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

In the opinion of Stradling Yocca Carlson & Rauth LLP, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described in this Official Statement, interest (and original issue discount) on the Series 2026K Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Series 2026K Bonds is exempt from State of California personal income tax. See the caption "TAX MATTERS" with respect to tax consequences relating to the Series 2026K Bonds, including with respect to the alternative minimum tax imposed on certain large corporations.

$249,455,000
LOS ANGELES COUNTY
PUBLIC WORKS FINANCING AUTHORITY
Lease Revenue Refunding Bonds, 2026 Series K

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

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

The Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds, 2026 Series K (the "Series 2026K Bonds") are special obligations of the Los Angeles County Public Works Financing Authority (the "Authority"), payable solely from Lease Revenues and the other assets pledged therefor under the Master Indenture, dated as of February 1, 2015, as previously amended and supplemented and as further amended and supplemented by the Ninth Supplemental Indenture, dated as of August 1, 2026 (the "Ninth Supplemental Indenture" and, as so amended and supplemented, the "Indenture"), by and among the County of Los Angeles, California (the "County"), the Authority and Zions Bancorporation, National Association, as trustee (the "Trustee"). Lease Revenues consist primarily of Base Rental Payments to be made by the County for the use of certain real property and the improvements located thereon (the "Property") pursuant to the Master Sublease, dated as of February 1, 2015, as amended and supplemented as described herein (as so amended and supplemented, the "Sublease"), by and between the County and the Authority. The County has covenanted under the Sublease to make all Base Rental Payments and Additional Rental Payments (collectively, the "Rental Payments") provided for therein, to include all such Rental Payments in its annual budgets and to make necessary annual appropriations for all such Rental Payments. The County's obligation to make Base Rental Payments is subject to abatement during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the County's right to use and occupy any portion of the Property. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026K BONDS" herein.

The Authority has previously issued certain lease revenue bonds pursuant to the Indenture (the "Prior Bonds") in the original aggregate principal amount of $2,758,280,000, $2,295,155,000 of which remains outstanding. Subject to satisfaction of certain conditions precedent, the Authority may issue additional bonds (the "Additional Bonds") under the Indenture. The Series 2026K Bonds will be issued as Additional Bonds under the Indenture. The Prior Bonds and the Series 2026K Bonds are payable from Lease Revenues on a parity with all other Additional Bonds issued under the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026K BONDS – Parity Obligations; Additional Bonds" herein. No amounts in the Reserve Fund established under the Indenture will be available for payment of debt service on the Series 2026K Bonds.

The proceeds of the Series 2026K Bonds will be used to (i) refund all of the Authority's Lease Revenue Refunding Bonds, 2015 Series B (Tax-Exempt) and the Authority's Lease Revenue Bonds, 2016 Series D, and (ii) pay certain costs of issuance incurred in connection with the issuance of the Series 2026K Bonds. See "PLAN OF REFUNDING" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Series 2026K Bonds will be issued in denominations of $5,000 and any integral multiple thereof. The Series 2026K Bonds will be dated their date of delivery and are payable with respect to interest semiannually each June 1 and December 1, commencing on December 1, 2026. The Series 2026K Bonds will be delivered in fully-registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Series 2026K Bonds. Ownership interests in the Series 2026K Bonds may be purchased in book-entry form only. Principal of and interest and redemption premium, if any, on the Series 2026K Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (defined herein) for subsequent disbursement to the Beneficial Owners of the Series 2026K Bonds. See APPENDIX D – "Book-Entry Only System" attached hereto.

The Series 2026K Bonds are subject to redemption prior to maturity, as described herein. See "THE SERIES 2026K BONDS – Redemption of the Series 2026K Bonds" herein.

See "CERTAIN RISK FACTORS" for a discussion of factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Series 2026K Bonds.

THE OBLIGATION OF THE COUNTY TO PAY THE BASE RENTAL PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE COUNTY OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE COUNTY OR THE STATE OF CALIFORNIA IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY OR THE STATE OF CALIFORNIA HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE SERIES 2026K BONDS SHALL BE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM THE LEASE REVENUES AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE COUNTY OR THE STATE OF CALIFORNIA, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE SERIES 2026K BONDS. THE AUTHORITY HAS NO TAXING POWER AND HAS NO OBLIGATION TO PAY BASE RENTAL PAYMENTS.

The Series 2026K Bonds are offered when, as and if issued, subject to the approval as to their validity by Stradling Yocca Carlson & Rauth, LLP, Newport Beach, California, Bond Counsel to the Authority. Certain legal matters will be passed upon for the Authority and the County by Hawkins Delafield & Wood LLP, Los Angeles, California, Disclosure Counsel, and by County Counsel, and for the Underwriters by their counsel, Katten Muchin Rosenman LLP, New York, New York. It is anticipated that the Series 2026K Bonds will be available for delivery through the facilities of DTC on or about August 26, 2026.

BofA Securities **Ramirez & Co., Inc.**

Amerivet Securities **Baird** **Piper Sandler & Co.**

Dated: August 5, 2026

MATURITY SCHEDULE

$249,455,000
LOS ANGELES COUNTY
PUBLIC WORKS FINANCING AUTHORITY

Lease Revenue Refunding Bonds, 2026 Series K
(Base CUSIP†: 54473E)

Due (December 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP Suffix†
2026	$17,165,000	5.000%	2.480%	100.653	ZS6
2027	14,930,000	5.000	2.420	103.188	ZT4
2028	15,625,000	5.000	2.520	105.420	ZU1
2029	16,340,000	5.000	2.630	107.362	ZV9
2030	14,270,000	5.000	2.720	109.116	ZW7
2031	14,925,000	5.000	2.770	110.848	ZX5
2032	13,335,000	5.000	2.880	112.066	ZY3
2033	13,955,000	5.000	2.960	113.241	ZZ0
2034	8,325,000	5.000	3.090	113.831	A20
2035	8,690,000	5.000	3.180	114.499	A38
2036	9,065,000	5.000	3.240	115.258	A46
2037	9,465,000	5.000	3.390	113.853 [C]	A53
2038	9,895,000	5.000	3.490	112.927 [C]	A61
2039	10,340,000	5.000	3.620	111.737 [C]	A79
2040	10,825,000	5.000	3.690	111.102 [C]	A87
2041	11,330,000	5.000	3.750	110.562 [C]	A95
2042	11,865,000	5.000	3.790	110.203 [C]	B29
2043	12,430,000	5.000	3.870	109.491 [C]	B37
2044	13,030,000	5.000	3.940	108.871 [C]	B45
2045	13,650,000	5.000	4.000	108.344 [C]	B52

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright© 2026 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Authority, the County, the Underwriters or their respective agents or counsel assume responsibility for the accuracy of such numbers.

[C] Priced to first optional redemption date of December 1, 2036 at par.

COUNTY OF LOS ANGELES

LOS ANGELES COUNTY
PUBLIC WORKS FINANCING AUTHORITY
LEASE REVENUE REFUNDING BONDS, 2026 SERIES K

BOARD OF SUPERVISORS

Hilda L. Solis
First District, Chair

Holly J. Mitchell
Second District

Lindsey P. Horvath
Third District

Janice Hahn
Fourth District

Kathryn Barger
Fifth District

Edward Yen
Executive Officer-Clerk
Board of Supervisors

COUNTY OFFICIALS

Joseph M. Nicchitta
Chief Executive Officer

Dawyn R. Harrison
County Counsel

Elizabeth Buenrostro Ginsberg
Treasurer and Tax Collector

Oscar Valdez
Auditor-Controller

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained herein. If given or made, such other information or representations must not be relied upon as having been authorized by the County or the Authority. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2026K Bonds by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2026K Bonds. Statements contained herein which involve estimates, projections, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The information set forth herein has been obtained from the Authority and the County, and other sources that are believed by the Authority and the County to be reliable. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale of the Series 2026K Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or the Authority since the date hereof. All summaries of the documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions. Preparation of this Official Statement and its distribution have been duly authorized and approved by the County and the Authority.

The Underwriters have provided the following sentence for inclusion herein. The Underwriters have reviewed the information herein in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Certain statements included or incorporated by reference herein constitute "forward-looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Although such expectations reflected in such forward-looking statements are believed to be reasonable, there can be no assurance that such expectations will prove to be correct. Neither the County nor the Authority plans to issue any updates or revisions to those forward-looking statements if or when their expectations, or events, conditions or circumstances on which such statements are based, occur.

The County maintains a website. However, the information presented there is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2026K Bonds.

THE UNDERWRITERS MAY OFFER AND SELL THE SERIES 2026K BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

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$249,455,000
LOS ANGELES COUNTY
PUBLIC WORKS FINANCING AUTHORITY
Lease Revenue Refunding Bonds, 2026 Series K

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover page and the appendices attached hereto (this "Official Statement"), provides certain information concerning the sale and issuance of the Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds, 2026 Series K (the "Series 2026K Bonds"). The Series 2026K Bonds are being issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Section 6584 *et seq.* of the California Government Code and the Master Indenture, dated as of February 1, 2015, by and among the County of Los Angeles, California (the "County"), the Los Angeles County Public Works Financing Authority (the "Authority") and Zions Bancorporation, National Association, as trustee (the "Trustee"), as previously amended and supplemented and as further amended and supplemented by the Ninth Supplemental Indenture, dated as of August 1, 2026 (the "Ninth Supplemental Indenture"), by and among the County, the Authority and the Trustee (as so amended and supplemented, the "Indenture").

The Series 2026K Bonds are special obligations of the Authority and are payable solely from the Lease Revenues (as defined below) and the other assets pledged for the Series 2026K Bonds under the Indenture as described herein. Lease Revenues consist primarily of Base Rental Payments (as defined below) to be made by the County for the use of certain real property and the improvements located thereon, as more particularly described herein (the "Property"), pursuant to the Master Sublease, dated as of February 1, 2015, by and between the County and the Authority, as previously amended and supplemented and as further amended and supplemented by the Eighth Amendment to Master Sublease, dated as of August 1, 2026, by and between the County and the Authority (as so amended and supplemented, the "Sublease"). "Lease Revenues" means all Base Rental Payments payable by the County pursuant to the Sublease, including any prepayments thereof, any Net Proceeds (as defined below) and any amounts received by the Trustee as a result of or in connection with the Trustee's pursuit of remedies under the Sublease upon a Sublease Default Event (as defined below). "Base Rental Payments" means all amounts payable to the Authority by the County as Base Rental Payments pursuant to the Sublease. "Net Proceeds" means any insurance proceeds or condemnation award paid with respect to any of the Property, which proceeds or award, after payment therefrom of all reasonable expenses incurred in the collection thereof, are in an amount greater than $50,000. "Sublease Default Event" means an event of default pursuant to and as described in the Sublease.

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices to this Official Statement, and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The sale and delivery of Series 2026K Bonds to potential investors is made only by means of this Official Statement.

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

The County

The County is located in the southern coastal portion of the State of California (the "State") and covers 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 additional economic, demographic and financial information with respect to the County, see APPENDIX A – "THE COUNTY OF LOS ANGELES INFORMATION STATEMENT" and APPENDIX B – "THE COUNTY OF LOS ANGELES AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025."

The Authority

The Authority was formed pursuant to a Joint Exercise of Powers Agreement, dated May 18, 1993 (as amended by a Certificate of Amendment dated April 26, 1994, and a Certificate of Amendment dated October 22, 1996, and as further amended from time to time, the "JPA Agreement"), to provide financial assistance from time to time to the County, the Los Angeles County Flood Control District, the Los Angeles County Regional Park and Open Space District, the Community Facilities District No. 2 (Rowland Heights Area) of the County of Los Angeles and any entity that becomes a party to the JPA Agreement in accordance with its terms. The Authority has previously issued obligations secured by certain revenues of and rental payments from certain contracting parties and may issue additional obligations in the future. These other obligations of the Authority are not secured by the Lease Revenues, and the Series 2026K Bonds, the Prior Bonds and any other Additional Bonds (each as defined herein) are not secured by any other assets or property of the Authority other than the Lease Revenues and the other assets pledged to the payment of the Series 2026K Bonds under the Indenture.

Description of the Series 2026K Bonds

The Series 2026K Bonds will be issued in denominations of $5,000 and any integral multiple thereof (the "Authorized Denominations"). The Series 2026K Bonds will be dated their date of delivery and are payable with respect to interest semiannually each June 1 and December 1, commencing on December 1, 2026.

The Series 2026K Bonds will be delivered in fully-registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Series 2026K Bonds. Ownership interests in the Series 2026K Bonds may be purchased in book-entry form only. Principal of and interest on the Series 2026K Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (defined herein) for subsequent disbursement to the beneficial owners (the "Beneficial Owners") of the Series 2026K Bonds. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM."

The Series 2026K Bonds are subject to redemption prior to maturity, as described herein. See "THE SERIES 2026K BONDS – Redemption of the Series 2026K Bonds."

For a more complete description of the Series 2026K Bonds, see "THE SERIES 2026K BONDS," "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026K BONDS" and APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

Security and Sources of Payment for the Bonds

The County leases the Property to the Authority pursuant to a Master Site Lease, dated as of February 1, 2015, by and between the County and the Authority, as previously amended and supplemented and as further amended and supplemented by the Eighth Amendment to Master Site Lease, dated as of August 1, 2026, by and between the County and the Authority (as so amended and supplemented, the "Site Lease"). The County subleases the Property from the Authority pursuant to the Sublease. The Series 2026K Bonds shall be special obligations of the Authority, payable solely from the Lease Revenues and the other assets pledged therefor under the Indenture as described herein.

The Authority has previously issued lease revenue bonds pursuant to the Indenture, of which the following remain outstanding:

Issue Name[(1)]	Outstanding Principal Amount
Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds, 2015 Series B (Tax-Exempt) (the "Series 2015B Bonds")	$ 75,825,000[(2)]
Los Angeles County Public Works Financing Authority Lease Revenue Bonds, 2016 Series D (the "Series 2016D Bonds")	208,975,000[(2)]
Los Angeles County Public Works Financing Authority Lease Revenue Bonds, 2019 Series E-1 (the "Series 2019E-1 Bonds")	196,995,000
Los Angeles County Public Works Financing Authority Lease Revenue Bonds, 2019 Series E-2 (the "Series 2019E-2 Bonds" and, together with the Series 2019E-1 Bonds, the "Series 2019E Bonds")	29,025,000
Los Angeles County Public Works Financing Authority Lease Revenue Bonds, 2021 Series F (Green Bonds) (the "Series 2021F Bonds")	242,680,000
Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds, 2022 Series G (Forward Delivery) (the "Series 2022G Bonds")	198,255,000
Los Angeles County Public Works Financing Authority Lease Revenue Bonds, 2024 Series H (the "Series 2024H Bonds")	542,175,000
Los Angeles County Public Works Financing Authority Lease Revenue Bonds, 2025 Series J (the "Series 2025J Bonds" and, together with the Series 2015B Bonds, the Series 2016D Bonds, the Series 2019E Bonds, the Series 2021F Bonds, the Series 2022G Bonds and the Series 2024H Bonds, the "Prior Bonds")	801,225,000
Total Outstanding:	$2,295,155,000

(1) The Authority did not issue lease revenue bonds under the Indenture designated as Series I Bonds.

(2) All of the Series 2015B Bonds and Series 2016D Bonds will be refunded with the proceeds of the Series 2026K Bonds as set forth herein. See "PLAN OF REFUNDING" herein.

As of the date hereof, the Prior Bonds are outstanding in the principal amount of $2,295,155,000. Subject to satisfaction of certain conditions precedent, the Authority may issue additional bonds (the "Additional Bonds") under the Indenture. The Series 2026K Bonds will be issued as Additional Bonds under the Indenture, and the Prior Bonds, the Series 2026K Bonds and any other Additional Bonds hereafter

issued (collectively, the "Bonds") are payable from Lease Revenues on a parity with all other Bonds issued under the Indenture.

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

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

The obligation of the County to pay the Base Rental Payments does not constitute a debt of the County or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the County or the State is obligated to levy or pledge any form of taxation or for which the County or the State has levied or pledged any form of taxation. The Bonds shall be special obligations of the Authority, payable solely from the Lease Revenues and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the County or the State, or any political subdivision thereof, is pledged to the payment of the Bonds. The Authority has no taxing power and has no obligation to pay Base Rental Payments. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026K BONDS" and APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

No Reserve Fund Amounts

The Series 2026K Bonds are not Common Reserve Bonds (secured by amounts in a Reserve Account). No amounts in the Reserve Fund, including the Common Reserve Account established and maintained thereunder, are available for payment of any amounts due on the Series 2026K Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026K BONDS – No Reserve Fund Amounts."

Parity Obligations; Additional Bonds

The Series 2026K Bonds will be issued as Additional Bonds under the Indenture. The Authority has previously issued the Prior Bonds pursuant to the Indenture payable from Lease Revenues on a parity with the Series 2026K Bonds and all other Additional Bonds hereafter issued under the Indenture. Under the Indenture, the Authority may issue other Additional Bonds, including refunding bonds, payable from Lease Revenues on a parity with all other Bonds theretofore issued under the Indenture, but subject to the satisfaction of certain conditions precedent. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026K BONDS – Parity Obligations; Additional Bonds" and APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – INDENTURE – The Bonds – Conditions for the Issuance of Additional Bonds" and "– Procedure for the Issuance of Additional Bonds."

Purpose of the Series 2026K Bonds

The proceeds of the Series 2026K Bonds will be used to (i) refund all of the Series 2015B Bonds and Series 2016D Bonds and (ii) pay certain costs of issuance incurred in connection with the issuance of the Series 2026K Bonds. See "PLAN OF REFUNDING" and "ESTIMATED SOURCES AND USES OF FUNDS."

Continuing Disclosure

Pursuant to the Continuing Disclosure Certificate to be executed in connection with the issuance of the Series 2026K Bonds, the County has covenanted to provide, or cause to be provided, by not later than April 1 of each fiscal year, commencing on April 1, 2026, to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system certain annual financial information and operating data and, in a timely manner, notice of certain enumerated events. These covenants have been made in order to assist the Underwriters of the Series 2026K Bonds in complying with Rule 15c2-12 (the "Rule") promulgated by the U.S. Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended. See "CONTINUING DISCLOSURE" and APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

Certain Risk Factors

Certain events could affect the ability of the County to make the Base Rental Payments when due. See "CERTAIN RISK FACTORS" for a discussion of certain factors that should be considered, in addition to other matters set forth herein, in evaluating an investment in the Series 2026K Bonds.

Forward-Looking Statements

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

Other Information

The descriptions herein of the Indenture, the Site Lease and the Sublease and any other agreements relating to the Series 2026K Bonds are qualified in their entirety by reference to such documents, and the descriptions herein of the Series 2026K Bonds are qualified in their entirety by the forms thereof and the information with respect thereto included in the aforementioned documents. See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" attached hereto.

Any statements herein involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement among the Authority, the County and the purchasers or Owners of any of the Series 2026K Bonds. The information and expressions of opinion herein speak only as of their date and are subject to change without notice. Neither the delivery of this Official Statement nor any sale made under this Official

Statement nor any future use of this Official Statement, under any circumstances, creates any implication that there has been no change in the affairs of the County or the Authority since the date of this Official Statement.

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

PLAN OF REFUNDING

General. The proceeds of the Series 2026K Bonds will be used to (i) refund all of the Series 2015B Bonds and Series 2016D Bonds, as further described below, and (ii) pay certain costs of issuance incurred in connection with the issuance of the Series 2026K Bonds.

Refunding of Series 2015B Bonds. A portion of the proceeds of the 2026K Bonds will be used to refund all of the following Series 2015B Bonds:

Maturity Date (December 1)	Principal Amount	Redemption Date	Redemption Price	CUSIP No. (Base: 54473E)†
2026	$11,455,000	August 26, 2026	100%	RE6
2027	12,030,000	August 26, 2026	100	RF3
2028	12,645,000	August 26, 2026	100	RG1
2029	13,285,000	August 26, 2026	100	RH9
2030	7,200,000	August 26, 2026	100	RJ5
2031	7,565,000	August 26, 2026	100	RK2
2032	5,675,000	August 26, 2026	100	RL0
2033	5,970,000	August 26, 2026	100	RM8

* Expressed as a percentage of the principal amount thereof, plus accrued interest to the Redemption Date.

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Refunding of Series 2016D Bonds. A portion of the proceeds of the 2026K Bonds will be used to refund all of the following Series 2016D Bonds:

Maturity Date (December 1)	Principal Amount	Redemption Date	Redemption Price	CUSIP No. (Base: 54473E)†
2026	$6,600,000	August 26, 2026	100%	SH8
2027	6,935,000	August 26, 2026	100	SJ4
2028	7,295,000	August 26, 2026	100	SK1
2029	7,665,000	August 26, 2026	100	SL9
2030	8,060,000	August 26, 2026	100	SM7
2031	8,390,000	August 26, 2026	100	SN5
2032	8,740,000	August 26, 2026	100	SP0
2033	9,190,000	August 26, 2026	100	SQ8
2034	9,610,000	August 26, 2026	100	SR6
2035	9,975,000	August 26, 2026	100	SS4
2036	10,350,000	August 26, 2026	100	SV7
2040	45,790,000	August 26, 2026	100	ST2
2045	70,375,000	August 26, 2026	100	SU9

* Expressed as a percentage of the principal amount thereof, plus accrued interest to the Redemption Date.

