelope Valley Animal Shelter	\$ 863,750	\$ 863,750			
Probation Department Building	1,320,250	1,320,250			
Music Center Plaza	1,165,625	1,165,625			
Rancho Los Amigos NRC	10,370,000		\$ 10,370,000		
Fire Station 143	375,625				\$ 375,625
Total 2019 Lease Revenue Bonds, Series E-1	\$ 14,095,250	\$ 3,349,625	\$ 10,370,000	\$ 0	\$ 375,625
2019 Lease Revenue Bonds, Series E-2					
MLK Medical Campus Parking Structure	\$ 2,072,675		\$ 2,072,675		
2020 Lease Revenue Bonds					
LACMA Buildings	\$ 20,633,500	\$ 20,633,500			
2021 Lease Revenue Bonds, Series F					
LAC+USC Medical Center Recuperative Care Center	\$ 745,494		\$ 745,494		
MLK Behavioral Health Center Renovation	11,379,300		11,379,300		
MLK Central Plan/Hospital Service Building	148,631		148,631		
Olive View Campus Recuperative Care Center	765,644		765,644		
Rancho Los Amigos Recuperative Care Center	870,369		870,369		
Fire Station 104	552,406				\$ 552,406
	\$ 14,461,844	\$ 0	\$ 13,909,438	\$ 0	\$ 552,406
2022 Lease Revenue Refunding Bonds, Series G (Forward Delivery)					
High Desert Multi Service Ambulatory Care Center	\$ 6,998,625		\$ 6,998,625		
MLK Multi Service Ambulatory Care Center	8,522,000		8,522,000		
MLK Data Center	265,875		265,875		
Fire Station 128	228,250				\$ 228,250
Fire Station 132	376,750				376,750
Fire Station 150	578,000				578,000
Fire Station 156	346,000				346,000
	\$ 17,315,500	\$ 0	\$ 15,786,500	\$ 0	\$ 1,529,000
2022 Lease Revenue Refunding Bonds (Vermont Manchester)	\$ 4,851,775	\$ 4,851,775			
Total Long-Term Obligations	\$ 185,197,704	\$ 94,369,801	\$ 72,591,506	\$ 14,971,366	\$ 3,265,031
Total Obligations	\$ 185,197,704	\$ 94,369,801	\$ 72,591,506	\$ 14,971,366	\$ 3,265,031

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, 2024**

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	\$ 22,300,901	\$ 22,300,901			
Patriotic Hall Renovation	36,011,934	36,011,934			
Hall of Justice Rehabilitation	185,912,251	185,912,251			
Olive View Medical Center ER/TB Unit	41,495,152		\$ 41,495,152		
Olive View Medical Center Seismic	17,094,375		17,094,375		
Harbor/UCLA Surgery/ Emergency	260,027,969		260,027,969		
Harbor/UCLA Seismic Retrofit	40,097,418		40,097,418		
Total 2010 Lease Revenue Bonds, Serie B (Taxable)	\$ 602,940,000	\$ 244,225,086	\$ 358,714,914	\$ 0	\$ 0
2011 High Desert Solar Complex (Taxable)	\$ 1,531,795	\$ 1,531,795			
2015 Lease Revenue Bonds, Series A					
Zev Yaroslavsky Family Support Center	\$ 119,575,000	\$ 119,575,000			
Manhattan Beach Library	10,505,000				\$ 10,505,000
Total 2015 Lease Revenue Bonds, Series A	\$ 130,080,000	\$ 119,575,000	\$ 0	\$ 0	\$ 10,505,000
2015 Lease Revenue Refunding Bonds, Series B					
LAX Area Courthouse	\$ 50,660,000			\$ 50,660,000	
Chatsworth Courthouse	42,490,000			42,490,000	
Total 2015 Lease Revenue Refunding Bonds, Series B	\$ 93,150,000	\$ 0	\$ 0	\$ 93,150,000	\$ 0
2015 Lease Revenue Refunding Bonds, Series C					
Michael D. Antonovich Antelope Valley Courthouse	\$ 3,980,000			\$ 3,980,000	
2016 Lease Revenue Bonds, Series D					
Martin Luther King Inpatient Tower	\$ 221,220,000	\$ 221,220,000			
2018 Lease Revenue Bonds					
Vermont Corridor Administration Building, Series A	\$ 292,005,000	\$ 292,005,000			
2019 Lease Revenue Bonds, Series E-1					
East Antelope Valley Animal Shelter	\$ 12,595,000	\$ 12,595,000			
Probation Department Building	19,190,000	19,190,000			
Music Center Plaza	16,975,000	16,975,000			
Rancho Los Amigos NRC	150,850,000		\$ 150,850,000		
Fire Station 143	5,465,000				\$ 5,465,000
Total 2019 Lease Revenue Bonds, Series E-1	\$ 205,075,000	\$ 48,760,000	\$ 150,850,000	\$ 0	\$ 5,465,000
2019 Lease Revenue Bonds, Series E-2					
MLK Medical Campus Parking Structure	\$ 30,275,000		\$ 30,275,000		
2020 Lease Revenue Bonds					
LACMA Buildings	\$ 345,365,000	\$ 345,365,000			
2021 Lease Revenue Bonds, Series F					
LAC+USC Medical Center Recuperative Care Center	\$ 12,980,000		\$ 12,980,000		
MLK Behavioral Health Center Renovation	198,135,000		198,135,000		
MLK Central Plan/Hospital Service Building	2,610,000		2,610,000		
Olive View Campus Recuperative Care Center	13,360,000		13,360,000		
Rancho Los Amigos Recuperative Care Center	15,120,000		15,120,000		
Fire Station 104	9,625,000				\$ 9,625,000
	\$ 251,830,000	\$ 0	\$ 242,205,000	\$ 0	\$ 9,625,000
2022 Lease Revenue Refunding Bonds, Series G (Forward Delivery)					
High Desert Multi Service Ambulatory Care Center	\$ 85,860,000		\$ 85,860,000		
MLK Multi Service Ambulatory Care Center	104,530,000		104,530,000		
MLK Data Center	3,270,000		3,270,000		
Fire Station 128	2,810,000				\$ 2,810,000
Fire Station 132	4,610,000				4,610,000
Fire Station 150	7,075,000				7,075,000
Fire Station 156	4,190,000				4,190,000
	\$ 212,345,000	\$ 0	\$ 193,660,000	\$ 0	\$ 18,685,000
2022 Lease Revenue Refunding Bonds (Vermont Manchester)	\$ 49,335,000	\$ 49,335,000			
Total Long-Term Obligations	\$ 2,439,131,795	\$ 1,322,016,881	\$ 975,704,914	\$ 97,130,000	\$ 44,280,000
Total Obligations	\$ 2,439,131,795	\$ 1,322,016,881	\$ 975,704,914	\$ 97,130,000	\$ 44,280,000

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

COUNTY OF LOS ANGELES  
SUMMARY OF OUTSTANDING GENERAL FUND AND SPECIAL FUND OBLIGATIONS  
AS OF MAY 1, 2025

Title	Outstanding Principal	Total Future Payments	2024-25 FY Payment Remaining
<b>Long-Term Obligations</b>			
Long-Term Capital Projects			
2010 Lease Revenue Bonds, Series B (Taxable)	\$ 579,385,000	\$ 816,859,664 (1) \$	0
2011 High Desert Solar Complex (Taxable)	1,150,169	1,171,387 (1)	0
2015 Lease Revenue Refunding Bonds, Series B	86,730,000	103,671,500	2,168,250
2016 Lease Revenue Bonds, Series D	215,250,000	338,896,581	4,892,797
2018 Lease Revenue Bonds, Series A	286,455,000	506,910,250	6,807,725
2019 Lease Revenue Bonds, Series E-1	201,135,000	357,359,750	5,028,375
2019 Lease Revenue Bonds, Series E-2	29,660,000	52,538,600	724,225
2020 Lease Revenue Bonds	338,785,000	543,392,850	6,944,500
2021 Lease Revenue Bonds, Series F	247,370,000	395,454,381	4,945,172
2022 Lease Revenue Bonds, Series G (Forward Delivery)	205,475,000	316,714,000	5,136,875
2022 Lease Revenue Refunding Bonds (Vermont Manchester)	46,840,000	64,236,700	1,147,200
2024 Lease Revenue Bonds, (Vermont Corridor Site 2) Series A (Tax-Exempt), B (Taxable)	212,135,000	450,016,033	5,451,995
2024 Lease Revenue Bonds, Series H (New money and Refunding Bonds)	552,290,000	1,037,430,963	14,017,244
Total Long-Term Obligations	\$ 3,002,660,169	\$ 4,984,652,659	\$ 57,264,358

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

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

COUNTY OF LOS ANGELES			
ESTIMATED OVERLAPPING DEBT STATEMENT AS OF MAY 1, 2025			
2024-25 Assessed Valuation: \$2,129,442,901,086: (includes unitary valuation)			
	Applicable %	Debt as of 5/1/25	
<b>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>			
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)		5,006,329,478
Arcadia Unified School District	100.000		246,175,000
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		11,062,275,000
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		184,694,558
Santa Monica-Malibu Unified School District	100.000		1,050,705,000
Torrance Unified School District	100.000		388,755,634
Other Unified School Districts	Various (1)		5,150,621,104
High School and School Districts	Various (1)		2,609,360,666
City of Los Angeles	100.000		1,024,765,000
City of Industry	100.000		9,835,000
Other Cities	100.000		32,518,733
Community Facilities Districts	100.000		778,706,742
1915 Act and Benefit Assessment Bonds - Estimate	100.000		91,767,681
<b>TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT</b>		\$	35,840,185,427
Less: Los Angeles Unified School District economically defeased general obligation bonds			(461,235,000)
<b>TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT</b>		\$	35,378,950,427
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			
<b>Los Angeles County General Fund Obligations</b>	<b>100.000 %</b>	<b>\$</b>	<b>3,038,512,390</b>
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		21,965,000
Los Angeles Unified School District Certificates of Participation	100.000		443,040,000
Paramount Unified School District Certificates of Participation	100.000		18,093,000
Other Unified School District Certificates of Participation	Various (2)		198,710,289
High School and Elementary School District General Fund Obligations	Various (2)		147,039,205
City of Beverly Hills General Fund Obligations	100.000		62,565,000
City of Los Angeles General Fund	100.000		1,215,908,388
City of Long Beach General Fund Obligations	100.000		123,485,000
City of Pasadena General Fund Obligations	100.000		343,960,242
City of Pasadena Pension Obligations Bonds	100.000		124,905,000
Other Cities' General Fund Obligations	100.000		4,319,611,286
<b>TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		\$	10,129,759,345
Less: Cities' supported obligations			(399,953,302)
<b>TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>		\$	9,729,806,043
OVERLAPPING TAX INCREMENT DEBT: (Successor Agencies):		\$	1,377,896,827
<b>TOTAL DIRECT DEBT</b>		\$	3,038,512,390
<b>TOTAL GROSS OVERLAPPING DEBT</b>		\$	44,309,329,209
<b>TOTAL NET OVERLAPPING DEBT</b>		\$	43,448,140,907
<b>GROSS COMBINED TOTAL DEBT</b>		\$	47,347,841,599 (3)
<b>NET COMBINED TOTAL DEBT</b>		\$	46,486,653,297
<b>RATIOS TO 2024-25 ASSESSED VALUATION</b>			
Total Gross Overlapping Tax and Assessment Debt	1.68 %		
Total Net Overlapping Tax and Assessment Debt	1.66 %		
Total Gross Direct Debt (\$3,038,512,390))	0.14 %		
Gross Combined Total Debt	2.22 %		
Net Combined Total Debt	2.18 %		
Ratios to Redevelopment Sucessor 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

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## 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 1<sup>st</sup> 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 56<sup>th</sup> 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 (16<sup>th</sup>) 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 (9<sup>th</sup>) 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.