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ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Series 2026K Bonds are expected to be applied approximately as set forth below:

Sources of Funds:	
Principal Amount	$249,455,000.00
Original Issue Premium	23,696,662.60
Released Funds relating to the Prior Bonds	15,514,816.48
Total Sources	$288,666,479.08
Uses of Funds:	
Refund Series 2015B Bonds	$76,720,156.26
Refund Series 2016D Bonds	211,211,407.56
Costs of Issuance[(1)]	734,915.26
Total Uses	$288,666,479.08

(1) Includes underwriters' discount, fees of the rating agencies, bond counsel, disclosure counsel, the municipal advisor and the trustee, and printing costs and other miscellaneous expenses.

THE SERIES 2026K BONDS

The following is a summary of certain provisions of the Series 2026K Bonds. Reference is made to the Series 2026K Bonds for the complete text thereof and to the Indenture for a more detailed description of such provisions. The discussion herein is qualified by such reference.

General

The Series 2026K Bonds will be issued in denominations of $5,000 and any integral multiple thereof. The Series 2026K Bonds will be dated their date of delivery and are payable with respect to interest semiannually each June 1 and December 1, commencing on December 1, 2026.

The Series 2026K Bonds will be delivered in fully-registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Series 2026K Bonds. Ownership interests in the Series 2026K Bonds may be purchased in book-entry form only. Principal of and interest and premium, if any, on the Series 2026K Bonds will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (defined herein) for subsequent disbursement to the Beneficial Owners of the Series 2026K Bonds. See APPENDIX D – "BOOK-ENTRY ONLY SYSTEM."

Redemption of the Series 2026K Bonds

Optional Redemption of the Series 2026K Bonds. The Series 2026K Bonds maturing on or before December 1, 2036, are not subject to optional redemption prior to their respective stated maturity dates. The Series 2026K Bonds maturing on or after December 1, 2037, are subject to optional redemption prior to their respective stated maturity dates, on any date on or after December 1, 2036 in whole or in part, in Authorized Denominations, from (i) prepaid Base Rental Payments pursuant to the Sublease, or (ii) any other source of available funds, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium.

Extraordinary Redemption of the Series 2026K Bonds. The Series 2026K Bonds shall be subject to redemption, in whole or in part, on any date, in Authorized Denominations, from and to the extent of any Net Proceeds (other than Net Proceeds of rental interruption insurance) received with respect to all or a portion of the Property and deposited by the Trustee in the Redemption Fund in accordance with the provisions of the Indenture, at a redemption price equal to the principal amount thereof, plus accrued interest thereon to the date fixed for redemption, without premium.

Selection of Series 2026K Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Series 2026K Bonds, the Trustee shall select the Series 2026K Bonds to be redeemed from all Series 2026K Bonds not previously called for redemption (a) with respect to any redemption described above under the caption "– Extraordinary Redemption of the Series 2026K Bonds," among maturities of all Series 2026K Bonds on a pro rata basis as nearly as practicable, (b) with respect to any optional redemption of the Series 2026K Bonds, among maturities as directed by the County, and (c) with respect to the Series 2026K Bonds with the same maturity, by lot in any manner which the Trustee in its sole discretion shall deem appropriate and fair.

Notice of Redemption. The Trustee on behalf of the Authority shall mail (by first class mail) notice of any redemption to the respective Owners of any Series 2026K Bonds designated for redemption at their respective addresses appearing on the Registration Books at least 30 but not more than 60 days prior to the date fixed for redemption. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the Bond numbers and the maturity or maturities of the Series 2026K Bonds to be redeemed (except in the event of redemption of all of the Series 2026K Bonds of such maturity or maturities in whole), and shall require that such Series 2026K Bonds be then surrendered at the Office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Series 2026K Bonds will not accrue from and after the date fixed for redemption. Neither the failure to receive any notice so mailed, nor any defect in such notice, shall affect the validity of the proceedings for the redemption of the Series 2026K Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption. With respect to any notice of any optional redemption of Series 2026K Bonds of a series, unless at the time such notice is given the Series 2026K Bonds to be redeemed shall be deemed to have been paid within the meaning of the Indenture, such notice shall state that such redemption is conditional upon receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys that, together with other available amounts held by the Trustee, are sufficient to pay the redemption price of, and accrued interest on, the Series 2026K Bonds to be redeemed, and that if such moneys shall not have been so received said notice shall be of no force and effect and the Authority shall not be required to redeem such Series 2026K Bonds. In the event a notice of redemption of Series 2026K Bonds contains such a condition and such moneys are not so received, the redemption of Series 2026K Bonds as described in the conditional notice of redemption shall not be made and the Trustee shall, within a reasonable time after the date on which such redemption was to occur, give notice to the individuals, corporations, limited liability companies, firms, associations, partnerships, trusts, or other legal entities or groups of entities, including governmental entities or any agencies or political subdivisions thereof and in the manner in which the notice of redemption was given, that such moneys were not so received and that there shall be no redemption of Series 2026K Bonds pursuant to such notice of redemption.

Notice having been mailed as described above, and moneys for the redemption price, and the interest to the applicable date fixed for redemption, having been set aside, the Series 2026K Bonds shall become due and payable on said date and, upon presentation and surrender thereof at the Office of the Trustee, said Series 2026K Bonds shall be paid at the redemption price thereof, together with interest accrued and unpaid to said date. If, on said date fixed for redemption, moneys for the redemption price of all the Series 2026K Bonds to be redeemed, together with interest to said date, shall be held by the Trustee so as to be available therefor on such date, and, if notice of redemption thereof shall have been mailed as

described above and not canceled, then, from and after said date, interest on said Series 2026K Bonds shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Series 2026K Bonds shall be held in trust for the account of the Owners of the Series 2026K Bonds so to be redeemed without liability to such Owners for interest thereon.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026K BONDS

Special Obligations; Pledge of Lease Revenues

The Series 2026K Bonds shall be special obligations of the Authority, payable solely from the Lease Revenues, including the Base Rental Payments to be made by the County under the Sublease for the use of the Property, and the other assets pledged therefor under the Indenture as described herein. Neither the faith and credit nor the taxing power of the Authority, the County or the State, or any political subdivision thereof, is pledged to the repayment of the Series 2026K Bonds. The Authority has no taxing power and has no obligation to pay Base Rental Payments. The Indenture provides that, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the Lease Revenues and all amounts on deposit from time to time in the funds and accounts established under the Indenture (other than the Rebate Fund) are pledged to the payment of the principal of and interest on the Bonds as provided in the Indenture, and that the Lease Revenues shall not be used for any other purpose while any of the Bonds remain Outstanding. The Indenture provides that said pledge shall constitute a first lien on such assets.

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

Base Rental Payments; Abatement

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

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

During any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the County's right to use and occupy any portion of the Property, Rental Payments shall be abated, and the County waives any and all rights to terminate the Sublease by virtue of any such interference, and the Sublease shall continue in full force and effect. The amount of such abatement shall be such that the resulting Rental Payments do not exceed the lesser of (i) the amount necessary to pay the Rental Payments remaining unpaid, and (ii) the fair rental value for the use and possession of the Property of which there is no such substantial interference. The County and the Authority shall provide the Trustee with a certificate setting forth the amount of such abatement and the basis therefor. Such abatement shall continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Property, ending with the substantial completion of the work of repair or replacement of the Property, or the portion thereof so damaged or destroyed, and the term of the Sublease shall be extended as provided in the Sublease; provided, however, that such term shall in no event be extended more than ten years beyond the Scheduled Termination Date (as defined in the Sublease as December 1, 2054). Notwithstanding the foregoing, to the extent that moneys are available for the payment of Rental Payments in any of the funds and accounts established under the Indenture, Rental Payments shall not be abated as provided above but, rather, shall be payable by the County as a special obligation payable solely from said funds and accounts. See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – SUBLEASE – Rental Payments – Rental Abatement."

Subject to the abatement provisions set forth in the Sublease, the Base Rental Payments are equal to the principal of and interest on the Bonds when due and are payable on the Business Day before each Interest Payment Date. A table of the aggregate annual Base Rental Payments to be made by the County under the Sublease is set forth below.

SCHEDULE OF BASE RENTAL PAYMENTS

Fiscal Year Ending June 30	Prior Bonds[1]		Series 2026K Bonds		Total Base Rental Payments
	Principal	Interest	Principal	Interest	
2027	$40,700,000	$98,434,931	$17,165,000	$9,098,670	$165,398,601
2028	42,785,000	96,354,581	14,930,000	11,241,250	165,310,831
2029	44,975,000	94,167,631	15,625,000	10,477,375	165,245,006
2030	47,275,000	91,868,706	16,340,000	9,678,250	165,161,956
2031	49,675,000	89,448,681	14,270,000	8,913,000	162,306,681
2032	52,235,000	86,900,931	14,925,000	8,183,125	162,244,056
2033	54,905,000	84,222,431	13,335,000	7,476,625	159,939,056
2034	57,735,000	81,406,431	13,955,000	6,794,375	159,890,806
2035	60,685,000	78,445,931	8,325,000	6,237,375	153,693,306
2036	63,790,000	75,334,056	8,690,000	5,812,000	153,626,056
2037	67,070,000	72,062,556	9,065,000	5,368,125	153,565,681
2038	70,510,000	68,623,056	9,465,000	4,904,875	153,502,931
2039	74,115,000	65,007,431	9,895,000	4,420,875	153,438,306
2040	77,875,000	61,254,681	10,340,000	3,915,000	153,384,681
2041	81,780,000	57,359,206	10,825,000	3,385,875	153,350,081
2042	85,890,000	53,239,081	11,330,000	2,832,000	153,291,081
2043	90,225,000	48,911,906	11,865,000	2,252,125	153,254,031
2044	76,990,000	44,839,656	12,430,000	1,644,750	135,904,406
2045	80,845,000	40,973,519	13,030,000	1,008,250	135,856,769
2046	76,325,000	37,103,306	13,650,000	341,250	127,419,556
2047	80,160,000	33,261,194	-	-	113,421,194
2048	84,120,000	29,314,409	-	-	113,434,409
2049	88,220,000	25,210,678	-	-	113,430,678
2050	92,580,000	20,850,984	-	-	113,430,984
2051	80,550,000	16,713,566	-	-	97,263,566
2052	84,485,000	12,782,922	-	-	97,267,922
2053	73,985,000	8,816,213	-	-	82,801,213
2054	77,965,000	4,833,500	-	-	82,798,500
2055	51,905,000	1,394,981	-	-	53,299,981
Total[1]	$2,010,355,000	$1,579,137,155	$249,455,000	$113,985,170	$3,952,932,325

[1] Excludes principal of and interest on the Series 2015B Bonds and Series 2016D Bonds, which will be refunded with the proceeds of the Series 2026K Bonds. See "PLAN OF REFUNDING" herein.
[2] Amounts reflect individual rounding.

Additional Rental

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

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

No Reserve Fund Amounts

The Series 2026K Bonds are not Common Reserve Bonds (secured by amounts in a Reserve Account). No amounts in the Reserve Fund, including the Common Reserve Account established and maintained thereunder, are available for payment of any amounts due on the Series 2026K Bonds. See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – INDENTURE – Pledge and Assignment; Funds and Accounts – Reserve Fund."

Parity Obligations; Additional Bonds

The Series 2026K Bonds will be issued as Additional Bonds under the Indenture. The Authority has previously issued the Prior Bonds pursuant to the Indenture payable from Lease Revenues on a parity with the Series 2026K Bonds and all other Additional Bonds hereafter issued under the Indenture. Under the Indenture, the Authority may also issue other Additional Bonds payable from Lease Revenues on a parity with all other Bonds theretofore issued under the Indenture, but only subject to satisfaction of certain conditions precedent, including, (1) the provision to the Trustee of a Supplemental Indenture that, among other things, specifies whether such Additional Bonds shall (a) constitute Common Reserve Bonds secured by the Common Reserve Account, (b) be secured by any other Reserve Account, or (c) not be secured by any Reserve Account, and (2) the filing with the Trustee, among other things, of (a) a certificate of the County to the effect that, upon the issuance of such Additional Bonds, the sum of Base Rental Payments, including any increase in the Base Rental Payments as a result of the issuance of such Additional Bonds, plus Additional Rental Payments, in any Rental Period, is not in excess of the annual fair rental value of the Property after taking into account the use of the proceeds of such Additional Bonds, and (b) a CLTA title insurance policy or other appropriate form of policy in the amount of the Additional Bonds of the type set forth in the Sublease. See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – INDENTURE – The Bonds – Conditions for Issuance of Additional Bonds" and "– Procedure for the Issuance of Additional Bonds."

Insurance

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

The County is also required under the Sublease to obtain title insurance on the Property in the aggregate amount of not less than the aggregate principal amount of the Bonds.

Substitution and Release of Property

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

Subject to the limitations in the Sublease as described under APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS –SUBLEASE – Representations and Warranties; Covenants and Agreements – Liens," the County and any sublessee shall, at its own expense, have the right to make additions, modifications and improvements to the Property. To the extent that the removal of such additions, modifications or improvements would not cause material damage to the Property, such additions, modifications and improvements shall remain the sole property of the County or such sublessee, and neither the Authority nor the Trustee shall have any interest therein. Except to the extent permitted, as described in the following paragraph, such additions, modifications and improvements shall not cause permanent and material damage to the Property or cause it to be used for purposes other than those authorized under the provisions of state and federal law, and the Property, upon completion of any additions, modifications or improvements made as described under this caption, shall be of a value which is at least equal to the value of the Property immediately prior to the making of such additions, modifications or improvements.

The Sublease further provides that, notwithstanding the foregoing, the County may demolish or remove improvements from the Property (regardless of whether such improvements will be replaced); provided that a qualified employee of the County or an independent certified real estate appraiser selected by the County shall have found (and shall have delivered a certificate to the Trustee setting forth its findings) that (i) the sum of Base Rental Payments plus Additional Rental Payments due under the Sublease in any Rental Period is not in excess of the annual fair rental value of the Property, after such demolition and removal, and (ii) the Property, after such demolition and removal, has a useful life equal to or greater than the maximum remaining term of the Sublease (including extensions thereof).

Events of Default and Remedies

An Event of Default under the Sublease includes, among other events, (a) the failure of the County to pay any Rental Payment payable under the Sublease when the same becomes due and payable, time being expressly declared to be of the essence in the Sublease, and (b) the failure by the County to observe and perform any of the other covenants, agreements or conditions on its part in the Sublease contained, if such failure shall have continued for a period of 30 days after written notice thereof, specifying such failure and

requiring the same to be remedied, shall have been given to the County by the Trustee, the Authority or the Owners of not less than 5% in aggregate principal amount of the Bonds at the time Outstanding; provided, however, that if, in the reasonable opinion of the County, the failure stated in the notice can be corrected, but not within such 30 day period, such failure shall not constitute an Event of Default if corrective action is instituted by the County within such 30 day period and the County shall thereafter diligently and in good faith cure such failure in a reasonable period of time, provided, further, however, that the period of time for such cure shall not exceed 90 days without the prior written consent of the Authority. See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS –SUBLEASE – Events of Default and Remedies."

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

DESCRIPTION OF THE PROPERTY

Pursuant to the Sublease, the County will pay to the Authority Rental Payments, including Base Rental Payments for the Bonds (including the Series 2026K Bonds), for and in consideration of the right to use and occupy the Property, which consists of the following:

- ***Martin Luther King, Jr. Community Hospital Campus (except for the "Excepted MLK Portions" described below, the "MLK Hospital Campus")***. Located at 1680 East 120th Street in Los Angeles, California, the MLK Hospital Campus features a 21-bed emergency department, a critical care unit, and labor and delivery services. Included in the components of the Property are (i) the Behavioral Health Center, which is a five-story building plus a basement and 6th floor penthouse that occupies approximately 500,000-square-feet, (ii) Central Plant 1, which occupies approximately 17,200 square feet, and serves the Office of Statewide Health Planning and Development buildings on campus, (iii) the Main Lobby and Admitting Building, which occupies approximately 8,402 square feet and includes a lobby, conference rooms, cashiers stations, gift shop, vending area and a waiting room, (iv) the In-Patient Tower, which is a five-story building with a basement that occupies approximately 185,706 square feet, (v) the Hospital Service Building, an approximately 29,067 square feet, two-story building, (vi) the Ancillary Building, which contains a kitchen and outdoor cafeteria, lobby, meeting rooms and offices and occupies approximately 25,917 square feet, and (vii) the courtyard Healing Garden located north of the Main Lobby and Admitting Building and east of the Ancillary Building and encompasses approximately 4,472 square feet. Portions of MLK Hospital Campus were constructed between 1970 and 2024. The following are

Excepted MLK Portions and are not part of the Property that is subject to the Sublease and Site Lease: the Augustus Hawkins Psychiatric and Clinical Sciences Building, the Exodus (Old Ted Watkins Building), the MLK Community Health Medical Office Building and the Interns and Residents Building.

- ***Los Angeles County Civic Center Heating and Refrigeration Plant***. Located at 301 North Broadway in Los Angeles, California, the Los Angeles County Civic Center Heating and Refrigeration Plant (the "Refrigeration Plant") is located on a 2.28 acre property in the City of Los Angeles situated on the north side of Temple Street, and extending between Hill Street and North Broadway. The site also has frontage on the south side of the Hollywood/Santa Ana (101) Freeway right-of-way. The Refrigeration Plant was originally constructed in 1959, and was modified as new systems and upgrades were implemented. It supplies electrical steam and chilled water to the Los Angeles County Civic Center and other nearby County buildings. The Refrigeration Plant's main building is a special-purpose industrial structure designed for a cogeneration facility that is divided into a boiler or heating plant that occupies the north section and a refrigeration plant that occupies the south portion.

- ***Internal Services Department Headquarters***. Located at 1104 North Eastern Avenue in Los Angeles, California, the Internal Services Department Headquarters (the "ISD Headquarters") is located on a 32.8-acre property at 1100 North Eastern Avenue in the City of Los Angeles and consists of two one-story industrial buildings, one administrative office building, a metal industrial building, and one office/communications building. The combined gross building area is 455,383 square feet. The ISD Headquarters is occupied by the Internal Services Department of the County of Los Angeles ("ISD") and used as a maintenance, storage and service facility. ISD provides computer, telecommunications, building maintenance and repair, purchasing and contracts, vehicle repair, mail messenger and printing services to County departments. Construction of this facility was completed in 1981.

- ***Manhattan Beach Library.*** Located at 1320 Highland Avenue in Manhattan Beach, California, the Manhattan Beach Library consists of a two-story 21,500-square foot library completed in January 2015, and located on County-owned property within the Manhattan Beach City Civic Center. The library includes a homework center, group study/tutoring rooms, 80-seat community meeting room, express-service checkout machines, automated materials handling system, information service desks, public access computers, and associated site improvements including landscaping, walkways and security lighting.

- ***Zev Yaroslavsky Family Support Center***. Located at 7555 Van Nays Boulevard in Los Angeles, California, the Zev Yaroslavsky Family Support Center is located on a 6.78-acre County-owned property in Van Nuys, California. The facility includes office space and facilitates the delivery of various health and social services on behalf of the Departments of Child Support Services, Children and Family Services, Health Services, Mental Health, Public Health, Public Social Services and Probation. The facility consists of a five-story office building with 216,000 square feet of space, and a multi-story parking structure with approximately 1,350 parking spaces. The office building was completed in July 2015 and is designed to provide an efficient service delivery center for families requiring access to multiple government services. Construction of the parking structure was completed in September 2015.

- ***Antelope Valley Courthouse***. Located at 42011 4th Street West in Lancaster, California, the Antelope Valley Courthouse is located on a 17-acre site at the intersection of 4th Street West and Avenue M in the City of Lancaster in Los Angeles County. The courthouse consists of a five-story building of approximately 380,000 square feet, and houses 21 courtrooms, related facilities including a cafeteria and surface and underground parking. Construction of this facility was completed in 2003.

- ***Los Angeles County Superior Court — Airport Branch***. Located at 11701 South La Cienega Boulevard in Los Angeles, California, the Airport Branch of the Los Angeles County Superior

Court consists of a 10-story building totaling approximately 292,000 square feet, including 12 courtrooms, 14 judges' chambers and areas for supporting departments. This facility also includes 93 surface and subsurface parking spaces and a parking structure that accommodates between 400 and 450 vehicles. The Courthouse is located near the Los Angeles International Airport at 11707 South La Cienega Boulevard, south of the 105 Freeway in the City of Los Angeles. Construction of this facility was completed in 1999.

- ***West San Fernando Valley Courthouse***. Located at 9425 Penfield Avenue in Chatsworth, California, the West San Fernando Valley Courthouse consists of a 302,000-square foot structure, with three stories above ground and one story below ground. The facility is located on a 9.6-acre site on the southeast corner of Winnetka Avenue and Plummer Street in the Chatsworth area of the City of Los Angeles. The Courthouse includes 16 municipal courtrooms, 22 judges' chambers and ancillary space for support services, with 703 surface parking spaces and 31 spaces on the lower level. Construction of this facility was completed in 2001.

- ***Lost Hills Sheriff Station***. Located at 27050 Agoura Road in Agoura Hills, California, the Lost Hills Sheriff Station is a 32,000 square foot sheriff station in an unincorporated area of the County near the City of Agoura Hills. The site is located near the intersection of Agoura Road and Malibu Hills road on County-owned land. The station has a single story sheriff's building which includes 31 detention cells, a detox cell and a holding cell. This facility includes an emergency generator and complete heating, cooling and ventilation systems plus a fire sprinkler system. The station has a single story 5,800 square foot service building, including an auto repair shop. The station has evidence, bicycle and general storage areas and is equipped with a microwave communication tower and a helipad with refueling provisions. Construction of this facility was completed in 1988.

- ***High Desert Regional Health Center***. Located at 335 East Avenue I in Lancaster, California, the High Desert Regional Health Center is an approximately 142,000 square-foot facility that includes a two-story multi-service ambulatory care building and two separate one-story service buildings (including a central plant) with surface parking and other related site and infrastructure improvements. The facility was developed on approximately 14.91 acres of land located adjacent to the intersection of East Avenue I and 3rd Street East in the City of Lancaster, California. The facility provides various outpatient medical services, including primary care, urgent care, specialty care, and other outpatient services. The facility has a building design that includes special moment resisting steel frames with concrete spread footings to resist seismic lateral loads, and has a seismic design that is compliant with the California Building Code (2010), the County of Los Angeles Building Code (2011), the American Concrete Institute Building Code (ACI 318-08) and the American Institute of Steel Construction AISC Manual (13th Edison). Construction of the facility was completed in 2014.

- ***Rancho Los Amigos National Rehabilitation Center***. Located at 7601 Imperial Highway in Downey, Rancho Los Amigos National Rehabilitation Center is one of the largest rehabilitation hospitals in the United States. Only a portion of the Rancho Los Amigos National Rehabilitation Center will be included as components of the Property. These portions are (i) the Warehouse, a 20,000-square foot, two-story building with a loading dock and a low-sloped roof, (ii) the Support Services Building, a 66,200-square foot, two-story concrete tilt-up structure with an internal steel structure and rigid metal floor and roof decks with concrete fill, (iii) the Central Utility Plant, a 57,155-square foot structure primarily comprised of a steel braced frame with a flexible diaphragm, and the middle section of which includes two stories with a mezzanine and basement, (iv) the Parking Structure, a 555,520-square foot, poured-in-place concrete parking structure consisting of two buildings, (v) the Sheriff's Station, a 3,000-square foot, single story concrete police station, (vi) the Harriman Building, an 85,879-square foot hospital facility, (vii) the Outpatient Building, a 146,442-square foot outpatient hospital building with a steel rigid frame system with composite steel and concrete floors and low slope roof, (viii) the Wellness Center, a 14,000-square foot, single-story building with numerous health and wellness facilities, and primarily built with a steel frame

with rigid diaphragm, (ix) the Jacquelin Perry Institute, a 207,484-square foot hospital building comprised of two wings connected at a building expansion joint, (x) the Jacquelin Perry Institute Extension, a 68,547-square foot steel-framed structure with diagonal bracing, (xi) the Residential Treatment Program Building A, Building B, Building C, Building D and Building E, each of which buildings is a 9,243-square foot, two-story wood framed structure (protected by layers of fire-rated gypsum board) resting on a concrete slab-on-grade, (xii) the Recuperative Care Building, a 23,235-square foot, two-story wood framed building resting on a concrete slab-on-grade, and (xvii) except for the portion described below (the "Excepted Building 100 Portion"), Building 100/the Medical Clinic, a 132,912-square foot, three-story poured-in-place concrete structure with interior concrete masonry unit infill. These portions of the Rancho Los Amigos National Rehabilitation Center were built between 1930 and 2021, the oldest of which is the Harriman Building (1930) and the newest being the RTP Buildings (2021).

The Excepted Building 100 Portion is not part of the Property that is subject to the Sublease and the Site Lease. The Excepted Building 100 Portion consists of approximately 5,000 square feet of the first floor of Building 100/the Medical Clinic, which is subject to a grant restriction pursuant to a Regulatory Agreement and Declaration of Restrictions dated March 5, 2025, by and between the County and the State's Department of Health Services.

CERTAIN RISK FACTORS

The following factors, along with all other information herein, should be considered by potential investors in evaluating the Series 2026K Bonds. However, they do not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the Series 2026K Bonds. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

Special Obligation of the Authority; Not a Pledge of Taxes

The Series 2026K Bonds shall be special obligations of the Authority, payable solely from the Lease Revenues and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the County or the State, or any political subdivision thereof, is pledged to the payment of the Series 2026K Bonds. The Authority has no taxing power and has no obligation to pay Base Rental Payments. The obligation of the County to pay the Base Rental Payments does not constitute a debt of the County or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the County or the State is obligated to levy or pledge any form of taxation or for which the County or the State has levied or pledged any form of taxation.

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

Additional Obligations of the County Payable from the General Fund

In addition to the provisions under the Indenture which permit the Authority to issue Additional Bonds payable from Lease Revenues on a parity with all other Bonds theretofore issued under the Indenture,

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

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

Adequacy of County Insurance Reserves or Insurance Proceeds

The County is obligated to obtain and keep in force various forms of insurance pursuant to the Sublease and the Indenture, such as commercial property insurance. There can be no assurance as to the ability of any insurer to fulfill its obligations under any insurance policy and no assurance can be given as to the adequacy or availability of such insurance to fund necessary repair or replacement of the Property.

In addition, the County may self-insure for certain types of insurance required under the Sublease. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026K BONDS – Insurance" and APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – SUBLEASE – Insurance." The County intends to self-insure for workers' compensation insurance and general liability insurance with respect to the Property. If the County elects to self-insure against other risks, no assurance can be given that the insurance reserves established by the County will be sufficient to satisfy any loss which the County may experience. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026K BONDS – Base Rental Payments; Abatement" and "– Abatement" below.

Abatement

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

In the event that such portion of the Property, if damaged or destroyed by an insured casualty, could not be replaced during the period of time in which proceeds of the County's rental interruption insurance will be available in lieu of Base Rental Payments, plus the period for which funds are available from the Reserve Fund or other funds and accounts established under the Indenture, or in the event that casualty insurance proceeds or condemnation proceeds are insufficient to provide for complete repair or replacement of such portion of the Property or redemption of the Bonds, there could be insufficient funds to make payments to Owners of the Series 2026K Bonds in full. No amounts in the Reserve Fund established under the Indenture will be available for payment of debt service on the Series 2026K Bonds.

Bankruptcy

In addition to the limitation on remedies contained in the Indenture, the rights and remedies provided in the Indenture, the Site Lease, and the Sublease may be limited by and are subject to the provisions of federal bankruptcy laws and to other laws or equitable principles, as now or hereinafter enacted, that may affect the enforcement of creditors' rights. The various legal opinions to be delivered concurrently with the Series 2026K Bonds (including Bond Counsel's approving opinion) will be qualified as to the enforceability of the various agreements relating to the Series 2026K Bonds by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by general principles of equity applied in the exercise of judicial discretion. See "– Limitations on Remedies; No Right of Re-Entry or Re-let; No Acceleration" below.

As a result of the commencement of a bankruptcy case by either the County or the Authority, Owners could experience partial or total loss of their investment in the Series 2026K Bonds. The County is a governmental unit and the Authority is a public agency; therefore neither the County nor the Authority can be the subject of an involuntary case under the United States Bankruptcy Code (the "Bankruptcy Code"). However, pursuant to Chapter 9 of the Bankruptcy Code, the County and the Authority may seek voluntary protection from their respective creditors for purposes of adjusting their respective debts, provided that they comply with the requirements of Section 53760 *et seq*. of the Government Code of the State. Under the Government Code as currently in effect, a local public entity, including the County and the Authority, is prohibited from filing under the Bankruptcy Code unless it has participated in a specified neutral evaluation process with interested parties, as defined, or it has declared a fiscal emergency and has adopted a resolution by a majority vote of the governing board at a noticed public hearing that includes findings that the financial state of the local public entity jeopardizes the health, safety, or well-being of the residents of the local public entity's jurisdiction or service area absent bankruptcy protections.

In the event that either the County or the Authority was to become a debtor under the Bankruptcy Code, the affected entity would be entitled to all of the protective provisions of the Bankruptcy Code as applicable in a Chapter 9 proceeding and an owner of a Series 2026K Bond would be treated as a creditor. Possible adverse effects of such a bankruptcy include, but are not limited to (i) the application of the automatic stay provisions of the Bankruptcy Code which, absent court approval, generally prohibit the commencement of any judicial or other action to recover a pre-petition claim against the County or the Authority, as applicable, any act to collect on a pre-petition debt or claim, or any act to obtain possession of the property of the County or the Authority (but see "– Limitations on Remedies; No Right of Re-Entry or Re-let; No Acceleration" below), as applicable; (ii) the avoidance of preferential transfers occurring during the relevant period prior to the commencement of the bankruptcy case; (iii) the existence of secured and/or unsecured creditors with allowed claims that may have priority over any claims of the Owners; and (iv) the possibility of the bankruptcy court's confirmation of a plan of adjustment of the debts of the County or the Authority, as applicable, which may restructure, delay, compromise or reduce the amount of the claim of the Owners.

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

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

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

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

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

There may be delays in payments on the Series 2026K Bonds while the court considers any of these issues.

There may be other possible effects of a bankruptcy of the County or the Authority that could result in delays or reductions in payments on, or other losses with respect to, the Series 2026K Bonds. Regardless of any specific adverse determinations in a bankruptcy of the County or the Authority, the fact of a bankruptcy of the County or the Authority could have an adverse effect on the liquidity and value of the Series 2026K Bonds.

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

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

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

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

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

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

Anti-Deficiency Legislation and Other Limitations on Lending Institutions

California has four principal statutory prohibitions, embodied within three separate sections of the California Code of Civil Procedure, which limit the remedies of a beneficiary under a deed of trust such as the Deed of Trust. Two such provisions limit a beneficiary's right to obtain a deficiency judgment against

the trustor following foreclosure of a deed of trust, one based on the method of foreclosure and the other on the type of debt secured. Under one provision, a deficiency judgment is barred where the foreclosure was accomplished by means of a nonjudicial trustee's sale. Under the other provision, a deficiency judgment is barred where the foreclosed deed of trust secured a "purchase money" obligation of either of two types: (a) a promissory note in favor of the seller of the property evidencing the balance of the purchase price; or (b) a promissory note in favor of a third-party lending institution to secure repayment of a loan used to pay all or part of the purchase price of one-to four-family dwelling occupied, at least in part, by the purchaser. Another provision, commonly known as the "one action" rule, requires the beneficiary to exhaust the security under the deed of trust by foreclosure and prohibits any personal action against the trustor on the promissory note other than a deficiency judgment following a judicial foreclosure, and also limits any deficiency judgment obtained by the beneficiary following a judicial sale to the excess of the outstanding debt over the fair market value of the property at the time of sale, thereby preventing a beneficiary from obtaining a large deficiency judgment against the debtor as a result of low bids at the judicial sale.

Hazardous Substances

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

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

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

Seismic Events and Other Natural Disasters; Force Majeure

The County, like most regions in the State, and the Property, are located in an area of seismic activity from movements along active fault zones and, therefore, could be subject to potentially destructive earthquakes. Known major faults running through the County include the Chatsworth, the Newport-Inglewood, the San Andreas, the Santa Monica, the Santa Susana, the Sierra Madre, and the Whittier faults. Additionally, numerous minor faults transect the area. Seismic hazards encompass both potential surface rupture and ground shaking. The occurrence of severe seismic activity in the area of the County could result in substantial damage and interference with the County's right to use and occupy all or a portion of the Property, which could result in the Sublease Revenues being subject to abatement. Neither the Sublease nor the Indenture requires the County to obtain earthquake insurance coverage for the Property. Each of the

facilities constituting the Property was constructed in compliance with applicable seismic standards. See "CERTAIN RISK FACTORS – Abatement."

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, including the Eaton Fire and the Palisades Fire, both of which occurred in January 2025. See APPENDIX A – "THE COUNTY OF LOS ANGELES INFORMATION STATEMENT – Recent County Budgets – 2025 Wildfires."

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

FEMA produces Flood Insurance Rate Maps which identify 100-year floodplain areas. A 100-year floodplain is an area expected to be inundated during a flood event of the magnitude for which there is a 1-in-100 probability of occurrence in any year. The various components of the Property are not located within a FEMA 100-year flood plain area. Neither the Sublease nor the Indenture requires the County to obtain earthquake, terrorism, flood or mold insurance coverage for the Property. See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – SUBLEASE – Insurance."

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 Rental Payments under the Sublease. 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.

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 "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 Sustainability Plan, adopted in August 2019 and updated in November 2025, provides a guide to County departments, cities, and partners to improve the well-being of communities, reduce damage to the natural environment, and adapt to a changing climate. It centers on the co-equal values of environment, equity, and economy, while elevating climate resilience and cross-departmental coordination to meet future challenges. Since its adoption, over 80% of the Sustainability Plan's original priority actions were achieved or are on track to be achieved by the assigned time horizon. The Sustainability Plan, as updated, maintains the original visionary goals, while streamlining strategies and updating or adding new actions, with particular emphasis on climate resilience work, which includes 57 actions related to extreme heat, wildfire, inland flooding, coastal flooding, and drought. In addition, the Board of Supervisors has directed the Chief Sustainability Office to establish new departments and offices, including the Department of Economic Opportunity, Anti-Racism Diversity and Inclusion, Department of Youth Development, Department of Aging and Disability, and the Department of Homeless Services and Housing to the County Sustainability Council Leadership Committee. The Chief Sustainability Office will also report annually to the Board on the implementation of the Sustainability Plan and work with stakeholders and County departments to fully update and revise the Sustainability Plan every five years.

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.

Loss of Tax Exemption

As described under the caption "TAX MATTERS," in order to maintain the exclusion from gross income for federal income tax purposes of the interest (and original issue discount) on the Series 2026K Bonds, the Authority, the County and the Owner have covenanted in the Indenture not to take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest (and original issue discount) on the Series 2026K Bonds under Section 103 of the Code. Interest (and original issue discount) on the Series 2026K Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Series 2026K Bonds were issued, as a result of acts or omissions of the Authority, the County or the Owner in violation of the Code. Should such an event of taxability occur, the Series 2026K Bonds are not subject to early redemption and will remain outstanding to maturity or until prepaid under the optional redemption provisions of the Indenture.

No Liability of Authority to the Owners

Except as expressly provided in the Indenture, the Authority will not have any obligation or liability to the Owners of the Series 2026K Bonds with respect to the payment when due of the Base Rental Payments by the County, or with respect to the performance by the County of other agreements and covenants required to be performed by it contained in the Sublease or the Indenture, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Indenture.

Impact of Local, State and National Economies and Policies

The financial condition of the County can be significantly affected by generally prevailing financial conditions in the local, State and national economies or changes in State or federal policies. 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, or any changes in State or federal policies, will not materially adversely affect the financial condition of the County in the future. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Budgetary Information – Federal and State Funding" 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 "Group A Settlement") of approximately 6,800 AB 218 claims (this number has increased to approximately 11,000 claims as of the date of this Official Statement) in the amount of $4 billion and authorized the Auditor-Controller, Chief Executive Office and County Counsel to effectuate the Group A Settlement. The Group A Settlement is payable over five years and payments began in Fiscal Year 2025-26, contingent on, among other things, the validation of judgment obligation bonds to finance certain Group A Settlement amounts (which was completed in December 2025) and acceptance of the Group A Settlement by claimants. The County anticipates paying for the Group A Settlement using cash from reserve funds, the issuance of judgment obligation bonds, and proposed cuts in departmental budgets. Based on current funding plans (certain of which may not be undertaken), financing of the Group A 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. On October 28, 2025, the Board of Supervisors approved the settlement of up to 414 AB 218 claims in the amount of up to $828 million (the "Group B Settlement"). The Group B Settlement is payable over three years and payments began in Fiscal Year 2025-26. The County anticipates funding the Group B Settlement payments from a combination of one-time resources, cash on hand, and proceeds of judgment obligation bonds, for which another validation action would be initiated, if needed. See APPENDIX A – "COUNTY OF LOS ANGELES INFORMATION STATEMENT – Litigation – AB 218 Cases."

The County has received approximately 5,700 other AB 218 claims that are not addressed by the Group A Settlement or the Group B Settlement. These cases are in the early stages of litigation, and the County cannot predict the extent of the liability in such lawsuits, whether plaintiffs will prevail, and if so, how the final court decisions or settlement agreements with respect to such claims may affect the financial status, policies, or operations of the County. The County cannot predict how many additional claims will be received, and when and the extent to which liability may be imposed against the County in any particular year.

The County does not have insurance coverage that would cover losses stemming from AB 218 claims. If available moneys are used to pay liabilities relating to AB 218, the County may have insufficient funds lawfully available to the County for payment of Rental Payments under the Sublease. 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 make Rental Payments under the Sublease.

Additionally, Assembly Bill 452 was enacted in October 2023, and removed all time limits to file lawsuits for childhood sexual assault for conduct occurring on or after January 1, 2024. The 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.

Loss of Tax Exemption; Maintenance of MLK-LA Tax-Exempt Status

As described under the caption "TAX MATTERS," in order to maintain the exclusion from gross income for federal income tax purposes of the interest on the Series 2026K Bonds, the Authority and the County have covenanted in the Indenture not to take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Series 2026K Bonds under Section 103 of the Code . Interest on the Series 2026K Bonds could become includable in gross income for purposes of Federal income taxation retroactive to the date the Series 2026K Bonds were issued, as a result of acts or omissions of the Authority or the County in violation of the Code. Should such an event of taxability occur, the Series 2026K Bonds are not subject to early redemption and will remain outstanding to maturity or until prepaid under the optional redemption provisions of the Indenture. See "TAX MATTERS" herein.

Proceeds of the Series 2026K Bonds are being used to refinance the Series 2016D Bonds, the proceeds of which were used to finance the construction of a building, renovation of existing buildings and acquisition of medical equipment (collectively, the "2016 Project") located within the campus of the Martin Luther King, Jr. Community Hospital (the "MLK Hospital"). The MLK Hospital is a non-profit facility owned by the County and leased by the County to the Martin Luther King, Jr.-Los Angeles (MLK-LA) Healthcare Corporation ("MLK-LA") pursuant to a lease agreement dated as of April 25, 2014 (the "MLK-LA Lease Agreement"), as amended, between the County as landlord and MLK-LA as tenant, which lease agreement is subject and subordinate to the Site Lease and the Sublease.

MLK-LA has been determined to be a tax-exempt organization described in Section 501(c)(3) of the Code. The federal tax-exempt status of the Series 2026K Bonds depends, in part, upon the existence and maintenance by MLK-LA of its tax-exempt status which includes conducting its operations in a manner consistent with the representations previously made to the Internal Revenue Service (the "IRS") and with current and future Code sections, IRS regulations and rulings governing tax-exempt healthcare facilities. The loss of the tax-exempt status of MLK-LA could result in the loss of excludability of interest on the Series 2026K Bonds in gross income for federal income tax purposes. Factors such as compliance by MLK-LA with Patient Protection and Affordable Care Act, 42 U.S.C. § 18001 et seq. (2010) and IRS reporting requirements applicable to tax-exempt organizations can affect maintenance of tax-exempt status. The tax-exempt status of nonprofit corporations has been the subject of review by various federal, state and local legislative, regulatory and judicial bodies. This review has included proposals to broaden and strengthen existing federal tax law with respect to unrelated business income of nonprofit corporations. In the MLK-LA Lease Agreement, MLK-LA has covenanted to maintain its status as a federal tax-exempt organization. However, there can be no assurance that MLK-LA will maintain its tax-exempt status or that future changes in the laws and regulations of the federal, state or local governments will not materially and adversely affect the tax- exempt status of MLK-LA and the excludability of interest on the Series 2026K Bonds in gross income for federal income tax purposes retroactive to their date of issue. See "TAX MATTERS" herein.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Series 2026K Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. However, it should be noted, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), generally certain corporations with more than $1,000,000,000 of average annual adjusted financial statement income, interest (and original issue discount) with respect to the Series 2026K Bonds might be taken into account in

determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Series 2026K Bonds is exempt from State of California personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Series 2026K Bonds is based upon certain representations of fact and certifications made by the County, the Authority, MLK-LA, and others and is subject to the condition that the County, the Authority, and MLK-LA comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2026K Bonds to assure that interest (and original issue discount) on the Series 2026K Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Series 2026K Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2026K Bonds. The County, the Authority, and MLK-LA have covenanted to comply with all such requirements.