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COUNTY OF LOS ANGELES  
ECONOMIC AND DEMOGRAPHIC STATISTICAL TABLES

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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)**

<b>Employment Sector</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
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
<b>Total</b>	<b>4,172.5</b>	<b>4,309.7</b>	<b>4,536.9</b>	<b>4,553.7</b>	<b>4,594.7</b>

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)**

<b>Type of Activity</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>International Air Cargo (Tons)</b>					
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%
<b>Total Air Cargo (Tons)</b>					
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
<b>Total</b>	<b>2,537.1</b>	<b>3,042.9</b>	<b>2,813.5</b>	<b>2,418.5</b>	<b>2,454.2</b>
<b>International Air Passengers</b>					
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%
<b>Total Air Passengers</b>					
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
<b>Total</b>	<b>31,818.6</b>	<b>53,844.3</b>	<b>75,065.9</b>	<b>84,824.9</b>	<b>87,286.3</b>
<b>Container Volume (TEUs)</b>					
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
<b>Total</b>	<b>17,326.7</b>	<b>20,062.0</b>	<b>19,044.9</b>	<b>16,648.4</b>	<b>19,947.1</b>

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

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

Customs District	2020	2021	2022	2023	2024
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: Capitán, CA; Las Vegas, NV; March Inland Airport, CA; Meadows Field Airport, CA; Morro Bay, CA; Ontario International Airport, CA; Palm Springs Airport, CA; Port Hueneme, CA; Port San Luis, CA; San Bernardino International Airport, CA; Southern California Logistics Airport, CA; Ventura, CA

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

Port	2020	2021	2022	2023	2024
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)**

Port	2020	2021	2022	2023	2024
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**

<b>Indicator</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
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**

	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Residential Building Permits</b>					
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
<b>Building Valuations</b>					
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



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**APPENDIX B**

**COUNTY OF LOS ANGELES FINANCIAL STATEMENTS**

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COUNTY OF LOS ANGELES, CALIFORNIA  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024  
TABLE OF CONTENTS

	Page
Independent Auditor's Report.....	B-1
Management's Discussion and Analysis (Unaudited) .....	B-4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	B-30
Statement of Activities.....	B-31
Fund Financial Statements:	
Balance Sheet - Governmental Funds .....	B-33
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position .....	B-35
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	B-37
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	B-39
Statements of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual on Budgetary Basis:	
General Fund .....	B-40
Fire Protection District.....	B-41
Flood Control District.....	B-42
LA County Library .....	B-43
Regional Park and Open Space District .....	B-44
Mental Health Services Act .....	B-45
Statement of Net Position - Proprietary Funds .....	B-47
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds .....	B-49
Statement of Cash Flows - Proprietary Funds.....	B-51
Statement of Fiduciary Net Position - Fiduciary Funds.....	B-55
Statement of Changes in Fiduciary Net Position - Fiduciary Funds.....	B-56
Statement of Net Position - Discretely Presented Component Units .....	B-57
Statement of Activities - Discretely Presented Component Units .....	B-58
Notes to the Basic Financial Statements.....	B-60
Required Supplementary Information (Unaudited):	
Schedule of the County's Proportionate Share of the Net Pension Liability and Related Ratios - Last Ten Fiscal Years .....	B-176
Schedule of County's Pension Contributions - Last Ten Fiscal Years .....	B-176
Schedule of Changes in Net RHC OPEB Liability and Related Ratios - Last Ten Fiscal Years .....	B-178
Schedule of County's RHC OPEB Contributions - Last Ten Fiscal Years .....	B-179
Schedule of Changes in the Total LTD OPEB Liability and Related Ratios - Last Ten Fiscal Years .....	B-180

## 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.



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	44,870,418	42,353,321	8,541,912	8,023,562	53,412,330	50,376,883
Deferred outflows of resources	10,817,024	10,817,003	1,658,774	1,634,388	12,475,798	12,451,391
Current and other liabilities	7,952,565	7,719,806	1,072,810	958,829	9,025,375	8,678,635
Long-term liabilities	48,032,219	46,002,627	7,993,020	7,682,704	56,025,239	53,685,331
Total liabilities	55,984,784	53,722,433	9,065,830	8,641,533	65,050,614	62,363,966
Deferred inflows of resources	9,655,293	10,490,505	1,629,595	1,832,739	11,284,888	12,323,244
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)	(31,970,600)	(31,960,081)	(3,170,562)	(3,426,470)	(35,141,162)	(35,386,551)
Total net position	\$ (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**  
**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**

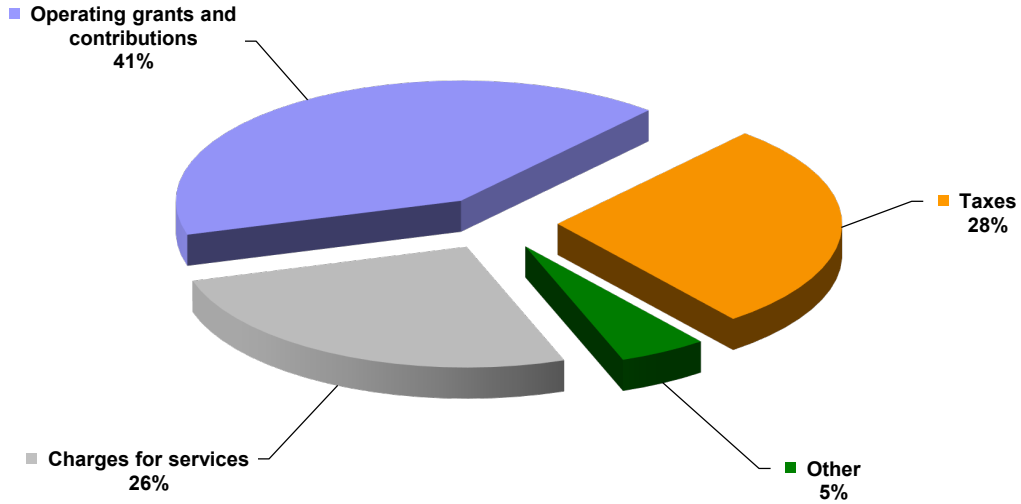
The following table details and identifies changes in net position for governmental and business-type activities:

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

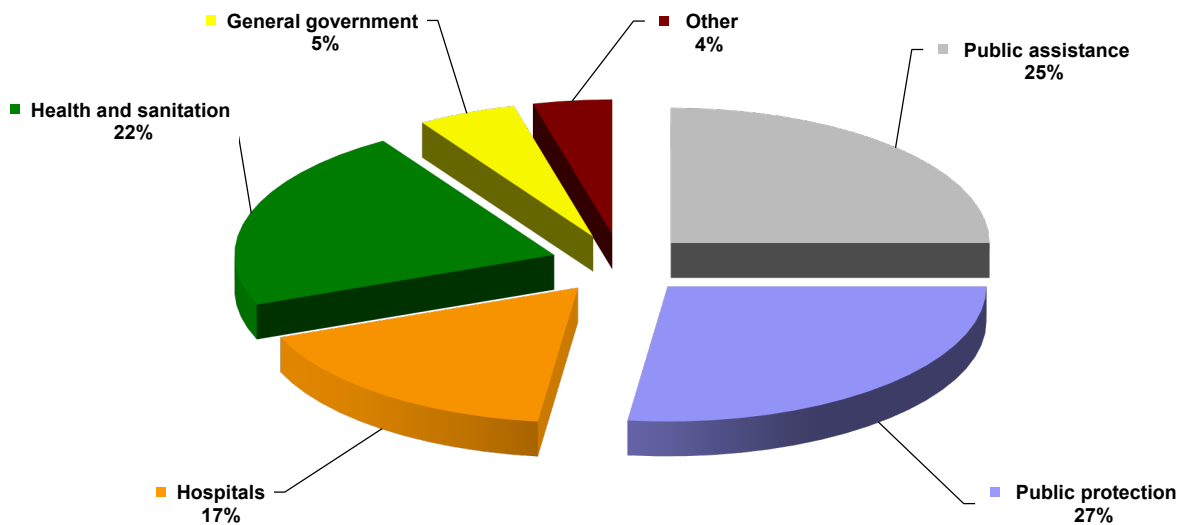
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 4,757,465	\$ 4,342,851	\$ 5,367,328	\$ 5,018,952	\$ 10,124,793	\$ 9,361,803
Operating grants and contributions	15,578,862	14,134,795	185,668	182,601	15,764,530	14,317,396
Capital grants and contributions	58,660	64,023	326	1,193	58,986	65,216
<b>General revenues:</b>						
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
<b>Total revenues</b>	<b>33,003,915</b>	<b>30,097,618</b>	<b>5,617,502</b>	<b>5,234,236</b>	<b>38,621,417</b>	<b>35,331,854</b>
<b>Expenses:</b>						
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
<b>Total expenses</b>	<b>30,855,727</b>	<b>30,907,925</b>	<b>6,354,128</b>	<b>5,693,255</b>	<b>37,209,855</b>	<b>36,601,180</b>
<b>Excess (deficiency) before transfers</b>	<b>2,148,188</b>	<b>(810,307)</b>	<b>(736,626)</b>	<b>(459,019)</b>	<b>1,411,562</b>	<b>(1,269,326)</b>
<b>Transfers</b>	<b>(1,058,209)</b>	<b>(1,117,417)</b>	<b>1,058,209</b>	<b>1,117,417</b>		
<b>Change in net position</b>	<b>1,089,979</b>	<b>(1,927,724)</b>	<b>321,583</b>	<b>658,398</b>	<b>1,411,562</b>	<b>(1,269,326)</b>
<b>Net position - beginning</b>	<b>(11,042,614)</b>	<b>(9,114,890)</b>	<b>(816,322)</b>	<b>(1,474,720)</b>	<b>(11,858,936)</b>	<b>(10,589,610)</b>
<b>Net position - ending</b>	<b>\$ (9,952,635)</b>	<b>\$ (11,042,614)</b>	<b>\$ (494,739)</b>	<b>\$ (816,322)</b>	<b>\$ (10,447,374)</b>	<b>\$ (11,858,936)</b>

**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 MHSA 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 MHSA 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 MHSA 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>	<u>Increase (Decrease) From Original Budget</u>	<u>Final Budget Amount</u>	<u>Actual Amount</u>	<u>Variance- Positive (Negative)</u>
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	<u>\$ 1,532,179</u>	<u>\$ 30,538,179</u>	<u>\$ 28,615,116</u>	<u>\$ (1,923,063)</u>

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>	<u>Increase (Decrease) From Original Budget</u>	<u>Final Budget Amount</u>	<u>Actual Amount</u>	<u>Variance- Positive</u>
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	<u>\$ 1,532,179</u>	<u>\$ 34,302,668</u>	<u>\$ 28,163,540</u>	<u>\$ 6,139,128</u>

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&amp;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	17,777,032	1,058,315	18,835,347	267,354
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	20,093,030	3,513,144	23,606,174	203,168
TOTAL ASSETS	44,870,418	8,541,912	53,412,330	1,402,883
DEFERRED OUTFLOWS OF RESOURCES (Note 20)	10,817,024	1,658,774	12,475,798	33,153
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	55,984,784	9,065,830	65,050,614	227,476
DEFERRED INFLOWS OF RESOURCES (Note 20)	9,655,293	1,629,595	11,284,888	15,560
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)	\$ (9,952,635)	(494,739)	\$ (10,447,374)	\$ 1,193,000

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)

		PROGRAM REVENUES		
FUNCTIONS				
PRIMARY GOVERNMENT:	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
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	30,855,727	4,757,465	15,578,862	58,660
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	6,354,128	5,367,328	185,668	326
Total primary government	\$ 37,209,855	10,124,793	15,764,530	58,986
DISCRETELY PRESENTED COMPONENT UNITS	\$ 1,011,529	37,580	1,006,679	9,260

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		<u>FUNCTIONS</u>
				PRIMARY GOVERNMENT:
				Governmental activities:
\$ (911,751)		\$ (911,751)		General government
(5,958,937)		(5,958,937)		Public protection
(199,763)		(199,763)		Public ways and facilities
(1,044,333)		(1,044,333)		Health and sanitation
(1,633,922)		(1,633,922)		Public assistance
(163,644)		(163,644)		Education
(370,021)		(370,021)		Recreation and cultural services
(178,369)		(178,369)		Interest on long-term debt
(10,460,740)		(10,460,740)		Total governmental activities
				Business-type activities:
	(780,744)	(780,744)		Hospitals
	(16,357)	(16,357)		Waterworks
	(3,705)	(3,705)		Aviation
	(800,806)	(800,806)		Total business-type activities
(10,460,740)	(800,806)	(11,261,546)		Total primary government
			\$ 41,990	DISCRETELY PRESENTED COMPONENT UNITS
				GENERAL REVENUES:
				Taxes:
9,341,988	9,101	9,351,089		Property taxes
57,422		57,422		Utility users taxes
557,745		557,745		Voter approved taxes
76,595		76,595		Documentary transfer taxes
49,437		49,437		Other taxes
728,739		728,739		Sales and use taxes, levied by the State
679,353	966	680,319		Grants and contributions not restricted to special programs
863,672	53,810	917,482	42,969	Investment income
253,977	303	254,280	389	Miscellaneous
(1,058,209)	1,058,209			TRANSFERS - NET
11,550,719	1,122,389	12,673,108	43,358	Total general revenues and transfers
1,089,979	321,583	1,411,562	85,348	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
<b>ASSETS</b>					
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	
<b>TOTAL ASSETS</b>	<b>18,558,551</b>	<b>404,690</b>	<b>445,742</b>	<b>190,591</b>	<b>795,231</b>
<b>DEFERRED OUTFLOWS OF RESOURCES (Note 20)</b>					
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 18,558,551</b>	<b>404,690</b>	<b>445,742</b>	<b>190,591</b>	<b>795,231</b>
<b>LIABILITIES</b>					
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				
<b>TOTAL LIABILITIES</b>	<b>8,403,639</b>	<b>90,535</b>	<b>131,116</b>	<b>15,852</b>	<b>3,262</b>
<b>DEFERRED INFLOWS OF RESOURCES (Note 20)</b>	<b>2,462,203</b>	<b>55,012</b>	<b>44,695</b>	<b>6,336</b>	<b>1,455</b>
<b>FUND BALANCES (Note 21)</b>					
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				
<b>TOTAL FUND BALANCES</b>	<b>7,692,709</b>	<b>259,143</b>	<b>269,931</b>	<b>168,403</b>	<b>790,514</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 18,558,551</b>	<b>404,690</b>	<b>445,742</b>	<b>190,591</b>	<b>795,231</b>