In the opinion of Bond Counsel, the difference between the issue price of a Series 2026K Bond (the first price at which a substantial amount of the Series 2026K Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity of such Series 2026K Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Beneficial Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Beneficial Owner will increase the Beneficial Owner's basis in the applicable Series 2026K Bond. The amount of original issue discount that accrues to the Beneficial Owner of a Series 2026K Bond is excluded from the gross income of such Beneficial Owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

The amount by which a Series 2026K Bond Owner's original basis for determining loss on sale or exchange in the applicable Series 2026K Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Series 2026K Bond Owner's basis in the applicable Series 2026K Bond (and the amount of tax-exempt interest received with respect to the Series 2026K Bonds), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Series 2026K Bond Owner realizing a taxable gain when a Series 2026K Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Series 2026K Bond to the Owner. Purchasers of the Series 2026K Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The IRS has initiated an expanded program for the auditing of tax exempt bond issues, including both random and targeted audits. It is possible that the Series 2026K Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series 2026K Bonds might be affected as a result of such an audit of the Series 2026K Bonds (or by an audit of similar municipal obligations). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Series 2026K Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Series 2026K Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2026K BONDS THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT

THE FEDERAL, STATE OR LOCAL TAX TREATMENT OF THE SERIES 2026K BONDS, INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE SERIES 2026K BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE SERIES 2026K BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2026K BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE SERIES 2026K BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE SERIES 2026K BONDS.

Bond Counsel has relied on the opinion of Holland & Knight LLP, counsel to MLK-LA, regarding, among other matters, the current qualification of MLK-LA as an organization described in Section 501(c)(3) of the Code. Such opinion is subject to a number of qualifications and limitations. Bond Counsel has also relied upon representations of MLK-LA regarding the use of the facilities financed with the proceeds of the Series 2026K Bonds in activities that are not considered unrelated trade or business activities of MLK-LA within the meaning of Section 513 of the Code. Neither Bond Counsel nor counsel to MLK-LA can give or has given any opinion or assurance about the future activities of MLK-LA, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the resulting changes in enforcement thereof by the Internal Revenue Service ("IRS"). Failure of MLK-LA to be organized and operated in accordance with IRS's requirements for the maintenance of status as organizations described in Section 501(c)(3) of the Code may result in interest (and original issue discount) on the Series 2026K Bonds being included in federal gross income, possibly from the date of the original issuance of the Series 2026K Bonds.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the Series 2026K Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Series 2026K Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth LLP.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Series 2026K Bonds is excluded from gross income for federal income tax purposes provided that the County, the Authority, and MLK-LA continue to comply with certain requirements of the Code, the ownership of the Series 2026K Bonds and the accrual or receipt of interest (and original issue discount) on the Series 2026K Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Series 2026K Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Series 2026K Bonds.

Should interest (and original issue discount) on the Series 2026K Bonds become includable in gross income for federal income tax purposes, the Series 2026K Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed in accordance with the Indenture.

A complete copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix F.

CONTINUING DISCLOSURE

Pursuant to the Continuing Disclosure Certificate to be executed in connection with the issuance of the Series 2026K Bonds, the County has covenanted to provide, or cause to be provided, by not later than April 1 of each fiscal year, commencing on April 1, 2027, to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system certain annual financial information and operating data and, in a timely manner, notice of certain enumerated events. These covenants have been made in order to assist the Underwriters of the Series 2026K Bonds in complying with the Rule. See APPENDIX E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

The County did not file, by the due date set forth in the applicable continuing disclosure undertaking, its annual financial information and operating data for fiscal year ended June 30, 2024, and its annual comprehensive financial report for fiscal year ended June 30, 2024, for the County's Certificates of Participation, Series 1999 (Department of Public Social Services Facility), the Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects I) 2010 Series B (Build America Bonds/Recovery Zone Economic Development Bonds) and the Authority's Lease Revenue Bonds, 2024 Series H. The County has since filed the applicable information for these debt obligations.

CERTAIN LEGAL MATTERS

The validity of the Series 2026K Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth, LLP, Bond Counsel to the Authority. Bond Counsel has not undertaken any responsibility for the accuracy, completeness or fairness of this Official Statement. A complete copy of the proposed form of opinion of Bond Counsel is contained in APPENDIX F – "FORM OF APPROVING OPINION OF BOND COUNSEL." Certain legal matters will be passed upon for the Authority and the County by Hawkins Delafield & Wood LLP, Los Angeles, California, Disclosure Counsel, and County Counsel, and for the Underwriters by their counsel, Katten Muchin Rosenman LLP, New York, New York. Payment of fees of Bond Counsel, Disclosure Counsel and Underwriters' Counsel are contingent upon closing of the Series 2026K Bonds.

FINANCIAL STATEMENTS

The financial statements of the County for the Fiscal Year ended June 30, 2025, pertinent sections of which are included in Appendix B to this Official Statement, have been audited by Macias Gini & O'Connell LLP (the "Independent Auditor"), certified public accountants, as stated in their report appearing in Appendix B. The Independent Auditor has not consented to the inclusion of its report as Appendix B and has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made herein, and no opinion is expressed by the Independent Auditor with respect to any event subsequent to its report dated December 15, 2025.

MUNICIPAL ADVISOR

Public Resources Advisory Group has served as Municipal Advisor to the County in connection with the issuance of the Series 2026K Bonds. The Municipal Advisor has not been engaged, nor has it undertaken, to make an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained herein.

LITIGATION

To the best knowledge of the County and the Authority, there is no litigation pending or threatened against the County or the Authority concerning the validity of the Series 2026K Bonds or challenging any action taken by the County or the Authority in connection with the authorization of the Indenture, the Sublease or any other document relating to the Series 2026K Bonds to which the County or the Authority is or is to become a party or the performance by the County or the Authority of any of their obligations under any of the foregoing.

There are a number of lawsuits and claims pending against the County. Summaries of certain pending lawsuits and claims are set forth in Appendix A attached hereto. In the opinion of the County Counsel, such suits and claims as are presently pending will not materially impair the ability of the County to make the Rental Payments when due. See APPENDIX A – "THE COUNTY OF LOS ANGELES INFORMATION STATEMENT – Litigation."

RATINGS

Fitch Ratings ("Fitch") and S&P Global Ratings ("S&P") have assigned the Series 2026K Bonds ratings of "AA+" and "AA+," respectively. Such ratings reflect only the views of Fitch and S&P, and do not constitute a recommendation to buy, sell or hold the Series 2026K Bonds. Explanation of the significance of such ratings, including any outlook thereon, may be obtained only from the respective organizations at: Fitch Ratings, 33 Whitehall Street, New York, New York 10004; and Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041. The County furnished the rating agencies with certain information and materials concerning the Series 2026K Bonds, the Project, the County and related matters, some of which is not included herein. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the respective rating agencies, if in the judgment of any such rating agency circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2026K Bonds.

UNDERWRITING

The Series 2026K Bonds are being purchased by BofA Securities, Inc. and Samuel A. Ramirez & Company, Inc., each on behalf of itself and the other underwriters identified on the cover page of this Official Statement (collectively, the "Underwriters"). The Underwriters have agreed to purchase the Series 2026K Bonds from the County and the Authority at an aggregate purchase price of $272,657,498.25 (consisting of the aggregate principal amount of the Series 2026K Bonds of $249,455,000.00, plus an original issue premium of $23,696,662.60 and less underwriters' discount of $494,164.35, pursuant to the terms of the Bond Purchase Agreement, among the County, the Authority and the Underwriters (the "Bond Purchase Agreement"). The Bond Purchase Agreement provides that the obligations of the Underwriters are subject to certain conditions precedent and that the Underwriters will be obligated to purchase all of the Series 2026K Bonds offered under the Bond Purchase Agreement if any of the Series 2026K Bonds offered thereunder are purchased.

BofA Securities, Inc. provided the following for inclusion in this Official Statement. BofA Securities, Inc., an underwriter of the Series 2026K Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2026K Bonds.

Piper Sandler & Co. provided the following for inclusion in this Official Statement. Piper Sandler & Co, an underwriter of the Series 2026K Bonds, has entered into a distribution agreement ("Distribution Agreement") with Charles Schwab & Co., Inc. ("CS&Co") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase Series 2026K Bonds from Piper Sandler & Co. at the original issue price less a negotiated portion of the selling concession applicable to any Series 2026K Bonds that CS&Co. sells.

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

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

ADDITIONAL INFORMATION

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

COUNTY OF LOS ANGELES
CALIFORNIA

APPENDIX A

THE COUNTY OF LOS ANGELES INFORMATION STATEMENT

COUNTY OF LOS ANGELES
CALIFORNIA

THE COUNTY OF LOS ANGELES
Information Statement

GENERAL INFORMATION

The County of Los Angeles (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 of California (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 2025, 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 (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.

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 positions were eliminated. County departments continue to report to the Chief Executive Officer (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 governance structure was 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.

In November 2022, County voters approved Measure A, Removal of Sheriff for Cause Amendment, which authorized 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.

In November 2024, voters approved Measure G, Los Angeles County Government Structure, Ethics and Accountability Charter Amendment, which was a ballot measure authorizing an 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 Measure G 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, and 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 the State.

Disaster Services

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

Public Safety

The County criminal justice network is primarily supported by local County revenue sources, State Public Safety sales tax revenue and fees from contracting cities. The Sheriff provides countywide law enforcement services and will perform specific functions requested by local police departments, including the training of thousands of police officers employed by the incorporated cities of the County. Specifically, the County provides training for narcotics, vice, homicide, consumer fraud, and arson investigations, as well as assistance in locating and analyzing crime scene evidence. The County also operates and maintains one of the largest jail systems in the United States, with an average daily inmate population of approximately 13,000 inmates in 2025.

General Government

The County is responsible for the administration of the property tax system, including property assessment, assessment appeals, collection of taxes, and distribution of property tax revenue to cities, agencies, special districts, and local school districts. Another essential general government service is the County's voter registration and election system, which provides services to an estimated 5.6 million registered voters and maintains approximately 5,544 voting precincts for countywide elections.

Culture and Recreation

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

The County manages over 183 parks and operates a network of regional recreational facilities, including Marina del Rey (a small craft harbor), 9 regional parks, 38 neighborhood parks, 20 community parks, 15 wildlife sanctuaries, 9 nature centers, 36 public swimming pools, over 200 miles of horse, biking and hiking trails, and 20 golf courses. The County also maintains four botanical centers, including the Los Angeles County Arboretum and Botanic Garden, the South Coast Botanic Garden, Descanso Gardens, and the Virginia Robinson Gardens, which provide County residents with valuable environmental and educational resources.

EMPLOYEE RELATIONS/COLLECTIVE BARGAINING

The County has a total of 113,430 budgeted positions with 86.5% of the workforce represented by sixty-four (64) separate collective bargaining units that are certified employee organizations. These organizations include the Services Employees International Union Local 721 (SEIU), which includes twenty-three (23) collective bargaining units that represent 55.8% of County employees; the Coalition of County Unions (CCU), which includes thirty-six (36) collective bargaining units representing 29.6% of County employees; and the Independent Unions (Independent Unions), which encompass five (5) collective bargaining units representing 1.1% of County employees. Under labor relations policy direction from the Board of Supervisors, the CEO Employee Relations Division is responsible for negotiating sixty-four (64) 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.

In December 2022, the County adopted successor Memoranda of Understanding (MOUs) with its largest union, Service Employees International Union (SEIU), Local 721, for the 2022–2025 term. The agreement provided annual cost of living adjustments (COLAs) of 5.5%, 3.25%, and 3.25%, respectively. In the months that followed, the County reached agreements with most member unions of the Coalition of County Unions (CCU), as well as its Independent Unions, aligning salary adjustments with the SEIU pattern. In June 2024, the County concluded negotiations with the final CCU affiliate, the Union of American Physicians and Dentists, reaching a salary agreement consistent with other bargaining units and completing the 2022–2025 bargaining cycle.

In November 2024, the County initiated negotiations for successor agreements with SEIU. 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. Negotiations resumed immediately thereafter, and on June 17, 2025, the County reached a tentative agreement with SEIU on salaries and fringe benefits. The agreement, which was ratified in October 2025, runs from July 1, 2025 through June 30, 2028 and includes a $5,000 one-time ratification bonus; a 2% COLA adjustment and $2,000 bonus effective October 1, 2026; and a 5% COLA adjustment effective October 1, 2027. The previous labor agreements with SEIU expired on March 31, 2025.

The County is currently in the process of negotiating final agreements with 17 of the collective bargaining units represented by the CCU and 2 of the collective bargaining units represented by the Independent Unions, which are expected to be finalized in 2026. One of the collective bargaining units represented by the CCU (Physician Assistants and Senior Physician Assistants) and one of the collective bargaining units represented by the Independent Unions (Deputy Public Defenders), are currently at impasse.

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 (Retirement Law) to administer the County's Employee Retirement Trust Fund (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, 2025 was 198,437, consisting of 99,775 active members, 76,694 retired members and beneficiaries and 21,968 vested former members. Of the 99,775 active members, 87,599 are general members in General Plans A through G, and 12,176 are safety members in Public Safety Plans A through C.

Of the 76,694 retired members, 61,743 are general members in General Plans A through G, and 14,951 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, 2025, approximately 34% of the 87,599 total active general members were enrolled in General Plan D, with 53% enrolled in Plan G and 13% enrolled in General Plans A, B, C and E. Of the 12,176 active safety plan members, 53% were enrolled in Safety Plan B and 47% 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, 2025 Actuarial Valuation (2025 Actuarial Valuation), the total employer contribution rate for Fiscal Year 2026-27 for new employees hired on and after January 1, 2013 is 23.85% for General Plan G and 29.99% for Public Safety Plan C. The new employer contribution rates for General Plan G and Public Safety Plan C are lower than the comparative rates of 24.38% and 33.78% for General Plan D and Public Safety Plan B, respectively. 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.

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 (Board of Investments) and the County's Board of Supervisors. Contributory plan members are required to contribute between 6% and 18% 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 current actuarial assumed rate of return of 7.0% was adopted in 2022 and remains unchanged.

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 (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 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 $96.5 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 provided the basis for establishing the contribution rates effective July 1, 2025, the County's required contribution rate decreased 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 2025 Actuarial Valuation, LACERA reported a rate of return on Retirement Fund assets of 9.7%, which was higher than the 7.0% assumed rate of return and exceeded the 9.1% rate of return in Fiscal Year 2023-24. With the five-year smoothing process, the actuarial value of Retirement Fund assets increased by $5.1 billion or 7.0% from $76.664 billion to $81.764 billion as of June 30, 2025. The 2025 Actuarial Valuation reported an increase in the AAL of $4.904 billion to $99.707 billion, which represents a 5.0% increase from June 30, 2024. As a result, the UAAL decreased by $196.3 million to $17.943 billion and the Funded Ratio increased from 80.9% to 82.0% as of June 30, 2025.

Based on the results of the 2025 Actuarial Valuation, which provides the basis for establishing the contribution rates effective July 1, 2026, the County's required contribution rate will increase from 25.61% to 25.70% of covered payroll in Fiscal Year 2026-27. The components of the 0.09% net increase in the employer contribution rate include 1.07% of cost increases from changes in actuarial assumptions and methods, higher than assumed salary increases and changes in active member demographics, which were partially offset by 0.98% in cost decreases from the actuarial recognition of investment gains, greater than assumed payroll increases and various other factors.

The 2025 Actuarial Valuation does not include $2.955 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 85.0% as of June 30, 2025, and the required County contribution rate would be 23.69% for Fiscal Year 2026-27.

For the eleven months ended May 31, 2026, LACERA reported a net gain on Retirement Fund assets of 12.0%, which is higher 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 2022-23, 2023-24 and 2024-25, the County's total contributions to the Retirement Fund were $2.243 billion, $2.436

billion, and $2.593 billion, respectively. For Fiscal Years 2025-26 and 2026-27, the County's retirement contribution payments to LACERA are estimated to be $2.785 billion and $2.746 billion, respectively.

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, $614.0 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, 2025, the balance of the STAR Program Reserve was $607.0 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, 2025, the County reported a Net Pension Liability of $12.983 billion, which represents a $1.091 billion decrease from the $14.074 billion Net Pension Liability reported as of June 30, 2024. The June 30, 2025 Net Pension Liability was calculated based on the 2023 Actuarial Valuation, projected forward to the measurement date.

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 provides paid medical coverage at the retiree-only premium level and not at the current level of full family coverage. The retiree has the option to purchase coverage for dependents, but the County only provides 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 did not affect current retirees or current employees hired prior to July 1, 2014. 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 (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 (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 has complied 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, $503.4 and $571.2 million to the OPEB Trust in Fiscal Years 2021-22, 2022-23, 2023-24 and 2024-25, respectively. For Fiscal Years 2025-26 and 2026-27, the County is projecting contributions to the OPEB Trust in the amount of $646.7 million and $723.1 million, respectively. Based on current actuarial assumptions for the

OPEB Pre-funding Plan, the OPEB ADC will be fully funded in Fiscal Year 2026-27.

As of May 31, 2026, the balance of the OPEB Trust was $6.264 billion. For the eleven months ended May 31, 2026, LACERA reported a net gain on OPEB Trust Fund assets of 14.1%.

OPEB Trust 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, 2025, the County reported a Net OPEB Liability of $22.560 billion, which represented a $1.354 billion or 6.0% decrease from the $23.914 billion Net OPEB Liability reported as of June 30, 2024. The June 30, 2025 Net OPEB Liability was calculated based on the July 1, 2023 OPEB Actuarial Valuation, projected forward to the measurement date. 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 96% of LACERA's retiree population and the County is responsible for this percentage of OPEB costs. The 4% 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, 2023-24 and 2024-25, the total pay as you go payments from the County to LACERA for retiree health care benefits were $692.6 million, $713.0 million, $760.6 million and $832.5 million, respectively. For Fiscal Years 2025-26 and 2026-27, the pay as you go contributions to LACERA for OPEB are estimated to be $896.8 million and $1.010 billion, respectively.

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, 2023-24 and 2024-25, the County made total DBP payments of $39.9 million, $40.6 million, $43.6 million and $40.2 million, respectively. For Fiscal Years 2025-26 and 2026-27, the County is estimating total DBP payments in the amount of $42.2 million and $45.7 million, respectively. As of June 30, 2025, the County's total Net OPEB Liability of $23.774 billion included $22.560 billion for retiree healthcare and $1.214 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, 2024.

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 California 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 retroactively exempted those 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 2022. 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 (Group A Settlement) of approximately 6,800 AB 218 claims (this number has increased to approximately 11,000 claims as of the date of this Official Statement) in the amount of $4 billion and authorized the Auditor-Controller, Chief Executive Office and County Counsel to effectuate the Group A Settlement. The Group A Settlement is payable over five years and payments began in Fiscal Year 2025-26, contingent on, among other things, the validation of judgment obligation bonds to finance certain Group A Settlement amounts (which was completed in December 2025) and acceptance of the Group A Settlement by claimants. The County anticipates paying for the Group A Settlement using cash from reserve funds, the issuance of judgment obligation bonds, and proposed cuts in departmental budgets. Based on current funding plans (certain of which may not be undertaken), financing of the Group A 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.

On October 28, 2025, the Board of Supervisors approved the settlement of up to 414 AB 218 claims in the amount of up to $828 million (Group B Settlement). The Group B Settlement is payable over three years and payments began in Fiscal Year 2025-26. The County anticipates funding the Group B Settlement payments from a combination of one-time resources, cash on hand, and proceeds of judgment obligation bonds, for which another validation action would be initiated if needed.

Following widely reported allegations of fraudulent claims submitted in connection with the Group A Settlement, the Los Angeles County District Attorney's Office, the California State Bar, and the County are each conducting investigations into certain claims in the Group A Settlement. The County does not currently expect the outcome of these investigations to materially impact the aggregate amount to be paid by the County in connection with the Group A Settlement; however, determinations regarding the validity of particular claims may affect the allocation of settlement payments among claimants.

The County has received approximately 5,700 other AB 218 claims that are not addressed by the Group A Settlement or the Group B Settlement. These cases are in the early stages of litigation, and the County cannot predict the extent of the liability in such lawsuits, whether plaintiffs will prevail, and if so, how the final court decisions or settlement agreements with respect to such claims may affect the financial status, policies, or operations of the County. 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, there may be timely claims filed arising from abuse occurring before January 1, 2024, if the plaintiff is under 40 years of age or within five years of the date the plaintiff discovers or reasonably should have discovered that psychological injury or illness occurring after the age of majority was caused by the sexual assault, whichever is later.

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 2024, a putative 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. Multiple related cases have been filed against the County making similar allegations on behalf of similarly situated plaintiffs, but *Gutierrez* remains the lead case. 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. In June 2026, the court denied the plaintiffs' motion for class certification.

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, and seek damages and injunctive relief. In April 2024, the district court certified three classes of plaintiffs (injunctive relief, arrest, and direct force). The County petitioned the Ninth Circuit Court of Appeals (Ninth Circuit) for permission to appeal the class certification order, and the Ninth Circuit granted the petition in June 2024. In September 2024, the Ninth Circuit vacated the class certification order in a related case (*Black Lives Matter Los Angeles, et al. v. City of Los Angeles*) (*BLM*) and remanded that case for further analysis. In January 2025, the Ninth Circuit remanded the County's class certification appeal in this case to the district court for further proceedings consistent with its decision in *BLM*. In October 2025, the court granted in part the plaintiffs' motion for contempt based on alleged violations of a preliminary injunction governing the use of less-lethal weapons during June 2025 immigration-related protests and appointed a special master to review compliance. The plaintiffs have filed a renewed motion for class certification, which remains under submission. The parties have participated in mediation, and additional mediation sessions are scheduled through September 2026.

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 overcharged the Contract Cities in violation of California Government Code section 51350, which permits the County to charge only those costs that are actually incurred in providing contracted services. The lawsuit further alleges that due to staffing issues, the Sheriff’s Department has not assigned 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 lower costs by utilizing existing personnel working overtime rather than filling vacant deputy sheriff positions. The plaintiff filed a first amended complaint in June 2025. The court overruled the County's demurrer to the first amended complaint in December 2025. In July 2026, the court granted the County's motion for judgment on the pleadings with respect to two causes of action, but granted the plaintiff leave to amend those claims. No trial date has been set, and the County is unable to determine the potential liability at this time.

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. In June 2020, the Court of Appeal granted the 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 malicious prosecution. The matter was previously set for trial in May 2026, however the County filed an interlocutory appeal following the district court's denial of their motion for summary judgment. On May 4, 2026, the Ninth Circuit issued an order staying the May 6, 2026 trial date, and the district court subsequently vacated the trial date. Given these uncertainties, the potential liability for the County is unknown at this time. Several other lawsuits have been filed based on similar allegations against the Sheriff's Department (*Martis Childs v. County of Los Angeles, et al.*; *Kenji Howard v. County of Los Angeles, et al.*; *Jofama and Jocelyne Coleman v. Los Angeles Sheriff's Department, et al.*; *Abel Soto v. Los Angeles Sheriff's Department, et al.*). *Childs*n and *Howard* have tentatively settled, and *Coleman* and *Soto* have been consolidated and are currently set for trial in April 2027.

On May 4, 2023 and March 20, 2024, respectively, lawsuits were filed (*Juan Mendoza v. Los Angeles County Public Defender et al.; Antonelli Haggerty v. Los Angeles Public Defender's Office, et al.*) alleging that the Los Angeles County Public Defender's Office and County defendants violated plaintiffs' civil rights by failing to bring their petitions for civil commitment as sexually violent predators (SVPs) to trial for more than 10 years. Both plaintiffs were civilly detained in 2011 under the State's SVP laws pending adjudication of their SVP status and were later released from detention without a trial after evaluators concluded that they no longer met the criteria for SVP commitment. The plaintiffs seek damages for alleged violations of their civil rights and speedy trial rights. The potential liability for the County is unknown at this time. *Mendoza* is currently set for trial in May 2027, and *Haggerty* is currently set for trial in April 2027.

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. The potential liability for the County is unknown at this time. The matter is currently set for trial in August 2027.

In December 2023, closed circuit video inside Los Padrinos Juvenile Hall surfaced showing several youth engaging in a 'gladiator' style fighting event. 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 of the lawsuits has settled. At present, ten lawsuits have been filed, and the County anticipates that additional lawsuits may be filed. The remaining cases are in the early phases of discovery, and some are scheduled for early mediation. The potential liability for the remaining cases is unknown at this time.

In April 2023, a potential class action lawsuit was filed (*Gregory Johnson et al. v. County of Los Angeles* and related case *Jacqueline Murillo Castro v. County of Los Angeles*) alleging violations of Article XIIC of the California Constitution and Government Code section 50030 based on the County’s contracts with companies that provide inmate telephone and commissary/vending machine services to the County jails. Additionally, the plaintiffs' counsel has filed parallel lawsuits against nine other counties in California. The Government Code claim was subsequently dismissed, leaving only the constitutional claim, which is based on the theory that commissions paid by the contracting companies constitute “taxes” requiring voter approval. The court granted the plaintiffs’ motion for class certification in April 2026. Discovery is ongoing, and the County has filed a motion for summary judgment. The court has not yet set a hearing date on that motion or a trial date.

On May 16, 2025, a lawsuit was filed (*Stephen Patterson v. County of Los Angeles, et al.*) alleging that the Sheriff's Department failed to provide exculpatory ballistics evidence to defense counsel or the prosecutor prior to the plaintiff's criminal jury trial. The plaintiff alleges that this failure resulted in his wrongful conviction for homicide and his incarceration for 18 years. In 2024, the court granted the plaintiff's writ of habeas corpus and motion for a finding of factual innocence. The plaintiff seeks damages for alleged violations of his federal and state civil rights. This case is currently set for trial in March 2027. The potential liability for the County is currently unknown.

On July 28, 2025 and August 25, 2025, respectively, lawsuits were filed (*Miguel Solorio v. County of Los Angeles et. al.; Humberto Duran v. Los Angeles Sheriff's Department et al.*) alleging that the Sheriff's Department fabricated and suppressed evidence in the plaintiffs' wrongful conviction for homicide and subsequent wrongful incarcerations (almost 25 years for Solorio and nearly 30 years for Duran). In 2023, Solorio's convictions were vacated, and he was found factually innocent; in 2024, Duran's convictions were vacated, and in 2025, he was found factually innocent. The plaintiffs seek damages for alleged violations of their civil rights. *Solorio* is currently set for trial in February 2027. *Duran* is currently set for trial in June 2027. The County is unable to determine the potential liability at this time.

On October 27, 2025, a putative class action was filed (*Dawn Thalacher et al. v. County of Los Angeles, et al.*) by female inmates incarcerated at the Century Regional Detention Facility (CRDF). The plaintiffs allege that, over a twenty-year period, male employees of the Sheriff's Department watched them shower, groped them, and made lewd comments on their appearance while they were detained at the facility. The case is in the early pleading stages, and no trial date has been set. In June 2026, the County moved to dismiss the second amended complaint; the motion is scheduled for hearing in August 2026. The County is unable to determine the potential liability at this time.

On April 6, 2026, a putative class action lawsuit was filed (*Angelica Quinones, et al. v. County of Los Angeles, et al.*) by 23 named female plaintiffs who are current and former pretrial detainees and inmates at the CRDF. The plaintiffs allege a systemic, longstanding pattern and practice of sexual misconduct by male correctional officers at CRDF over a period of more than twenty years. The plaintiffs allege that they were subjected to acts of sexual assault, sexual battery, sexual harassment, voyeurism, and other forms of sexual misconduct, and characterize these practices as so widespread and pervasive as to constitute official policy of the Sheriff's Department and the County. The case is in its early stages, and is currently scheduled for trial in July 2027. The County is unable to determine the potential liability at this time

On August 6, 2025 and September 26, 2025, respectively, lawsuits were filed (*Estate of Alfredo M. Flores et al. v. County of Los Angeles, et al.*; *Mark Thorn et al. v. County of Los Angeles, et al.*) arising out of an October 2023 fire in a Sheriff's Department mobile shooting range during a training exercise. Deputies Flores and Thorn sustained severe injuries in the incident, and Deputy Flores later died from his injuries. Following the incident, the California Division of Occupational Safety and Health investigated and issued findings identifying deficiencies in inspection, maintenance, and workplace safety practices. The plaintiffs allege violations of their federal civil rights under 42 U.S.C. § 1983, including claims of state-created danger and unconstitutional policy, practice, or custom, and have also named the manufacturer of the mobile range as a defendant. The cases have been consolidated and are currently set for trial in February 2027. The case is in the early stages of discovery. The County is unable to determine the potential liability at this time.

On September 30, 2025, the United States Department of Justice (DOJ) Civil Rights Division filed a lawsuit against the Sheriff's Department alleging violations of the Violent Crime Control and Law Enforcement Act of 1994. The complaint alleges that the Sheriff's Department engaged in a pattern or practice of conduct depriving individuals of rights protected by the Constitution and federal law, specifically by imposing excessive delays in processing applications for concealed carry weapon (CCW) licenses in violation of the Second Amendment. The DOJ seeks declaratory and injunctive relief, including a declaration that the Sheriff's Department's alleged processing delays violate the Second Amendment and a permanent injunction prohibiting the Sheriff's Department from administering California's CCW licensing framework in a manner that violates the Second Amendment. Discovery in the matter is ongoing, and the matter is currently scheduled for trial in January 2027. A separate lawsuit raising similar issues has been filed by the California Rifle & Pistol Association and other advocacy groups. The County is unable to determine the potential liability, if any, at this time.

On July 13, 2026, a lawsuit was filed (*Estate of Victor Lemus, et al. v. County of Los Angeles, et al.*) arising out of a July 2025 explosion involving an explosive device at a Sheriff's Department training facility that resulted in the deaths of three Sheriff's Department detectives. The plaintiffs allege that the Sheriff's Department failed to implement appropriate training, supervision, and safety protocols for the handling of explosive devices, and that a Sheriff's Department commander improperly photographed and shared images of the decedent's remains. The matter is in its early stages, and the County is unable to determine the potential liability at this time.

Social Services Cases

In December 2022, *A.F., a minor, et al. v. Gabriela Casarez et al.* was filed, arising out of the child-abuse related near fatality of a four-year-old boy in October 2021 while in foster care. The plaintiff, by and through his father as guardian ad litem, has sued the former foster parents, the County, and four DCFS social workers, alleging that the plaintiff suffered repeated physical and emotional abuse at the hands of his foster mother during the five months he and his younger brother were placed in the home. The plaintiff alleges that this repeated abuse culminated in a final incident of his severe head trauma that required life-saving surgery and caused permanent injury. The plaintiff alleges, *inter alia*, that DCFS social workers failed to follow up appropriately on prior reports of suspicious injuries and that DCFS failed to adequately vet and train the foster parents. This incident attracted significant media attention, and in January 2022 the Office of Child Protection issued the first of two reports noting deficiencies in DCFS's handling of the case. The County defendants have filed an answer to the second amended complaint. The matter is set for trial in January 2027. The potential liability for the County is unknown at this time.

In July 2023, a wrongful death lawsuit (*Sogui Godinez v. County of Los Angeles, et al.)* was filed arising out of the child-abuse related death of a five-year old child. The plaintiff is the child's mother, who alleges negligence and negligent hiring, supervision, and/or retention of employees against the County and one DCFS social worker, claiming that the child died at the hands of his father due to the County's failure to abide by its mandatory duty to appropriately investigate reports made by the plaintiff to the DCFS Child Protection Hotline. The child's death

attracted media attention from various news outlets. The matter is currently set for trial in November 2026. 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. The plaintiffs' counsel has sought relief from the claim presentation statute concerning additional potential plaintiffs. The matter is currently set for trial in February 2027.

In April 2022, a wrongful death action was filed (*Erik Denton v. County of Los Angeles et al.*) arising from the April 2021 murders of three children by their mother while DCFS was conducting an initial investigation of the family. The plaintiff, the children's father, alleges that the County (DCFS), and co-defendant City of Los Angeles (LAPD), failed to recognize the mother's deteriorating mental state, failed to adequately communicate with one another, and failed to act timely to protect the children. The matter is currently set for trial in February 2027. The County is unable to determine the potential liability at this time.

On February 19, 2026, a lawsuit was filed (*Alexis Servin v. County of Los Angeles*) arising out of the November 2025 death of 14-month-old Tilly Servin, allegedly due to abuse. The child was in the care and custody of her father and stepmother at the time of her death. The plaintiff alleges that the juvenile court placed the child in her father's home in June 2025, and that DCFS knew of the father's prior criminal record but did not prevent the placement. The court overruled the County's demurrer in June 2026. No trial date has been set. The County is unable to determine the potential liability at this time.

In January 2025, a lawsuit was filed (*YM.D, et al., v. County of Los Angeles*) arising out of the child abuse-related death of a three-week old infant who was last seen on May 3, 2024, with his father. A missing-child investigation later transitioned into a homicide investigation, and law enforcement conducted a search but did not recover the body. The plaintiffs, the minor siblings of the decedent, allege that after the County received two referrals, the County did not investigate, intervene, report improper conduct, or remove the children. Trial is currently set for July 2027, and discovery is in the early phases. The County is unable to determine the potential liability at this time.

Other Cases

A lawsuit was filed in March 2020 by LA Alliance for Human Rights (LA Alliance) against the City of Los Angeles (City) and the County alleging that they had not taken adequate action to address the homelessness crisis in Los Angeles. The City and the plaintiffs later reached a separate settlement, and the plaintiffs continued to pursue claims against the County. The County subsequently reached a settlement with the plaintiffs, and in September 2023, the court approved the County's settlement agreement, as amended, which terminates on June 30, 2027. Under the agreement, the County agreed to provide additional resources estimated at approximately $1.24 billion through Fiscal Year 2026-27, including an increase in the number of mental health and substance use disorder beds, and the agreement provides for monitoring and reporting obligations. The County has filed quarterly status reports since January 2024 regarding its compliance with the settlement agreement. Subsequent court proceedings concerning the City's compliance with its separate settlement agreement have not imposed any additional responsibilities on the County or affected the County's obligations. The County expects the court will continue to closely monitor the County's and City's efforts to address 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 February 2026, the court sustained the County's demurrer without leave to amend. On April 17, 2026, the plaintiffs filed a notice of appeal of this ruling.

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, a fourth lawsuit was filed in 2024 applicable to the 2023 tax year, and a fifth lawsuit was filed in 2025 applicable to the 2024 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. All five cases are currently set for trial in November 2026. If granted by the court, SCE's requested valuation reduction would result in estimated refunds from taxing entities within Los Angeles County of approximately $120 million, of which the County and County-controlled taxing entities would be responsible for refunding approximately $44 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. In its July 2024 inspection of Los Padrinos, 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, 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. The County challenged the BSCC determination, and that matter remains pending. On December 13, 2024, Juvenile Justice Division Supervising Judge Miguel Espinoza issued an order to show cause regarding Los Padrinos' suitability and held several hearings. On May 16, 2025, the judge approved the Probation Department's plan to relocate approximately 100 youths from Los Padrinos to other County facilities to increase staffing ratios in close coordination with the BSCC. The use of

Barry J. Nidorf Juvenile Hall (Nidorf) to house pre-disposition youth is part of this relocation plan. However, the BSCC inspected Nidorf in June 2025, and determined there were items of noncompliance to be remedied before Nidorf could be used as a juvenile hall. The Probation Department had until September 1, 2025 to submit an approved corrective action plan to the BSCC. BSCC suitability findings could have significant legal implications for the existing California Department of Justice settlement agreement with the Probation Department (AG Settlement). On July 24, 2025, the California Attorney General (AG) filed a motion requesting the court to place the County's juvenile halls under receivership for failure to comply with the terms of the AG Settlement. The proposed receivership sought to transfer all powers currently vested in the County with respect to all aspects of the operation, administration, and management of the juvenile halls to the court-appointed receiver. This would include the power to determine the Probation Department's annual budget for the County's juvenile halls. The proposed order would apply to two juvenile hall facilities, Los Padrinos and Nidorf, but could include other facilities that house pre-disposition youth. On October 8, 2025, the court denied the AG's receivership motion. The court ordered evidentiary hearings on certain provisions of the AG Settlement, and additional hearings are scheduled in August and October 2026. The County anticipates that after the hearings conclude, the court will impose deadlines on certain provisions and require periodic status updates. Due to the substantial uncertainty surrounding the outcome of the hearings, the County is unable to assess the fiscal impact at this time.

In November 2023, a lawsuit was filed (*BMIF/BSLF II Rancho Malibu Limited Partnership v. County of Los Angeles*), regarding the plaintiff's expired tentative tract map (Map), originally approved by the County in June 1998 for a subdivision project for 46 single-family lots, one open space lot, one sewage treatment lot, and one road lot and related features (collectively, the "Project"). The County imposed a condition of approval upon the Map requiring the development and construction of a wastewater treatment plant to serve the proposed residential subdivision and the dedication of an open space lot, which was transferred 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. That amendment was denied by the County as inconsistent with the originally approved Map, and 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 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 in damages. In May 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 in March 2025. The parties participated in preliminary mediation in December 2025. The matter is currently set for trial in October 2027.

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 by refusing 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; however two causes of action remain. The matter is currently set for trial in March 2027. Based on the complaint and discovery responses, the plaintiff seeks $20 million for past expenditures and future profits to be proven at trial.

On January 20, 2026, Southern California Edison (SCE) filed a cross-complaint in *Gursey v. Southern California Edison, et al.* against the County and other public and private entities arising out of the Eaton Fire. SCE asserts claims including equitable indemnity, contribution, and related tort theories, including nuisance, trespass, and declaratory relief. SCE alleges that the County's Fire District, Sheriff's Department, and Office of Emergency Management acted with gross negligence in connection with evacuation notices, evacuation efforts, and resource deployment during the fire. SCE further alleges that the County failed to maintain vegetation in the affected areas. In June 2026, the court overruled the County's demurrer to the cross-complaint. The matter is currently set for trial in January 2027. The County is unable to determine the potential liability at this time.

On January 13, 2025, a lawsuit was filed (*Dan Grigsby et al. v. City of Los Angeles, et al.*) arising from the Palisades fire, which ignited on January 7, 2025. The County was not named as a defendant in the original complaint or the first amended complaint but was added as a defendant in a master complaint filed on October 8, 2025. The claims against the County relate to the alleged failures of Los Angeles County Waterworks District No. 29, Malibu (District). The operative master complaint alleges that the District's water storage tanks, pumps, emergency backup generators, and related electrical connections failed during the fire, resulting in low or no water pressure at certain fire hydrants and contributing to damage to homes and other property. The asserted causes of action against the County include inverse condemnation, dangerous condition of public property, and public nuisance. In July 2026, the court sustained the County's demurrer to the master complaint with leave to amend. The litigation includes numerous individual actions coordinated for pretrial purposes, as well as related class action litigation (*Sarah Silver et al. v. City of Los Angeles, et al.*). The related class action litigation includes similar allegations against the County and the District. The litigation is in its early stages, and the County is unable to determine the potential liability at this time.

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 (Task Force) to 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. Since that announcement, the County has received subpoenas and related requests from the Task Force seeking documents and information concerning several providers and developers. The County is cooperating with these requests. At this time, the County is not aware of any allegations that the County engaged in wrongdoing in

connection with the matters under review by the Task Force and has not received notice of any claims or enforcement actions related to the investigation. Because the investigation is ongoing, the County cannot determine what impact, if any, these matters may have on its finances, operations, or budget.

Pending Litigation

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

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

Actuarial Valuation Date	Market Value of Plan Assets	Actuarial Value of Plan Assets	Actuarial Accrued Liability	UAAL	Funded Ratio
06/30/2018	$56,299,982	$55,233,108	$68,527,354	$13,294,246	80.60%
06/30/2019	58,294,837	57,617,288	74,635,840	17,018,552	77.20%
06/30/2020	58,510,408	59,762,991	78,275,175	18,512,184	76.35%
06/30/2021	73,012,026	64,909,377	81,898,044	16,988,667	79.26%
06/30/2022	70,289,612	68,711,610	86,320,151	17,608,541	79.60%
06/30/2023	73,851,886	72,414,936	90,651,092	18,236,156	79.88%
06/30/2024	79,202,225	76,663,543	94,803,237	18,139,694	80.87%
06/30/2025	86,187,618	81,763,259	99,706,644	17,943,385	82.00%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2025.

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

Fiscal Year	Market Value of Plan Assets	Market Rate of Return	Funded Ratio Based on Market Value
2017-18	$56,299,982	9.0%	81.3%
2018-19	58,294,837	5.5%	77.3%
2019-20	58,510,408	1.8%	74.0%
2020-21	73,012,026	25.2%	88.3%
2021-22	70,289,612	0.1%	79.9%
2022-23	73,851,886	6.4%	80.0%
2023-24	79,202,225	9.1%	82.1%
2024-25	86,187,618	9.7%	85.0%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2025.