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><u>\$ (9,952,635)</u></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	\$ 7,692,709	259,143	269,931	168,403	790,514

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
<b>ASSETS</b>				
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	277,311	178,844	363,558	82,794
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	1,494,128	909,975	2,734,184	614,586
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	1,269,971	190,634	794,370	451,700
Total noncurrent assets	1,726,924	360,670	1,199,451	583,280
<b>TOTAL ASSETS</b>	<b>3,221,052</b>	<b>1,270,645</b>	<b>3,933,635</b>	<b>1,197,866</b>
DEFERRED OUTFLOWS OF RESOURCES (Note 20)	504,513	277,272	704,088	172,901
<b>LIABILITIES</b>				
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	1,068,089	505,527	1,467,720	571,424
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	2,499,402	1,202,223	2,985,482	831,550
<b>TOTAL LIABILITIES</b>	<b>3,567,491</b>	<b>1,707,750</b>	<b>4,453,202</b>	<b>1,402,974</b>
DEFERRED INFLOWS OF RESOURCES (Note 20)	452,057	325,944	689,290	142,586
<b>NET POSITION</b>				
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)
<b>TOTAL NET POSITION (DEFICIT) (Note 3)</b>	<b>\$ (293,983)</b>	<b>(485,777)</b>	<b>(504,769)</b>	<b>(174,793)</b>

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
3,093	187	38,473	10,303
143,409	12,399	1,058,315	48,209
939		939	
17,183	786	2,521,430	
432	38	4,418	139
	862	862	
3,764		67,907	13,046
2,584	340	2,243,966	146,552
1,444	257	1,701	
	185	37,957	11,030
169,755	14,867	5,937,495	218,976
		127,708	5,119
	18,856	18,856	
		1,035,942	
13,682	134,692	168,350	
124,527	43,818	3,615,164	281,800
1,228,087	96,755	1,324,842	
75,318	129	635,600	
		4,891	1,224
			613
(824,368)	(86,171)	(2,235,703)	(159,925)
617,246	189,223	3,513,144	123,712
617,246	208,079	4,695,650	128,831
787,001	222,946	10,633,145	347,807
		1,658,774	456,720
4,338	350	922,873	7,442
		123,704	26,235
	60	12,423	2,879
	14	12,630	341
9,799	930	2,076,278	55,511
		14,955	22,000
24		1,180	141
616	120	464,968	18,658
14,777	1,474	3,629,011	133,207
		288,612	76,428
8,201	944	759,369	10,000
		2,166	301
		364,278	58,123
250		6,383	
		1,924,458	479,257
		3,777,851	957,123
		404,935	
8,451	944	7,528,052	1,581,232
23,228	2,418	11,157,063	1,714,439
	19,718	1,629,595	312,622
608,723	188,159	2,590,331	113,223
		85,492	
155,050	12,651	(3,170,562)	(1,335,757)
\$ 763,773	200,810	\$ (494,739)	\$ (1,222,534)

ASSETS
Current assets:
Pooled cash and investments: (Notes 1 and 4)
Operating
Other
Total pooled cash and investments
Taxes receivable
Accounts receivable - net (Note 14)
Interest receivable
Lease receivable (Note 9)
Other receivables
Due from other funds (Note 15)
Advances to other funds (Note 15)
Inventories
Total current assets
Noncurrent assets:
Restricted assets (Note 4)
Lease receivable (Note 9)
Other receivables
Capital assets: (Notes 1, 5, 9 and 10)
Land and easements
Buildings and improvements, equipment, and intangible software
Infrastructure
Construction in progress
Lease assets
Subscription assets
Less accumulated depreciation/amortization
Total capital assets - net
Total noncurrent assets
TOTAL ASSETS
DEFERRED OUTFLOWS OF RESOURCES (Note 20)
LIABILITIES
Current liabilities:
Accounts payable
Accrued payroll
Other payables
Accrued interest payable
Due to other funds (Note 15)
Advances from other funds (Note 15)
Advances payable
Current portion of long-term liabilities (Note 11)
Total current liabilities
Noncurrent liabilities:
Accrued compensated absences (Note 11)
Bonds and notes (Note 11)
Lease liability (Note 9 and 11)
Workers' compensation (Notes 11 and 18)
Litigation and self-insurance (Notes 11 and 18)
Net pension liability (Notes 7 and 11)
Net OPEB liability (Notes 8 and 11)
Third party payor (Notes 11 and 14)
Total noncurrent liabilities
TOTAL LIABILITIES
DEFERRED INFLOWS OF RESOURCES (Note 20)
NET POSITION
Net investment in capital assets
Restricted - Debt service
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	<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	
\$		\$ 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
1,591	(2,964)	(789,768)	(13,247)	Other
176	150	18,601		TOTAL NONOPERATING REVENUES (EXPENSES)
		2,077,896	4,857	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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
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	356,075	72,925	232,903	201,271
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
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	(345,607)	39,643	(73,638)	(299,192)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
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	(161,447)	(31,675)	(14,280)	(18,634)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
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	\$ 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	
\$		\$ 3,913,675	\$	
99,992	4,542	104,534	72,286	
263	191	186,278		
		317,847	693,618	
		(2,815,753)	(614,855)	
(97,811)	(15,185)	236,900	(64,958)	
(3,762)	(2,119)	(1,298,607)	(92,337)	
		204,411		
(1,318)	(12,571)	849,285	(6,246)	
	15	117,992		
(184)		(118,206)	(19)	
		(1,168,226)		
1,943	345	2,288		
		1,474,411	4,857	
(198)	(14)	(985,146)	(3,809)	
1,561	346	(676,887)	1,029	
9,026		9,026		
	150	150		
381		254,769	10,000	
(167)	(36)	(54,412)	(190)	
			3,569	
(534)	(116)	(136,855)		
		(1,344)	(252)	
			(224)	
(20,133)	(28)	(308,827)	(24,405)	
(11,427)	(30)	(237,493)	(11,502)	
7,697	11,959	63,683	1,409	
(3,487)	(296)	(1,412)	(15,310)	
146,896	12,695	1,187,435	68,638	
\$ 143,409	12,399	\$ 1,186,023	\$ 53,328	

#### CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from patient services  
Cash received from charges for services  
Other operating revenues  
Cash received for services provided to other funds  
Cash paid for salaries and employee benefits  
Cash (paid) returned for services and supplies  
Other operating expenses  
Cash (paid) returned for services from other funds

Net cash provided by (required for) operating activities

#### CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Cash advances received from other funds  
Cash advances paid to other funds  
Intergovernmental transfers paid  
Intergovernmental receipts  
Transfers in  
Transfers out

Net cash provided by (required for) noncapital financing activities

#### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from taxes  
Capital contributions  
Proceeds from bonds and notes  
Interest paid on capital borrowing  
Interest revenue  
Principal payments on bonds and notes  
Leases paid  
Subscriptions paid  
Acquisition and construction of capital assets

Net cash required for capital and related financing activities

#### CASH FLOWS FROM INVESTING ACTIVITIES

Investment income  
Net increase (decrease) in cash and cash equivalents

Cash and cash equivalents, July 1, 2023

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)

			CUSTODIAL	
	PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST	INVESTMENT TRUST	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)

			CUSTODIAL	
	PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST	INVESTMENT TRUST	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](http://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](http://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	<u>\$ 56,889,010</u>	<u>85,681,955</u>	<u>129,270</u>	<u>18,027</u>	<u>\$ 142,718,262</u>

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	<u>308,722</u>	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	<u>142,409,540</u>			
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>
SPI					
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>
Other Specific Investments					
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 <sup>(1)</sup>	None	None	None	None	None	None
U.S. Agency Securities	5 years	None <sup>(1)</sup>	None	None	None	None	None	None
Local Agency Obligations	5 years	5 years <sup>(2)</sup>	None	10%*	None	None	None	Various <sup>(2)</sup>
Asset-Backed Securities	5 years	5 years	20%	20%	None	\$750 million*	AA	AA <sup>(3)*</sup>
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 <sup>(6)</sup>	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% <sup>(7)</sup>	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):

<u>Pool</u>	<u>Fair Value</u>	<u>Principal</u>	<u>Interest Rate Range</u>	<u>Maturity Range</u>	<u>Weighted Average Maturity In Years</u>
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):

<u>SPI</u>	<u>Fair Value</u>	<u>Principal</u>	<u>Interest Rate Range</u>	<u>Maturity Range</u>	<u>Weighted Average Maturity In Years</u>
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

<u>Other Specific Investments</u>	<u>Fair Value</u>	<u>Principal</u>	<u>Interest Rate Range</u>	<u>Maturity Range</u>	<u>Weighted Average Maturity In Years</u>
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>
SPI				
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>
Other Specific Investments				
U.S. Treasury Securities*				100.00 %
				<u>100.00 %</u>

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

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. Treasurys	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 <sup>(1)</sup>	Collateral Percent <sup>(2)</sup>
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	<u>\$ 7,972,307</u>	<u>\$ 2,359,153</u>	<u>\$ 6,086,330</u>	<u>\$ (54,379)</u>	

(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	9,556,779		9,448,806	107,973
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	28,899,467	28,856,575	8,338	34,554
Collateral from Securities Lending	2,359,152		2,359,152	
Total Investments by Fair Value Level	\$ 40,815,398	\$ 28,856,575	\$ 11,816,296	\$ 142,527
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	36,556,175			
Total Investments	\$ 77,371,573			
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	\$ 58,736	\$ 3,317	\$ 55,419	\$

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 <sup>(1)</sup>	\$ 10,298,479	\$ 617,178	Daily, Monthly or Not Eligible	1-60 days or N/A
Commingled Equity Funds <sup>(2)</sup>	559,458		Annual or Not Eligible	1-90 days or N/A
Hedge Funds <sup>(3)</sup>	4,875,300		Monthly, Quarterly, Semi-Annual, Annual; Self-Liquidating	5-180 days
Private Equity <sup>(4)</sup>	13,057,192	5,273,126	Not Eligible	N/A
Real Estate <sup>(4)</sup>	4,406,609	1,514,021	Quarterly or Not Eligible	30 days+ or N/A
Real Assets <sup>(4)</sup>	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
<b>Fixed Income Securities</b>				
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	1,461,532	20,365	1,440,861	306
<b>Equity Securities</b>				
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	2,107,136	2,107,135	1	
Total Investments by Fair Value Level	<u>\$ 3,568,668</u>	<u>\$ 2,127,500</u>	<u>\$ 1,440,862</u>	<u>\$ 306</u>
<b>Investments Measured at Net Asset Value (NAV)</b>				
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>			
<b>Derivatives</b>				
U.S. Fixed Income Derivatives	\$ 5	\$ 5	\$	\$
Foreign Equity Derivatives	2	2		
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 <sup>(1)</sup>	\$ 274,152	\$ 95,856	Daily, Monthly, or Not Eligible	1-60 days or N/A
Private Equity <sup>(2)</sup>	18,175	117,098	Not Eligible	N/A
Real Estate <sup>(3)</sup>	2,431	67,395	Not Eligible	N/A
Real Assets <sup>(4)</sup>	16,894	96,508	Not Eligible	N/A
Total Investments Measured at NAV <sup>(1)</sup>	<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):

Governmental activities:

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>

Business-type activities:

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	91,521	6,170	(6,438)	91,253
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	285,324	16,767	(9,424)	292,667
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	(192,828)	(9,625)	8,429	(194,024)
Total capital assets being depreciated/ amortized, net	92,496	7,142	(995)	98,643
LACDA capital assets, net	\$ 184,017	13,312	(7,433)	\$ 189,896

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	19,059	245		19,304
Less accumulated depreciation for:				
Buildings and improvements	(4,570)	(359)		(4,929)
Equipment	(3,063)	(79)		(3,142)
Subtotal	(7,633)	(438)		(8,071)
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](http://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 <a href="http://www.LACERA.com">www.LACERA.com</a> .
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](http://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](http://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	<u>148,152</u>

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: <a href="http://www.LACERA.com">www.LACERA.com</a> .
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	<u>\$ 8,507,465</u>	<u>\$ 5,365,861</u>

The deferred inflows of resources and deferred outflows of resources above represent the unamortized portion of changes to the net RHC OPEB liability to be recognized in future periods in a systematic and 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 <a href="http://www.LACERA.com">www.LACERA.com</a> .
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	<u>\$ 481,800</u>	<u>\$ 366,715</u>

The deferred inflows of resources and deferred outflows of resources above represent the unamortized portion of changes to the total LTD OPEB liability to be recognized in future periods in a systematic and rational manner. Economic/demographic gains or losses, assumption changes or inputs, and change in proportion are recognized over the average remaining service life of all active and inactive members, which is 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	<u>\$ 83,947</u>	<u>\$ 11,849</u>



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	<u>\$ 97,394</u>

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	<u>\$ 2,659,679</u>	<u>\$ 2,564,022</u>

A summary of bonds, and notes and loans from direct borrowings and direct placements recorded within business-type activities follows (in thousands):

	Original Par Amount of Debt	Balance June 30, 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	<u>\$ 1,089,789</u>	<u>\$ 1,037,063</u>

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):

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
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):

Debt Type	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
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
	2,242,274	205,589	201,202	2,246,661	265,404
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
Other long-term liabilities:					
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
Other long-term liabilities:					
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):

	GPP Revenues	Intergovernmental Transfers Expense
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	<u>\$ (3,085)</u>	<u>\$ (7,729)</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

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	<u>\$ 605,859</u>	<u>\$ 51,105</u>

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	\$ 229,400	\$ 47,057

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	<u>\$ 364,649</u>	<u>\$ 229,257</u>

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><u>\$ 3,618,376</u></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
		<u>1,206,296</u>
Fire Protection District	General Fund	143
	Nonmajor Governmental Funds	13,936
		<u>14,079</u>
Flood Control District	General Fund	7,500
	Internal Service Funds	4,000
		<u>11,500</u>
LA County Library	General Fund	150
	Nonmajor Governmental Funds	23,618
		<u>23,768</u>
Mental Health Services Act	General Fund	<u>781,814</u>
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
		<u>741,660</u>
Harbor-UCLA Medical Center	Nonmajor Governmental Funds	252
	Los Angeles General Medical Center	262,518
	Rancho Los Amigos Nat'l Rehab Center	217
		<u>262,987</u>

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

15. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

Transfer From	Transfer To	Amount
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><u>\$ 3,768,072</u></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	6,141
Nonmajor Governmental Funds	Internal Service Funds	11,307
Waterworks	Internal Service Funds	1,444
Nonmajor Aviation	Internal Service Funds	257
Total Interfund Advances		<u>\$ 36,955</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	3,774,570	197,814	229,289	109,574	670,836	1,268,163
Subtotal	7,990,635	273,250	288,863	174,911	821,394	1,623,903
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	(297,926)	(14,107)	(18,932)	(6,508)	(30,880)	(75,178)
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	<u>293,753</u>	<u>12,173</u>	<u>1,101</u>	<u>8</u>			<u>86,758</u>
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	<u>88,654</u>	<u>246,970</u>	<u>268,731</u>	<u>88,616</u>	<u>790,514</u>	<u>1,548,725</u>	<u>2,824,551</u>
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	<u>\$ 713,348</u>	<u>\$ 463,010</u>

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 Years<sup>1</sup>  
(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 Years<sup>2</sup>  
(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)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$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 <sup>1,2,3</sup>  
(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 <sup>4</sup>	<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<sup>1,2</sup>

(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 <sup>3</sup>	\$ 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](http://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 Years<sup>1</sup>  
(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.







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**APPENDIX C**

**PROPOSED FORM OF APPROVING OPINION OF BOND COUNSEL**

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## PROPOSED FORM OF APPROVING OPINION OF BOND COUNSEL

*Upon delivery of the Series A Notes, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the County, proposes to render its final approving opinion with respect to the Series A Notes in substantially the following form:*

[Date of Delivery]

County of Los Angeles  
Los Angeles, California

County of Los Angeles  
2025-26 Tax and Revenue Anticipation Notes, Series A  
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the County of Los Angeles (the “County”) in connection with the issuance of \$\_\_\_\_\_ aggregate principal amount of County of Los Angeles 2025-26 Tax and Revenue Anticipation Notes, Series A (the “Series A Notes”), issued pursuant to a resolution of the Board of Supervisors of the County adopted on May 13, 2025 (the “Resolution”) and the Financing Certificate Providing for the Terms and Conditions of Issuance and Sale of County of Los Angeles 2025-26 Tax and Revenue Anticipation Notes, dated July 1, 2025, executed by the County (the “Financing Certificate”), and Article 7.6, Chapter 4, Part 1, Division 2 of Title 5 (commencing with Section 53850) of the California Government Code. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Financing Certificate.

In such connection, we have reviewed the Resolution, the Financing Certificate, the Tax Certificate of the County, dated the date hereof (the “Tax Certificate”), an opinion of County Counsel of the County, certificates of the County and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the Series A Notes on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the Series A Notes on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Series A Notes has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery of each such document by each party thereto other than the County and that each such document constitutes a valid and binding agreement of such party. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained

in the Resolution, the Financing Certificate and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Series A Notes to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Series A Notes, the Resolution, the Financing Certificate and the Tax Certificate and their enforceability, may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against governmental entities such as the County in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the property described in or as subject to the lien of the Financing Certificate or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Series A Notes, and express no view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Series A Notes constitute the valid and binding obligations of the County.
2. The Financing Certificate has been duly executed and delivered by, and constitutes the valid and binding obligation of, the County.
3. Interest on the Series A Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. The amount treated as interest and excluded from gross income may depend upon the taxpayer's election under Internal Revenue Notice 94-84. Interest on the Series A Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Series A Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series A Notes.