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

	Payments to LACERA			
Fiscal Year	Retirement Fund	OPEB (PAYGO)	OPEB (Prefund)	OPEB Disability	Total Retirement & OPEB Payments
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	2,593,336	832,507	571,230	40,244	4,037,317
2025-26	2,784,685 *	896,833	646,722	42,222 *	4,370,462 *
2026-27	2,745,600 *	1,010,225 *	723,078 *	45,724 *	4,524,627 *

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

COUNTY OF LOS ANGELES
CALIFORNIA

BUDGETARY INFORMATION

COUNTY BUDGET PROCESS

The County is required by 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 typically presents the Recommended County Budget to the Board of Supervisors in April. County departments must present their annual budgets in public meetings, as required by Measure G. 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 76.6% of the Fiscal Year 2026-27 Adopted Budget (2026-27 Adopted Budget) and appropriates funding for programs that are provided on a mostly county-wide basis (e.g., health care, welfare, and detention facilities), municipal services to the unincorporated areas not otherwise included in a special district, and certain municipal services to various cities on a contract fee-for-service basis (e.g., law enforcement, planning and engineering).

Special Revenue Funds represent 13.2% of the 2026-27 Adopted Budget and are used to account for the allocation of revenues that are restricted to defined purposes, such as public library operations, road construction and maintenance programs, specific automation projects and Measure H [and Measure A] – Los Angeles County Plan to prevent and combat homelessness.

Capital Project Special Funds account for 0.5% of the 2026-27 Adopted Budget and provide funding for the acquisition or construction of major capital facilities that are not financed through other funding sources.

Special District Funds, which account for 7.0% of the 2026-27 Adopted Budget, are separate legal entities funded by specific taxes and assessments. These districts provide public improvements and/or services benefiting targeted properties and residents. Special Districts are governed by the Board of Supervisors and include, among others, Flood Control, Garbage Disposal, Sewer Maintenance and Regional Park and Open Space Districts.

The remaining fund groups, Other Enterprise, Internal Services and Fiduciary Funds account for 2.7% of the 2026-27 Adopted Budget.

CONSTITUTIONAL PROVISIONS AFFECTING TAXES AND APPROPRIATIONS

Proposition 13

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

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

Article XIIIB of the California Constitution limits the number of appropriations by local governments to "Proceeds of Taxes." The County's appropriation limit for Proceeds of Taxes for Fiscal Year 2026-27 is $41,281,238,984. The 2026-27 Adopted Budget includes proceeds from taxes of $20,980,528,000, which is substantially below the statutory limit.

Proposition 62

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

Proposition 218

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

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

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

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

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

Proposition 1A 2004

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

Proposition 26

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

Future Initiatives

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

FEDERAL AND STATE FUNDING

A significant portion of the County budget has historically been comprised of revenues received from the federal and State governments. As indicated in the table "Historical Appropriations by Fund" at the end of this Budgetary Information section of Appendix A, $5.919 billion of the $38.554 billion 2026-27 Adopted Budget is received from the federal government and $10.298 billion is funded by the State. The remaining $22.337 billion of County revenues are generated from property taxes and a variety of other sources. In total, 42.0% of the funding for the General County Budget is provided by the State and federal government.

Federal Budget Update

On July 4, 2025, President Trump signed into law H.R.1, the comprehensive Budget Reconciliation package. H.R.1 includes tax changes, major healthcare policy reforms affecting Medicaid and Medicare, and other provisions related to immigration, agriculture, and artificial intelligence.

Based on ongoing assessments, H.R.1 is expected to result in a potential reduction in federal funding to the County of approximately $1.8 billion over the next three fiscal years. Specifically, H.R.1 will have direct and significant impacts on a number of programs that provide services to County residents, including Medicaid and access to health care and behavioral health services in the County, Supplemental Nutrition Assistance Program (SNAP) and public housing.

The County and its impacted departments are continuing to review and evaluate options to mitigate the negative impact of H.R.1 on health and other County services

On November 12, 2025, President Trump signed H.R. 5371, ending the longest federal government shutdown in history at 43 days. H.R. 5371 kept the federal government funded through January 30, 2026 at Federal Fiscal Year (FFY) 2025 levels for

most programs and activities, with several exceptions, most notably DHS, that provide funding flexibility and additional appropriations for various programs.

On February 3, 2026, President Trump signed into law H.R. 7148, the Consolidated Appropriations Act of 2026, which addressed five of the remaining six funding measures. With the signing of H.R. 7148, 11 of the 12 federal Appropriations bills for FFY 2026 have been signed into law, thereby funding the majority of the federal government through September 30, 2026.

On April 3, 2026, President Trump submitted to Congress a $2.17 trillion budget request for FFY 2027. The budget request proposes approximately $660.1 billion in non-defense discretionary spending, a 10 percent reduction from the FFY 2026 level of $733.5 billion, and defense spending of approximately $1.5 trillion, a 44 percent increase. Mandatory entitlement spending and interest on the national debt continues to represent the fastest growing parts of the budget.

The budget request continues to propose the creation of the Administration for a Healthy America (AHA) at the U.S. Department of Health and Human Services (HHS). AHA will combine the Office of the Assistant Secretary for Health (OASH), the Health Resources and Services Administration (HRSA), the Substance Abuse and Mental Health Services Administration (SAMHSA), and select programs from the Centers for Disease Control and Prevention (CDC) into one, new agency. Further, the budget request proposes to integrate HRSA's Office of Pharmacy Affairs, including the 340B Drug Pricing Program, into the Centers for Medicare and Medicaid Services. The budget request also proposes $30 million for a new "National Fraud Division" within the Department of Justice to investigate and prosecute fraud nationwide.

The budget request serves as a blueprint of the President's priorities, but it must be passed by Congress and signed by the President by September 30, 2026, to take effect through the appropriations process.

On June 10, 2026, President Trump signed into law S.2, the Secure America Act, a reconciliation package that provides approximately $70 billion in advance funding through FFY 2029 for immigration enforcement carried out by the Department of Homeland Security (DHS), namely for Immigration and Customs Enforcement and Border Patrol. Much of the funding provided by S.2 would traditionally be considered through the annual appropriations process. However, following the 76-day DHS funding lapse earlier this year that stemmed from disagreements over immigration enforcement funding, Congress elected to provide multi-year funding through reconciliation, effectively removing the issue from the FFY 2027 appropriations negotiations expected later this year. The legislation does not modify provisions enacted in last year's reconciliation package, H.R. 1.

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 (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, 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.

Fiscal Year 1991-92 Realignment Program

In Fiscal Year 1991-92, the State and county governments collectively developed a program realignment system (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. California elected to implement a state-run Medicaid expansion pursuant to the Affordable Care Act. 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, 2023-24, and 2024-25 the County General Fund received $201.9 million, $243.2 million, $232.5 million, $352.4 million, $315.4 million, $390.5 million, $391.4 million, and $403.7 million of residual taxes, respectively. The budgeted and estimated residual tax revenue for Fiscal Year 2025-26 is $419.3 million. The 2026-27 Adopted Budget includes a projected $440.2 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.

2025-26 State Budget

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

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

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

Medi-Cal Premiums, Adults 19 and Older – Modifies the May Budget Revision proposal to implement a $100 per-month premium for full-scope Medi-Cal for individuals with Unsatisfactory Immigration Status, ages 19 and over, by reducing it to a $30 per-month premium instead, effective July 1, 2027, for ages 19 to 59.
Medi-Cal Asset Test Limits – Rejects the May Budget Revision proposal to set the Medi-Cal asset test limit at $2,000 for individuals or $3,000 for couples, by restoring it to $130,000 for individuals and $195,000 for couples.

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

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

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

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

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

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

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

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

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

Exide Facility Cleanup Funding – Approves the May Budget Revision proposal to allocate $35 million from the Lead-Acid Battery Cleanup Fund and $40 million in State funding to loan to the Toxic Substances Control Account to fund continued cleanup

activities at the Exide Facility. This proposal also includes provisional language to allow funding for residential cleanup or facility remediation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2026-27 State Budget

On January 9, 2026, Governor Newsom released the Fiscal Year 2026-27 Proposed State Budget (Proposed State Budget). The Proposed State Budget projects a beginning fund balance from Fiscal Year 2025-26 of $53.451 billion, total revenues and transfers of $227.385 billion, total expenditures of $248.330 billion, and a year-end fund balance of $32.506 billion for Fiscal Year 2026-27. Of the projected year-end fund balance, $27.998 billion would be allocated to the Reserve for Liquidation of Encumbrances and $4.508 billion would be deposited to the Special Fund for Economic Uncertainties. The Proposed State Budget also allocates $4.102 billion to the Public School System Stabilization Account and includes a balance of $14.350 billion in the Rainy Day Fund.

On May 14, 2026, Governor Newsom released the Fiscal Year 2026-27 May Budget Revision (May Budget Revision). The May Budget Revision projects a beginning fund balance from Fiscal Year 2025-26 of $56.190 billion, total revenues and transfers of $222.874 billion, total expenditures of $246.566 billion, and a year-end fund balance of $32.498 billion for Fiscal Year 2026-27. Of the projected year-end fund balance, $27.998 billion would be allocated to the Reserve for Liquidation of Encumbrances and $4.500 billion would be deposited to the Special Fund for Economic Uncertainties. The May Budget Revision also allocates $10.375 billion to the Public School System Stabilization Account and $15.075 billion to the Rainy Day Fund.

On June 29, 2026, Governor Newsom signed the primary budget bill for the final Fiscal Year 2026-27 State Budget, along with various budget-related trailer bills that encompass the Fiscal Year 2026-27 State Budget Act (2026-27 State Budget Act). The 2026-27 State Budget Act projects a beginning fund balance from Fiscal Year 2025-26 of $57.221 billion, total revenues and transfers of $226.754 billion, total expenditures of $251.477 billion, and a year-end fund balance of $32.498 billion for Fiscal Year 2026-27. Of the projected year-end fund balance, $27.998 billion would be allocated to the Reserve for Liquidation of Encumbrances and $4.500 billion would be deposited to the Special Fund for Economic Uncertainties. The 2026-27 State Budget Act includes a balance of $15.070 billion in the Rainy Day Fund.

The items in the 2026-27 State Budget Act of major interest to the County include the following:

Restrictions on Immigrant Eligibility for Full-Scope Medi-Cal – Shifts asylees and other impacted qualified immigrants to restricted-scope Medi-Cal, beginning in Fiscal Year 2027-28.

Work and Community Engagement Requirement Implementation – Includes $20.453 million in Fiscal Year 2026-27 in federal funds to support administrative and eligibility system costs associated with the implementation of federal work and community engagement requirements.

Public Health Information Technology (IT) Systems Funding – Maintains $113.3 million for continued operation of the State's public health IT systems.

Trauma Recovery Centers – Includes $12.5 million in one-time State funding in Fiscal Year 2026-27 for Trauma Recovery Centers.

ADAP Rebate Fund and Investments – Adopts a 4-year ADAP expenditure spending plan and authorizes the California Department of Public Health to spend up to $134.84 million in Fiscal Year 2026–27, $134.49 million in Fiscal Year 2027–28, $126.59 million in Fiscal Year 2028–29, and $130.09 million in Fiscal Year 2029–30 to implement related programs.

Transition Individuals with Unsatisfactory Immigration Status (UIS) to Medi-Cal Fee-For-Service – Transitions individuals with UIS from Medi-Cal Managed Care to Medi-Cal Fee-for-Service, effective January 1, 2027.

Medi-Cal Premium Increase – Requires the Governor's Fiscal Year 2027-28 May Budget Revision to determine the Medi-Cal premium for individuals with UIS, to be set between $30 to $50 per month, effective July 1, 2027.

County's Health Facilities Inspection Division (HFID) Contract Extension – Provides $24.186 million in ongoing funding from the Licensing and Certification Program Fund to extend and augment the Los Angeles County Department of Public Health's contract for updated indirect cost and employee benefit rates, personnel costs, and lease costs.

Behavioral Health Services Act (BHSA) Revenue and Stability – Adopts the BHSA Revenue and Stability initiative which requires

counties to reassess their prudent reserve starting in Fiscal Year 2029-30; meet new minimum spending levels set by the Department of Health Care Services; and face corrective actions or financial sanctions if they fall short.

Prospective Payment System (PPS) Reimbursement for State-only Medi-Cal – Delays implementation of planned reduction to clinic PPS reimbursement for State-funded Medi-Cal services from July 1, 2026, to July 1, 2027.

Homeless Housing, Assistance and Prevention (HHAP) Program Funding – Provides $900 million in one-time funding in Fiscal Year 2026-27 for Round 7 of the HHAP program.

Homeless Housing Assistance and Prevention Program Round 7 Accountability Measures – Increases program efficiencies and local accountability including, but not limited to, requirements for HHAP recipient cities and counties in which they are located to provide qualifying matching funds, as defined, equal to or greater than the 35 percent of the recipient's total program allocation for the first round 7 disbursement, plus an additional 35 percent for the second disbursement; and obtain and maintain pro-housing designation.

Cuts to the Pretrial Release Program – Did not restore the $20 million reduction to the Judicial Branch's Pretrial Release Program effective July 1, 2026.

Jails 2 Jobs Pilot Program – Includes $5 million in one-time funding (Labor and Workforce Development Fund) to support a Jails 2 Jobs pilot program in Los Angeles County.

Next Generation (NG) 9-1-1 Transition – Approves $141.9 million of one-time special funding to support a revised implementation of the Next Generation 9-1-1 system, with ongoing maintenance and support.

Victims of Crime Act (VOCA) Supplemental Funding – Allocates $50 million for VOCA funding.

In-Home Supportive Services (IHSS) Growth Cost Shift to Counties – Rejects the proposal in the Proposed State Budget to shift costs in the IHSS program to counties with use of a statewide average on assessed hours in its entirety, including the proposed savings.

Elimination of the IHSS Back-Up Provider System (BUPS) – Rejects the proposal in the Proposed State Budget to eliminate the IHSS BUPS in its entirety, including the proposed savings.

Auto-termination of IHSS When Medi-Cal is Discontinued – Rejects the proposal in the Proposed State Budget on Auto-Termination of IHSS Eligibility to Align with Medi-Cal Loss in its entirety, including the proposed savings.

The California Nutrition Incentive Program (CNIP) – Includes $15 million in State funding in Fiscal Year 2026-27 for the CNIP.

Adult Protective Services (APS) Expansion – Rejects the proposal in the May Budget Revision to eliminate the APS expansion and enhanced case management in its entirety, including the proposed savings of $70 million in ongoing State funding.

Intrastate Funding Formula (IFF) Revision – Extends the IFF Revision date from September 30, 2026, to September 30, 2027.

Bringing Families Home (BFH) Program – Provides $15 million in one-time State funding for the BHF Program.

Emergency Response (ER) Enhancement Services – Provides $20 million in one-time State funding for Child Protective Services Emergency Response.

Flexible Family Supports, Two Year Extension – Extends funding availability for Flexible Family Supports to June 30, 2028.

Child Care Infrastructure for Communities Impacted by the Fires – Provides $28 million in one-time federal funding, and $11 million in one-time Proposition 64 funding in the existing childcare infrastructure grant program, for child care providers impacted by wildfires.

Exide Facility Cleanup – Includes $70 million ($20 million Lead-Acid Battery Cleanup Fund (LABCF) and $50 million to be loaned from State funding to the Toxic Substances Control Account (TSCA)) in Fiscal Year 2026-27 and $70 million ($20 million LABCF and $50 million to be loaned from State funding to the TSCA) in Fiscal Year 2027-28 to clean up an additional estimated 1,000 residential properties surrounding the former Exide Technologies facility in Vernon, California, with a representative lead concentration level above 80 parts per million.

Immigrant Legal Services – Provides total funding of $175 million for immigrant legal aid programs, including $100 million in one-time State funding, which is an increase $80 million from the May Budget Revision.

Funding for Distressed Hospitals – Provides $90 million of funding for grants to hospitals in significant financial distress, with authority for the State to augment this funding by up to $50 million, if needed.

CalFresh Fruit and Vegetable Pilot Project – Provides $20 million in one-time State funding for the CalFresh Fruit and Vegetable Pilot Project and extends sunset date from January 1, 2027, to June 30, 2028.

CalFood – Provides $100 million in one-time State funding for CalFood in Fiscal Year 2026-27.

CalWORKs Maximum Aid Payment (MAP) – Approves the proposal in the May Budget Revision for a 1.8 percent CalWORKs MAP increase, effective October 1, 2026.

CalWORKs Housing Support Program (HSP) – Provides $10 million in one-time State funding for the CalWORKs HSP to reappropriate previously appropriated funds for use starting in Fiscal Year 2026-27.

Home Safe Program – Provides $50 million in one-time State funding for the Home Safe Program, to be expended by June 30, 2028.

Housing and Disability Advocacy Program (HDAP) – Provides $25 million in one-time State funding for the HDAP, to be expended by June 30, 2028.

Disaster Rebuilding Fund – Provides $100 million ($56 million in State funding and $44 million in National Mortgage Settlement Funds) for the creation of a Disaster Rebuilding Fund to expand

access to construction and renovation financing for disaster-impacted homeowners.

Local Assistance for Elections – Provides $34 million in one-time State funding for counties for support and outreach for the November 3, 2026, General Election.

Automated Games Route Network Enforcement – Authorizes the Department of Transportation to establish a program of automated enforcement of the Games Route Network during the 2028 Olympic and Paralympic Games period until January 1, 2029.

Zero-Emission Electric Vehicle Incentive Program – Provides $135.5 million in State funding ($20.5 million from the Air Pollution Control Fund and $115 million from the Greenhouse Gas Reduction Fund) for the State Air Resources Board to establish a new zero-emission electric vehicle incentive program for first-time zero-emission vehicle buyers.

County Veterans Service Officers – Provides $6 million in one-time State funding for State support for County Veterans Service Officers to be expended over three years.

RECENT COUNTY BUDGETS

General County Budgets have continued to reflect a conservative approach, maintaining a stable budgetary outlook amid significant and ongoing fiscal pressures. The County is facing slowing revenue growth, rising operational costs, and substantial reductions or uncertainty in federal and State funding for critical safety net services. At the same time, the County must plan for significant long-term financial obligations, including a $4.8 billion settlement under AB 218.

To maintain fiscal stability, the County has implemented a range of structural and operational measures, including departmental budget curtailments, expenditure reductions, hiring freeze, and the strategic use of reserves where necessary to maintain core services.

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" property 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.

For the Fiscal Year 2025-26 tax roll, the Assessor estimated that approximately 6.9% of all single-family residential parcels, 7.5% of all residential income parcels, and 10.4% of commercial-industrial parcels are 1975 base-year parcels, which indicates a significant amount of stored value that can be realized on future tax rolls when the parcels are sold and re-assessed at higher values.

Since 2008, the County has experienced sixteen 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%, 4.85%, 3.91% and 4.42% in Fiscal Years 2011-12 through 2026-27, respectively.

On July 13, 2026, the Assessor released the Fiscal Year 2026-27 Assessment Roll. For Fiscal Year 2026-27, the Assessor is reporting a Net Local Roll of $2.272 trillion, which represents an increase of 4.42% or $96.0 billion from Fiscal Year 2025-26. The Fiscal Year 2026-27 Net Local Roll represents the largest revenue-producing valuation in the history of the County, and the sixteenth consecutive year of assessed valuation growth. The largest factors contributing to the increase in assessed valuation are transfers in ownership ($49.1 billion), an increase in the consumer price index ($42.7 billion) and new construction ($12.126 billion), which were partially offset by Decline-in-Value Adjustments ($9.8 billion), which are primarily related to the 2025 wildfires and declining property values in the downtown office market. The growth in the Fiscal Year 2026-27 Assessment Roll represents an increase from the 3.90% growth rate projected by the Assessor in the May 2026 Assessment Roll Forecast, which will provide the County with higher property tax revenue compared to projections in the Fiscal Year 2026-27 Adopted Budget.

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 placed the overall economic impact to the County at more than $250.0 billion. The County expected 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.

The County will also incur significant costs to facilitate the clean-up and rebuilding efforts to help the impacted areas recover as quickly as possible, with impact beyond Fiscal Year 2026-27. The County is responsible for 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.

In January 2025, Governor Newsom extended the deadline for property owners in fire-impacted areas to pay their secured property taxes without penalties and interest through April 2026. As of April 2026, approximately 12% of all property tax delinquencies for Fiscal Year 2025-26 were attributable to fire-impacted properties.

In April 2025, Governor Newsom signed Assembly Bill 100, which provided funds to the County to temporarily offset property tax losses from the Eaton and Palisades wildfires for fiscal years 2024-25 and 2025-26. To date, the County has received approximately $88 million, of which approximately $42 million is attributable to the General Fund.

On October 14, 2025, the Board of Supervisors adopted a resolution approving the County's participation in the Altadena Wildfire Recovery Infrastructure Financing District (Financing District). The purpose of the Financing District is to fund public infrastructure projects and other projects, including the potential

use of future bond financing to facilitate the rebuilding of the Altadena unincorporated area in response to the Eaton fire.

FISCAL YEAR 2025-26 FINAL ADOPTED BUDGET

The Fiscal Year 2025-26 Final Adopted Budget (2025-26 Final Adopted Budget) was approved by the Board of Supervisors on September 30, 2025. The 2025-26 Final Adopted Budget appropriated $52.477 billion, which reflects a $3.304 billion or 6.7% increase in total funding requirements from the 2024-25 Final Adopted Budget. The General County Budget (General Fund and Hospital Enterprise Fund) appropriated $40.097 billion in Fiscal Year 2025-26, which represents a $2.102 billion or 5.5% increase from the 2024-25 Final Adopted Budget. The 2025-26 Final Adopted Budget appropriated $12.380 billion for Special Funds/Districts, reflecting a $1.202 billion or 10.8% increase from the Fiscal Year 2024-25 Final Adopted Budget.

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

Public Assistance Changes	$40,085,000
Unavoidable Cost Increases	
Employee Salaries	(265,000)
Non-negotiated Salaries Set Aside	162,393,000
Program Changes	
Curtailments	162,393,000
All Other Program Changes	171,000
Fiscal Policies	
Appropriations for Contingencies	8,191,000
Deferred Maintenance	0
Total Net County Cost Increases	**48,182,000**
Revenue Changes	
Property Taxes	43,904,000
Property Taxes - CRA Dissolution Residual	4,278,000
Total Locally Generated Revenue	**48,182,000**
Total NCC Budget Gap	**$0**

Public Assistance Change

The increase in funding for Public Assistance in the 2025-26 Final Adopted Budget is due to funding increases for the IHSS program.

Unavoidable Cost Increases

The unavoidable cost increases are the result of approved salary and employee benefit changes, and expected salary and benefit increases that are subject to negotiations with the County's collective bargaining units.

Program Changes

The 2025-26 Final Adopted Budget included $162.4 million in program curtailments to fund expected salary and benefit increases, as well as $171,000 of adjustments to various County programs.

Fiscal Policies

The balance of the County's Rainy-Day Fund as of the 2025-26 Final Adopted Budget was $738.2 million, which represented approximately 8.1% of ongoing discretionary revenues. The 2025-26 Final Adopted Budget included $51.2 million in Appropriations for Contingencies, which reflected 17% of new ongoing discretionary revenues in Fiscal Year 2025-26.

Revenue Changes

The 2025-26 Final Adopted Budget included a $43.9 million increase in property tax revenues based on a projected growth rate of 3.91% in assessed valuation. The 2025-26 Final Adopted Budget also included a $4.3 million increase in the property tax residual from the dissolution of redevelopment agencies.

FISCAL YEAR 2026-27 ADOPTED BUDGET

The Fiscal Year 2026-27 Adopted Budget (2026-27 Adopted Budget) was approved by the Board of Supervisors on June 22, 2026. The 2026-27 Adopted Budget appropriates $50.330 billion, which reflects a $2.147 billion or 4.1% decrease in total funding requirements from the 2025-26 Final Adopted Budget. The General County Budget (General Fund and Hospital Enterprise Fund) appropriates $38.554 billion in Fiscal Year 2026-27, which represents a $1.543 billion or 3.8% decrease from the 2025-26 Final Adopted Budget. The 2026-27 Adopted Budget appropriates $11.776 billion for Special Funds/Districts, reflecting a $604 million or 4.9% decrease from the Fiscal Year 2025-26 Final Adopted Budget.

The primary changes to the ongoing NCC component of the 2026-27 Adopted Budget are outlined in the following table.

Public Assistance Changes	$51,209,000
Unavoidable Cost Increases	
Employee Salaries	79,588,000
Health Insurance Subsidy	42,481,000
Pension Costs	(14,958,000)
Retiree Healthcare Benefits	64,379,000
Maintenance-of-Effort Requirements	7,183,000
Program Changes	
Care First and Community Investment	26,668,000
Debt Service	(3,261,000)
All Other Program Changes	78,174,000
Fiscal Policies	
Appropriations for Contingencies	2,604,000
Total Net County Cost Increases	**334,067,000**
Revenue Changes	
Property Taxes	293,899,000
Property Taxes - CRA Dissolution Residual	20,914,000
Public Safety Sales Tax	18,344,000
Various Other Revenue	910,000
Total Locally Generated Revenue	**334,067,000**
Total NCC Budget Gap	**$0**

Public Assistance Change

The increase in funding for Public Assistance in the 2026-27 Adopted Budget is primarily due to funding increases for In-Home Supportive Services, Kinship Guardianship Assistance Payment, Foster Care, and Adoptions assistance programs.

Unavoidable Cost Increases

Salaries and Employee Benefits – The unavoidable cost increases are the result of approved salary and employee benefit changes, and expected salary and benefit increases that are subject to negotiations with the County's collective bargaining units.

Retiree Healthcare Benefits – The 2026-27 Adopted Budget includes $64.4 million in NCC, consisting of $25.0 million in pre-funding contributions to the OPEB Trust Fund and $39.4 million in pay-as-you-go premiums.

Program Changes

The 2026-27 Adopted Budget includes $78.2 million of adjustments to various County programs, including increases for public safety and social services, and decreases to debt service.

Fiscal Policies

The balance of the County's Rainy-Day Fund as of the 2026-27 Adopted Budget is $738.2 million, which represents approximately 7.9% of ongoing discretionary revenues. The 2026-27 Adopted Budget includes $54.0 million in Appropriations for Contingencies, which reflects 17% of new ongoing discretionary revenues in Fiscal Year 2026-27.

Revenue Changes

The 2026-27 Adopted Budget includes a $293.9 million increase in property tax revenues based on the preliminary projected growth rate of 3.9% in the May 2026 Assessment Roll Forecast. The 2026-27 Adopted Budget also includes a $20.9 million increase in the property tax residual from the dissolution of redevelopment agencies. The 2026-27 Adopted Budget includes projected increases in Proposition 172 Public Safety sales tax and local sales and use tax revenues.

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-five 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 1,400 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 (Waiver) submitted by the California Department of Health Care Services (DHCS) effective through December 31, 2026. The Waiver includes full funding for the Global Payment Program (GPP), which includes both Disproportionate Share Hospital (DSH) and Safety Net Care Pool funding. Since the Waiver expires on December 31, 2026, DHCS has submitted a Waiver renewal request to CMS. If CMS does not approve the Waiver renewal or the GPP component of the 1115 Waiver, GPP will expire and the funding will transition back to DSH funding effective January 1, 2027. The use of DSH funding is limited to Medi-Cal and uninsured funding shortfalls for hospital-based services only. In DHCS' discussions with CMS, CMS indicated an extension on the Waiver is being considered. DHCS expects an official answer sometime in the third quarter of 2026.

The California Advancing and Innovating Medi-Cal (CalAIM) initiative, which became effective on January 1, 2022, expires on December 31, 2026. Under CalAIM, expanded services to some of DHS' most vulnerable populations, such as persons experiencing homelessness, are reimbursable under the Enhanced Care Management and Community Supports

programs. If CalAIM is not reauthorized, reimbursement for certain Community Supports services would end.

In the past, the majority of CalAIM funding claimed by DHS was for housing-related services provided under DHS Community Programs, which was previously comprised of Housing for Health (HFH) and the Office of Diversion and Reentry (ODR). Effective January 1, 2026, HFH was transferred to the County's newly created Department of Homeless Services and Housing, while ODR remains in DHS. Since the HFH programs accounted for the vast majority of claims under CalAIM, the potential impact to DHS of CalAIM not being renewed is expected to be minimal.

Federal Medicaid Funding Changes

The changes to the Medicaid Program in H.R.1, federal regulations and California's Medi-Cal program are causing reductions in federal funding and creating a significant financial and operational impact on DHS and the patients served by the County. A timeline of significant events and potential future events is described below.

July 2025

Temporary federal waivers of COVID-era Medicaid flexibilities, including eligibility requirements, renewal processes, and verification policies expired. These changes resulted in decreases in the overall numbers of DHS Medi-Cal assigned lives. The projected annual fiscal impact is a decrease of $65 million per 10% reduction in assigned lives. The downward trend is expected to continue going forward.

January 2026

Due to budgetary uncertainties given the federal funding changes, California froze new enrollments in the state-only Medi-Cal expansion program for certain adults with Unsatisfactory Immigration Status (UIS). Since the freeze was initiated in January 2026, DHS has experienced an average decrease of 3% in the number of assigned lives per month in the first quarter of 2026. The downward trend is expected to continue going forward.

October 2026

Federal Medical Assistance Percentage (FMAP) for limited scope Medicaid Coverage Expansion (MCE) patients with UIS will be reduced from 90% to 50% for emergency services. This reduction in FMAP shifts costs from the federal government to states and local governments. DHS is estimating a revenue decrease of $40 million for FY 2026-27 and $55 million annually going forward.

January 2027

Several additional requirements are scheduled to be implemented which are also expected to further reduce the number of assigned lives and negatively impact DHS revenues. These changes include: 1) work requirements for the MCE population; 2) increased frequency of Medicaid eligibility determinations; 3) state-directed payments, such as Enhanced Payment Program (EPP) and Quality Incentive Program (QIP), can no longer be paid retroactively; and 4) eliminating federal payments for emergency services for UIS patients enrolled in managed care.

July 2027

As required in the Governor's Fiscal Year 2025-26 budget, state-only full scope UIS Medi-Cal enrollees ages 19–59 who are not pregnant must pay a $30 monthly premium to keep their Medi-Cal coverage. It is expected that an undetermined number of current Medi-Cal patients will not continue their coverage and will become uninsured.

October 2027

The last DSH cut is scheduled for FFY 2028 unless Congress takes further action. Since Congress has repeatedly eliminated the cuts over the past 10 years, DHS assumes that there will be no cuts.

January 2028

Existing state-directed payments will be reduced by 10% annually until payments reach 100% of Medicare rates. DHS' state-directed payments include EPP and QIP. Based on preliminary estimates, DHS will lose approximately $130 million of Medicaid funding in Fiscal Year 2027-28, and $275 million in Fiscal Year 2028-29.

Cost Reduction Measures to Mitigate Federal Funding Losses

DHS intensified several cost reduction and revenue enhancement efforts to mitigate expected federal funding losses. These efforts are ongoing and also address the ongoing challenges of steady escalation of costs driven by rising labor expenses, medical inflation affecting pharmaceuticals and supplies, and the need for capital projects and facility investments. To address these cost pressures, DHS has implemented targeted cost efficiency measures to lessen the impact and reduce the reliance on fund balance. For example, during Fiscal Year 2025-26, DHS implemented an ongoing hiring freeze and established closely monitored expenditure targets for each hospital and other discrete DHS units.

DHS has also reduced the use of nurse registries by approximately 54% and nursing overtime expenses by 32%. Information Technology expenses have been reduced by approximately $10 million through elimination of obsolete IT services; vendor renegotiations; optimization of service levels; securing discounted pricing during contract renewals; and other innovative solutions, e.g., upgrading instead of purchasing new equipment.

Utilization Management continues to enhance its efforts at improving care coordination. In Fiscal Year 2025-26, these efforts produced approximately $5 million in savings through patient repatriations to the DHS system and the redirection of outside specialty care back to the DHS network. There are also ongoing efforts to decrease pharmacy and laboratory costs.

Revenue Enhancement and Efficiency Measures to Mitigate Federal Funding Losses

In July 2025, the Board of Supervisors approved an increase in Measure B funds, which will provide approximately $56.6 million in additional annual funding to DHS. DHS is also pursuing various options to secure drugs for a larger share of DHS patients at 340b reduced pricing. In addition, DHS is developing a proposal to

seek FQHC status for its outpatient clinics. However, approval of FQHC status will require federal exceptions/waivers due to the requirement that FQHCs be governed by a board with at least 51% patients/community members.

The Board of Supervisors adopted a Measure B parcel tax rate increase effective July 1, 2025, which is expected to raise an additional $87 million per year for the County's trauma care network and other eligible County services.

In June 2026, voters approved a ballot measure entitled "Essential Services Restoration Act", which authorized an additional one-half of one percent (0.5%) general sales tax, with the revenue to be used to help sustain access to healthcare services across the County and mitigate the reduction in federal funding. The measure enacts the general sales tax for a five-year period beginning October 1, 2026 through October 1, 2031 and is projected to generate approximately $1 billion in annual revenue. According to the Board of Supervisors' adopted spending plan, DHS expects an annual allocation of 22%, or approximately $175.0 million in Fiscal Year 2026-27, $230.0 million in Fiscal Years 2027-28, 2028-29, 2029-30, and 2030-31 and $55 million in Fiscal Year 2031-32.

The 2026-27 State Budget Act includes a one-time $250 million allocation in General Fund support for California's public health care systems. DHS estimates the value of its share of the allocation to be approximately $50 million.

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 implementation of concurrent reviews to provide more accurate and timely clinical documentation while patients are still in the hospital. Workflows with Utilization Management have been restructured to improve quality control within the revenue cycle. This new process has reduced denials due to no authorization and reduced bills for payment submissions from 45 days to 10 days.

DHS is 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. AB 85 provides that the redirected amount shall be applied until the later of June 30, 2023 or after a period of two consecutive fiscal years where the final redirected amounts are within five percent of each other. The final redirection amount for each of Fiscal Years 2021-22 and 2022-23 is $0. Based on these two years' final determinations, DHCS determined that the County met the AB 85 sunset provisions, and on February 18, 2026, notified DHS that current and future AB 85 submissions are no longer applicable.

General Fund Contributions

The Fiscal Year 2026-27 NCC contribution to DHS is $1.279 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 2026-27 Adopted Budget
($ in millions)

		Amount
County General Fund - AB 85 MOE	$	371.3
County General Fund - Correctional Health		508.8
County General Fund - Specific Programs		80.7
Vehicle License Fees Realignment		297.7
Tobacco Settlement Revenue		55.0
Transfers to Other Budget Units (A)		(34.1)
Total	$	1,279.4

(A) 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, 2026, the balance of General Fund cash advances to the Hospital Funds is $0.

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 2025, long term receivables for the affected DHS Medi-Cal managed care programs were $991.6 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 $503.5 million for Fiscal Year 2026-27. 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 $501.2 million for Fiscal Year 2026-27.

DHS Reserve Funds

In Fiscal Year 2024-25, DHS closed with a Fund Balance of $2.711 billion. Of this amount, approximately $1.236 billion with respect to the CBRC, Specialty Mental Health, EPP, QIP, and managed care rate supplement payments for Fiscal Years 2021-22 through 2024-25 was established as a long-term receivable and reserved in a separate account until the payments are collected. The remaining estimated Fund Balance of $1.475 billion is available to fund DHS operations and balance its budget in the future, as needed.

DHS anticipates shortfalls in Fiscal Year 2025-26 and subsequent fiscal years and that it will be necessary to use fund balance to address operating deficits. Historically, understanding that health care revenues can change significantly from year to year for various reasons, one of the mainstays of DHS' financial planning agenda has been to limit the use of fund balance as much as possible. DHS' efforts to preserve fund balance have been to ensure that sufficient reserves would be available during periods of fiscal stress. Although the full scope of revenue reductions, changes in regulations, and further federal actions related to Medicaid are unclear at this time, multiple regulatory changes are expected by the end of Calendar Year 2026, which will provide DHS with a better understanding of the fiscal and regulatory impact related to federal funding changes. DHS' limited use of fund balance over the last few years is providing a vital source of bridge funding to help mitigate the potential impact of federal funding reductions and regulatory changes.

Harbor-UCLA Medical Center Replacement Project

On November 10, 2020, the Board of Supervisors approved the Harbor-UCLA Medical Center Replacement Project (Harbor-UCLA Replacement Project). The Harbor-UCLA Replacement Project 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. A combination of fund balance and lease revenue bonds were used to fund the new hospital facility, which is expected to be completed by the end of 2027. The total project costs for the Harbor-UCLA Replacement Project are estimated to be $1.806 billion. The total project costs are partially funded through the issuance of $459.2 million and $824.5 of lease revenue bonds in September 2024 and September 2025, respectively.

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. Since Fiscal Year 2023-24, the County also authorized $29.0 million in existing one-time Measure B funding for MLKCH that is being 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 (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 (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 (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 2025-26, the County was allocated $78.023 million in total TSRs from the participating manufacturers under the MSA. Of this amount, $57.815 million was received directly by the County. The remaining balance of $20.208 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 2026-27 Adopted Budget is supported by $8.566 billion in property tax revenue, $5.919 billion in federal funding, $10.298 billion in State funding, $0.740 billion in cancelled obligated fund balance, $3.544 billion in Fund Balance and $9.487 billion from other funding sources.

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

Fund	Final 2021-22	Final 2022-23	Final 2023-24	Final 2024-25	Final 2025-26	Recommended 2026-27	Adopted 2026-27
General Fund	$ 25,413,850	$ 28,583,600	$ 30,966,118	$ 32,760,777	$ 34,256,400	$ 32,535,118	$ 32,819,071
Hospital Enterprise Fund	4,468,193	4,749,724	4,967,704	5,234,072	5,840,213	5,783,882	5,734,593
Total General County Budget	**$ 29,882,043**	**$ 33,333,324**	**$ 35,933,822**	**$ 37,994,849**	**$ 40,096,613**	**$ 38,319,000**	**$ 38,553,664**

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

	Final 2021-22	Final 2022-23	Final 2023-24	Final 2024-25	Final 2025-26	Recommended 2026-27	Adopted 2026-27
Requirements							
Social Services	$ 8,186,912	$ 9,295,250	$ 9,884,885	$ 10,299,010	$ 10,523,187	$ 10,294,900	$ 10,341,003
Health	10,893,123	11,731,196	12,928,360	13,690,722	14,475,779	14,068,141	14,148,261
Justice	6,450,531	7,138,202	7,523,508	7,888,781	7,838,937	7,776,223	7,754,806
Other	4,351,477	5,168,676	5,597,069	6,116,336	7,258,710	6,179,736	6,309,594
Total	**$ 29,882,043**	**$ 33,333,324**	**$ 35,933,822**	**$ 37,994,849**	**$ 40,096,613**	**$ 38,319,000**	**$ 38,553,664**
Revenue Sources							
Property Taxes	$ 6,586,439	$ 7,163,808	$ 7,607,483	$ 7,952,325	$ 8,253,515	$ 8,566,444	$ 8,566,444
State Assistance	7,669,963	8,811,781	9,565,638	10,181,494	10,401,792	10,177,869	10,298,180
Federal Assistance	5,148,436	5,489,983	6,001,402	5,798,099	5,790,794	5,888,211	5,919,253
Other	10,477,205	11,867,752	12,759,299	14,062,931	15,650,512	13,686,476	13,769,787
Total	**$ 29,882,043**	**$ 33,333,324**	**$ 35,933,822**	**$ 37,994,849**	**$ 40,096,613**	**$ 38,319,000**	**$ 38,553,664**

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

	Final 2021-22	Final 2022-23	Final 2023-24	Final 2024-25	Final 2025-26	Recommended 2026-27	Adopted 2026-27
Financing Requirements							
Salaries & Employee Benefits	$ 15,027,355	$ 16,044,329	$ 16,984,661	$ 18,039,624	$ 18,273,628	$ 18,491,046	$ 18,420,908
Services & Supplies	10,840,813	12,410,538	13,659,081	14,273,348	15,589,156	14,514,201	14,838,300
Other Charges	5,794,476	6,543,900	7,146,058	7,723,172	8,969,884	7,770,337	7,807,357
Capital Assets	1,346,599	1,486,108	1,847,405	2,192,581	2,029,921	1,914,802	1,951,332
Other Financing Uses	877,986	942,102	1,084,815	1,085,319	563,286	1,159,666	1,120,483
Appropriations for Contingencies	25,119	77,191	77,376	62,732	51,360	53,964	53,964
Interbudget Transfers[1]	(2,363,930)	(2,413,443)	(3,059,977)	(3,432,077)	(3,260,697)	(3,615,955)	(3,598,068)
Gross Appropriation	$ 31,548,418	$ 35,090,725	$ 37,739,419	$ 39,944,699	$ 42,216,538	$ 40,288,061	$ 40,594,276
Less: Intrafund Transfers	1,894,352	1,985,472	1,972,104	2,093,217	2,208,304	1,973,763	2,045,314
							$ (3,598,068)
Net Appropriation	$ 29,654,066	$ 33,105,253	$ 35,767,315	$ 37,851,482	$ 40,008,234	$ 38,314,298	$ 38,548,962
Provision for Obligated Fund Balance							
General Reserve	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Other	-	-	-	-	-	-	-
Assigned for Rainy Day Funds	13,929	96,490	116,135	93,545	60,996	-	-
Committed Fund Balance	214,048	131,581	50,372	49,822	27,383	4,702	4,702
Total Financing Requirements	**$ 29,882,043**	**$ 33,333,324**	**$ 35,933,822**	**$ 37,994,849**	**$ 40,096,613**	**$ 38,319,000**	**$ 38,553,664**
Available Financing							
Fund Balance	$ 2,437,598	$ 3,177,971	$ 3,764,489	$ 4,216,065	$ 4,026,892	$ 3,516,375	$ 3,543,973
Cancel Provision for Obligated Fund Balance	359,685	222,647	395,690	587,613	1,098,684	759,567	739,769
Property Taxes: Regular Roll	6,531,284	7,104,477	7,547,149	7,887,540	8,192,748	8,505,281	8,505,281
Supplemental Roll	55,155	59,331	60,334	64,785	60,767	61,163	61,163
Revenue	20,498,321	22,768,898	24,166,160	25,238,846	26,717,522	25,476,614	25,703,478
Total Available Financing	**$ 29,882,043**	**$ 33,333,324**	**$ 35,933,822**	**$ 37,994,849**	**$ 40,096,613**	**$ 38,319,000**	**$ 38,553,664**

[1] This amount includes certain non-program expenditures and revenues that are included in the budget for accounting purposes. Failure to exclude such amounts, totaling $3.6 billion in 2026-27, from the above table would give the impression that there are more resources than are actually available and artificially inflate General County appropriations to $42.2 billion.