Faithfully yours,

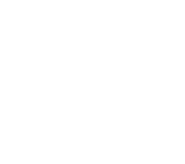
ORRICK, HERRINGTON & SUTCLIFFE LLP

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## **APPENDIX D**

### **BOOK-ENTRY ONLY SYSTEM**

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*The information in this Appendix D concerning The Depository Trust Company (“DTC”), New York, New York, and DTC’s book-entry system has been obtained from DTC, and the County and the Underwriters take no responsibility for the completeness or accuracy thereof. The County and the Underwriters cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Series A Notes, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Series A Notes, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series A Notes, or that they will do so on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.*

1. The Depository Trust Company, New York, NY, will act as securities depository for the Series A Notes (the “Series A Notes”). The Series A Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Series A Notes in the aggregate principal amount thereof and will be deposited with DTC.

2. DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a S&P Global Ratings rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com). The information on this website is not incorporated herein by reference.

3. Purchases of Series A Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series A Notes on DTC’s records. The ownership interest of each actual purchaser of each Series A Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series A Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series A Notes, except in the event that use of the book-entry system for the Series A Notes is discontinued.

4. To facilitate subsequent transfers, all Series A Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series A Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series A Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series A Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series A Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series A Notes, such as redemptions, tenders, defaults, and proposed amendments to the Series A Note documents. For example, Beneficial Owners of Series A Notes may wish to ascertain that the nominee holding the Series A Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series A Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series A Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

7. Distributions and other payments on the Series A Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the County or its agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and other payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

8. DTC may discontinue providing its services as depository with respect to the Series A Notes at any time by giving reasonable notice to the County. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

9. The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates representing the Series A Notes will be printed and delivered to DTC and the requirements of the Resolution and Financing Certificate with respect to certificated Series A Notes will apply.

10. The information in this Appendix D concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

NEITHER THE COUNTY NOR ANY OF THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OF THE SERIES A NOTES OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS.



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**APPENDIX E**

**FORM OF DISCLOSURE CERTIFICATE**

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**COUNTY OF LOS ANGELES**  
**2025-26 TAX AND REVENUE ANTICIPATION NOTES**  
**SERIES A**

**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 \$ \_\_\_\_\_ aggregate principal amount of the County’s 2025-26 Tax and Revenue Anticipation Notes, Series A (the “**Series A Notes**”). The Series A Notes are being issued pursuant to a Resolution adopted by the County on May 13, 2025 (the “**Resolution**”), and a Financing Certificate executed by the Treasurer on July 1, 2025 (the “**Certificate**”). The County covenants and agrees as follows:

**Section 1.      Purpose of this Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the County for the benefit of the Holders and Beneficial Owners of the Series A Notes and in order to assist the Participating Underwriters in complying with the Rule.

**Section 2.      Definitions.** In addition to the definitions set forth in the Certificate, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Beneficial Owner**” shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series A Notes (including persons holding Series A Notes through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series A Notes for federal income tax purposes.

“**Dissemination Agent**” shall initially mean the County, or any successor Dissemination Agent designated in writing by the County and which has filed with the County a written acceptance of such designation.

“**EMMA System**” shall mean the MSRB’s Electronic Municipal Market Access system.

“**Financial Obligation**” means “financial obligation” as such term is defined in the Rule.

“**Holders**” or “**Noteholders**” shall mean the registered owners of the Series A Notes.

“**Listed Events**” shall mean any of the events listed in Section 3(a) of this Disclosure Certificate.

“**MSRB**” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate.

“**Participating Underwriters**” shall mean any of the original underwriters of the Series A Notes required to comply with the Rule in connection with offering of the Series A Notes.

“**Rule**” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“**State**” shall mean the State of California.

### **Section 3.      Reporting of Listed Events.**

(a)      The County shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Series A Notes in a timely manner not later than ten business days after the occurrence of the event:

1.      principal and interest payment delinquencies;
2.      non-payment related defaults, if material;
3.      unscheduled draws on debt service reserves reflecting financial difficulties of the County;
4.      unscheduled draws on any credit enhancement reflecting financial difficulties of the County;
5.      substitution of credit or liquidity providers or failure of a credit or liquidity provider to perform its obligations with respect to the Series A Notes;
6.      adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Series A Notes, or other material events affecting the tax status of the Series A Notes;
7.      modifications to rights of Noteholders, if material;
8.      redemption or call of the Series A Notes, if material, and tender offers;
9.      defeasances;
10.     release, substitution or sale of property securing repayment of the Series A Notes, if material;
11.     rating changes;
12.     bankruptcy, insolvency, receivership or similar event of the County; *provided that* for the purposes of the events described in this clause, such an event is considered to occur upon: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County;
13.     the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such



an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. appointment of a successor or additional trustee or the change of name of the trustee, if material;
15. incurrence of a Financial Obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect security holders, if material; and
16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflect financial difficulties.

Certain of the foregoing events may not be applicable to the Series A Notes.

**Section 4. Termination of Reporting Obligation.** The County's obligations under this Disclosure Certificate shall terminate upon the payment in full of all the Series A Notes. If such termination occurs prior to the final maturity of the Series A Notes, the County shall give notice of such termination in the same manner as for a Listed Event under Section 3(a).

**Section 5. Dissemination Agent.** The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent, if other than the County, shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Certificate.

**Section 6. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Section 3(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series A Notes, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series A Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Series A Notes.

**Section 7. Additional Information.** Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the County shall have no

obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

**Section 8. Default.** In the event of a failure of the County to comply with any provision of this Disclosure Certificate any Holder or Beneficial Owner of the Series A Notes may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in the Superior Court of the State of California in and for the County of Los Angeles or in a U.S. District Court in or nearest to Los Angeles County. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution or the Certificate, and the sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance.

**Section 9. Duties, Immunities and Liabilities of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the County agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series A Notes.

**Section 10. Beneficiaries.** This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Series A Notes, and shall create no rights in any other person or entity.

Dated: July 1, 2025

COUNTY OF LOS ANGELES, CALIFORNIA

By: \_\_\_\_\_  
ELIZABETH BUENROSTRO GINSBERG  
Treasurer and Tax Collector