Source: Chief Executive Office

COUNTY OF LOS ANGELES
GENERAL COUNTY BUDGET
COMPARISON OF 2026-27 RECOMMENDED TO 2026-27 ADOPTED BUDGET
Net Appropriation: By Function
(In thousands)

Function	2026-27 Recommended [1]	2026-27 Adopted [2]	Difference	Percentage Difference
REQUIREMENTS				
General				
General Government	$ 1,541,208.0	$ 1,642,688.0	$ 101,480.0	6.58%
General Services	2,665,645.0	2,615,527.0	(50,118.0)	-1.88%
Public Buildings	1,814,610.0	1,836,457.0	21,847.0	1.20%
Total General	$ 6,021,463.0	$ 6,094,672.0	$ 73,209.0	1.22%
Public Protection				
Justice	$ 6,623,900.0	$ 6,613,370.0	$ (10,530.0)	-0.16%
Other Public Protection	354,261.0	384,100.0	29,839.0	8.42%
Total Public Protection	$ 6,978,161.0	$ 6,997,470.0	$ 19,309.0	0.28%
Health and Sanitation	13,790,105.0	13,859,728.0	69,623.0	0.50%
Public Assistance	10,127,529.0	10,177,861.0	50,332.0	0.50%
Recreation and Cultural Services	483,165.0	504,682.0	21,517.0	4.45%
Education	43,548.0	43,548.0	-	0.00%
Other	736,503.0	737,177.0	674.0	0.09%
Insurance and Loss Reserve	79,860.0	79,860.0	-	0.00%
Provision for Obligated Fund Balance	4,702.0	4,702.0	-	0.00%
Appropriations for Contingencies	53,964.0	53,964.0	-	0.00%
Total Requirements	**$ 38,319,000.0**	**$ 38,553,664.0**	**$ 234,664.0**	**0.61%**
AVAILABLE FUNDS				
Property Taxes	$ 8,566,444.0	$ 8,566,444.0	$ -	0.00%
Fund Balance	3,516,375.0	3,543,973.0	27,598.0	0.78%
Cancelled Prior-Year Reserves	759,567.0	739,769.0	(19,798.0)	-2.61%
Intergovernmental Revenues				
State Revenues				
In-Lieu Taxes	$ 465,867.0	$ 465,867.0	$ -	0.00%
Homeowners' Exemption	17,000.0	17,000.0	-	0.00%
Public Assistance Subventions	1,935,852.0	1,940,505.0	4,653.0	0.24%
Other Public Assistance	2,956,459.0	2,958,208.0	1,749.0	0.06%
Public Protection	1,819,469.0	1,817,151.0	(2,318.0)	-0.13%
Health and Mental Health	2,467,993.0	2,565,542.0	97,549.0	3.95%
Capital Projects	350,912.0	365,094.0	14,182.0	4.04%
Other State Revenues	164,317.0	168,813.0	4,496.0	2.74%
Total State Revenues	$ 10,177,869.0	$ 10,298,180.0	$ 120,311.0	1.18%
Federal Revenues				
Public Assistance Subventions	$ 3,308,545.0	$ 3,314,226.0	$ 5,681.0	0.17%
Other Public Assistance	198,875.0	200,068.0	1,193.0	0.60%
Public Protection	81,504.0	81,504.0	-	0.00%
Health and Mental Health	2,197,732.0	2,216,224.0	18,492.0	0.84%
Capital Projects	3,426.0	3,426.0	-	0.00%
Other Federal Revenues	98,129.0	103,805.0	5,676.0	5.78%
Total Federal Revenues	$ 5,888,211.0	$ 5,919,253.0	$ 31,042.0	0.53%
Other Governmental Agencies	37,301.0	50,282.0	12,981.0	34.80%
Total Intergovenmental Revenues	$ 16,103,381.0	$ 16,267,715.0	$ 164,334.0	1.02%
Fines, Forfeitures and Penalties	147,946.0	147,909.0	(37.0)	-0.03%
Licenses, Permits and Franchises	90,505.0	90,557.0	52.0	0.06%
Charges for Services	6,838,546.0	6,944,374.0	105,828.0	1.55%
Other Taxes	230,696.0	230,696.0	-	0.00%
Use of Money and Property	482,496.0	482,496.0	-	0.00%
Miscellaneous Revenues	1,264,141.0	1,211,376.0	(52,765.0)	-4.17%
Operating Contribution from General Fund	318,903.0	328,355.0	9,452.0	2.96%
Total Available Funds	**$ 38,319,000.0**	**$ 38,553,664.0**	**$ 234,664.0**	**0.61%**

(1) Reflects the 2026-27 Recommended General County Budget approved by the Board of Supervisors on April 14, 2026
(2) Reflects the 2026-27 Adopted General County Budget approved by the Board of Supervisors on June 22, 2026

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

Function	General Fund	Hospital Enterprise Fund	Total General County
REQUIREMENTS			
General			
General Government	$ 2,516,469.0	$ -	$ 2,516,469.0
General Services	2,351,714.0	-	2,351,714.0
Public Buildings	1,881,180.0	-	1,881,180.0
Total General	$ 6,749,363.0	$ -	$ 6,749,363.0
Public Protection			
Justice	$ 6,740,429.0	$ -	$ 6,740,429.0
Other Public Protection	418,998.0	-	418,998.0
Total Public Protection	$ 7,159,427.0	$ -	$ 7,159,427.0
Health and Sanitation	$ 8,378,540.0	$ 5,840,213.0	$ 14,218,753.0
Public Assistance	10,377,027.0	-	10,377,027.0
Recreation and Cultural Services	504,875.0	-	504,875.0
Education	48,617.0	-	48,617.0
Other	729,627.0	-	729,627.0
Insurance and Loss Reserve	169,185.0	-	169,185.0
Provision for Obligated Fund Balance	88,379.0	-	88,379.0
Appropriation for Contingency	51,360.0	-	51,360.0
Total Requirements	**$ 34,256,400.0**	**$ 5,840,213.0**	**$ 40,096,613.0**
AVAILABLE FUNDS			
Property Taxes	$ 8,253,515.0	$ -	$ 8,253,515.0
Fund Balance	4,026,892.0	-	4,026,892.0
Cancel Provision for Obligated Fund Balance	1,098,684.0	-	1,098,684.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	$ 465,867.0	$ -	$ 465,867.0
Homeowners' Exemption	19,000.0	-	19,000.0
Public Assistance Subventions	1,987,715.0	-	1,987,715.0
Other Public Assistance	3,059,714.0	-	3,059,714.0
Public Protection	1,913,779.0	-	1,913,779.0
Health and Mental Health	2,396,978.0	92,098.0	2,489,076.0
Capital Projects	256,450.0	-	256,450.0
Other State Revenues	210,191.0	-	210,191.0
Total State Revenues	10,309,694.0	92,098.0	10,401,792.0
Federal Revenues			
Public Assistance Subventions	$ 3,305,223.0	$ -	$ 3,305,223.0
Other Public Assistance	208,788.0	-	208,788.0
Public Protection	83,701.0	-	83,701.0
Health and Mental Health	2,054,624.0	1,091.0	2,055,715.0
Capital Projects	11,430.0	-	11,430.0
Other Federal Revenues	125,937.0	-	125,937.0
Total Federal Revenues	$ 5,789,703.0	$ 1,091.0	$ 5,790,794.0
Other Governmental Agencies	65,839.0	-	65,839.0
Total Intergovenmental Revenues	$ 16,165,236.0	$ 93,189.0	$ 16,258,425.0
Fines, Forfeitures and Penalties	147,482.0	17.0	147,499.0
Licenses, Permits and Franchises	88,169.0	126.0	88,295.0
Charges for Services	3,570,863.0	4,986,161.0	8,557,024.0
Other Taxes	229,786.0	-	229,786.0
Use of Money and Property	458,435.0	21,861.0	480,296.0
Miscellaneous Revenues	217,338.0	299,028.0	516,366.0
Operating Contribution from General Fund	-	439,831.0	439,831.0
Total Available Funds	**$ 34,256,400.0**	**$ 5,840,213.0**	**$ 40,096,613.0**

(1) Reflects the 2025-26 Final Adopted General County Budget approved by the Board of Supervisors on September 30, 2025

COUNTY OF LOS ANGELES
RECOMMENDED BUDGET 2026-27 GENERAL COUNTY BUDGET (1)
Net Appropriation: By Fund and Function
(In thousands)

Function	General Fund	Hospital Enterprise Fund	Total General County
REQUIREMENTS			
General			
General Government	$ 1,541,208.0	$ -	$ 1,541,208.0
General Services	2,665,645.0	-	2,665,645.0
Public Buildings	1,814,610.0	-	1,814,610.0
Total General	$ 6,021,463.0	$ -	$ 6,021,463.0
Public Protection			
Justice	$ 6,623,900.0	$ -	$ 6,623,900.0
Other Public Protection	354,261.0	-	354,261.0
Total Public Protection	$ 6,978,161.0	$ -	$ 6,978,161.0
Health and Sanitation	$ 8,006,223.0	$ 5,783,882.0	$ 13,790,105.0
Public Assistance	10,127,529.0	-	10,127,529.0
Recreation and Cultural Services	483,165.0	-	483,165.0
Education	43,548.0	-	43,548.0
Other	736,503.0	-	736,503.0
Insurance and Loss Reserve	79,860.0	-	79,860.0
Provision for Obligated Fund Balance	4,702.0	-	4,702.0
Appropriation for Contingency	53,964.0	-	53,964.0
Total Requirements	**$ 32,535,118.0**	**$ 5,783,882.0**	**$ 38,319,000.0**
AVAILABLE FUNDS			
Property Taxes	$ 8,566,444.0	$ -	$ 8,566,444.0
Fund Balance	3,516,375.0	-	3,516,375.0
Cancel Provision for Obligated Fund Balance	15,947.0	743,620.0	759,567.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	$ 465,867.0	$ -	$ 465,867.0
Homeowners' Exemption	17,000.0	-	17,000.0
Public Assistance Subventions	1,935,852.0	-	1,935,852.0
Other Public Assistance	2,956,459.0	-	2,956,459.0
Public Protection	1,819,469.0	-	1,819,469.0
Health and Mental Health	2,378,688.0	89,305.0	2,467,993.0
Capital Projects	350,912.0	-	350,912.0
Other State Revenues	164,317.0	-	164,317.0
Total State Revenues	10,088,564.0	89,305.0	10,177,869.0
Federal Revenues			
Public Assistance Subventions	$ 3,308,545.0	$ -	$ 3,308,545.0
Other Public Assistance	198,875.0	-	198,875.0
Public Protection	81,504.0	-	81,504.0
Health and Mental Health	2,196,641.0	1,091.0	2,197,732.0
Capital Projects	3,426.0	-	3,426.0
Other Federal Revenues	98,129.0	-	98,129.0
Total Federal Revenues	$ 5,887,120.0	$ 1,091.0	$ 5,888,211.0
Other Governmental Agencies	37,301.0	-	37,301.0
Total Intergovenmental Revenues	$ 16,012,985.0	$ 90,396.0	$ 16,103,381.0
Fines, Forfeitures and Penalties	147,946.0	-	147,946.0
Licenses, Permits and Franchises	90,379.0	126.0	90,505.0
Charges for Services	3,270,608.0	3,567,938.0	6,838,546.0
Other Taxes	230,696.0	-	230,696.0
Use of Money and Property	460,635.0	21,861.0	482,496.0
Miscellaneous Revenues	223,103.0	1,041,038.0	1,264,141.0
Operating Contribution from General Fund	-	318,903.0	318,903.0
Total Available Funds	**$ 32,535,118.0**	**$ 5,783,882.0**	**$ 38,319,000.0**

(1) Reflects the 2026-27 Recommended General County Budget approved by the Board of Supervisors on April 14, 2026

COUNTY OF LOS ANGELES
ADOPTED BUDGET 2026-27 GENERAL COUNTY BUDGET (1)
Net Appropriation: By Fund and Function
(In thousands)

Function	General Fund	Hospital Enterprise Fund	Total General County
REQUIREMENTS			
General			
General Government	$ 1,642,688.0	$ -	$ 1,642,688.0
General Services	2,615,527.0	-	2,615,527.0
Public Buildings	1,836,457.0	-	1,836,457.0
Total General	$ 6,094,672.0	$ -	$ 6,094,672.0
Public Protection			
Justice	$ 6,613,370.0	$ -	$ 6,613,370.0
Other Public Protection	384,100.0	-	384,100.0
Total Public Protection	$ 6,997,470.0	$ -	$ 6,997,470.0
		9,460,930.0	
Health and Sanitation	$ 8,125,135.0	$ 5,734,593.0	$ 13,859,728.0
Public Assistance	10,177,861.0	-	10,177,861.0
Recreation and Cultural Services	504,682.0	-	504,682.0
Education	43,548.0	-	43,548.0
Other	737,177.0	-	737,177.0
Insurance and Loss Reserve	79,860.0	-	79,860.0
Provision for Obligated Fund Balance	4,702.0	-	4,702.0
Appropriation for Contingency	53,964.0	-	53,964.0
Total Requirements	**$ 32,819,071.0**	**$ 5,734,593.0**	**$ 38,553,664.0**
AVAILABLE FUNDS			
Property Taxes	$ 8,566,444.0	$ -	$ 8,566,444.0
Fund Balance	3,543,973.0	-	3,543,973.0
Cancel Provision for Obligated Fund Balance	45,183.0	694,586.0	739,769.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	$ 465,867.0	$ -	$ 465,867.0
Homeowners' Exemption	17,000.0	-	17,000.0
Public Assistance Subventions	1,940,505.0	-	1,940,505.0
Other Public Assistance	2,958,208.0	-	2,958,208.0
Public Protection	1,817,151.0	-	1,817,151.0
Health and Mental Health	2,476,285.0	89,257.0	2,565,542.0
Capital Projects	365,094.0	-	365,094.0
Other State Revenues	168,813.0	-	168,813.0
Total State Revenues	10,208,923.0	89,257.0	10,298,180.0
Federal Revenues			
Public Assistance Subventions	$ 3,314,226.0	$ -	$ 3,314,226.0
Other Public Assistance	200,068.0	-	200,068.0
Public Protection	81,504.0	-	81,504.0
Health and Mental Health	2,215,133.0	1,091.0	2,216,224.0
Capital Projects	3,426.0	-	3,426.0
Other Federal Revenues	103,805.0	-	103,805.0
Total Federal Revenues	$ 5,918,162.0	$ 1,091.0	$ 5,919,253.0
Other Governmental Agencies	50,282.0	-	50,282.0
Total Intergovenmental Revenues	$ 16,177,367.0	$ 90,348.0	$ 16,267,715.0
Fines, Forfeitures and Penalties	147,909.0	-	147,909.0
Licenses, Permits and Franchises	90,431.0	126.0	90,557.0
Charges for Services	3,336,527.0	3,607,847.0	6,944,374.0
Other Taxes	230,696.0	-	230,696.0
Use of Money and Property	460,635.0	21,861.0	482,496.0
Miscellaneous Revenues	219,906.0	991,470.0	1,211,376.0
Operating Contribution from General Fund	-	328,355.0	328,355.0
Total Available Funds	**$ 32,819,071.0**	**$ 5,734,593.0**	**$ 38,553,664.0**

(1) Reflects the 2026-27 Adopted General County Budget approved by the Board of Supervisors on June 22, 2026

COUNTY OF LOS ANGELES
CALIFORNIA

PROPERTY TAX RATE, VALUATION AND LEVY

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

The County levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situs" growth in assessed value (new construction, change of ownership, and inflation) prorated among the jurisdictions which serve the tax areas where the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than 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 taxpayers with largest assessed value in the County included on the Fiscal Year 2025-26 property tax roll and their assessed value for all taxing jurisdictions within the County are shown below. Property owned by the twenty largest taxpayers had an assessed value of $65.8 billion, which constitutes only 2.97% of the total assessed value for the entire County.

Taxpayer	2025-26 Assessed Value	% of Total
Southern California Edison Company	$ 15,388,176,375	0.70%
Rexford Industrial Realty LP	7,187,719,779	0.32%
Southern California Gas Company	5,897,252,712	0.27%
Pincay RE LLC	4,724,533,197	0.21%
Tesoro Refining & Marketing (Marathon Petroleum)	4,500,056,637	0.20%
Universal Studios LLC	3,441,062,012	0.16%
Chevron USA Inc.	3,083,429,185	0.14%
Essex Portfolio	2,980,868,554	0.13%
Douglas Emmett	2,973,390,376	0.13%
Maguire Properties	1,980,061,261	0.09%
Northrop Grumman Systems Corp.	1,685,314,295	0.08%
Phillips 66	1,631,495,003	0.07%
CP PropCo LLC	1,415,994,582	0.06%
United Airlines Inc.	1,358,619,323	0.06%
LBCT LLC	1,352,497,783	0.06%
American Airlines Inc.	1,328,210,776	0.06%
Murphys Bowl LLC	1,306,555,768	0.06%
Kaiser Foundation Health Plan	1,208,541,434	0.05%
Warner Bros. Entertainment Inc.	1,202,906,839	0.05%
Rochelle H. Sterling, Trust	1,186,419,535	0.05%
	$ 65,833,105,426	2.97%

Total may not add due to rounding.
Source: California Municipal Statistics, Inc.

PROPERTY TAXATION AND COLLECTIONS

The table on the following page compares the full cash values, property tax levies and collections from Fiscal Year 2021-22 to Fiscal Year 2025-26.

COUNTY OF LOS ANGELES
COMPARISON OF FULL CASH VALUE
PROPERTY TAXATION AND COLLECTIONS
FISCAL YEARS 2021-22 THROUGH 2025-26

Fiscal Year	Full Cash Value [1]	General Fund Secured Property Tax Levies	General Fund Secured Property Tax Collections [2]	Current Collection As a Percent of Levies %
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	4,674,105,893	4,593,626,211	98.28%
2024-25	2,024,939,188,910	4,899,018,132	4,775,587,893	97.48%
2025-26	2,105,692,284,896	5,088,479,074	4,978,272,561	97.83%

Source: Los Angeles County Auditor-Controller

(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.

SUCCESSOR REDEVELOPMENT AGENCIES

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

The following table shows full cash value increments and total tax allocations to community redevelopment agencies from Fiscal Year 2021-22 to Fiscal Year 2025-26.

COMMUNITY REDEVELOPMENT AGENCY (CRA)
PROJECTS IN THE COUNTY OF LOS ANGELES
FULL CASH VALUE AND TAX ALLOCATIONS
FISCAL YEARS 2021-22 THROUGH 2025-26

Fiscal Year	Full Cash Value Increments [1]	Total Tax Allocations [2]
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	2,695,675,331
2025-26	312,536,677,141	2,775,078,718

Source: Los Angeles County Auditor-Controller

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

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

CASH MANAGEMENT PROGRAM

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

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

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

2026-27 Tax and Revenue Anticipation Notes

Pursuant to California law and a resolution adopted by the Board of Supervisors on May 19, 2026, the County issued the 2026-27 TRANs with an aggregate principal amount of $700,000,000 on July 1, 2026. The 2026-27 TRANs, which will mature on June 30, 2027, are general obligations of the County attributable to Fiscal Year 2026-27 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 2026-27, 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 2026-27 for the purpose of repaying the 2026-27 TRANs on the June 30, 2027 maturity date. The deposits to the Repayment Fund have been made in accordance with the following schedule:

COUNTY OF LOS ANGELES
2026-27 TAX AND REVENUE ANTICIPATION NOTES
SCHEDULE OF DEPOSITS TO REPAYMENT FUND*

December 2026	$	315,000,000
January 2027		315,000,000
April 2027		104,902,778
Total	$	734,902,778

* Includes $700,000,000 of 2026-27 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 2021-22 to Fiscal Year 2025-26.

COUNTY OF LOS ANGELES
GENERAL FUND
UNRESTRICTED GENERAL FUND RECEIPTS (in thousands)
FISCAL YEARS 2021-22 THROUGH 2025-26

	2021-22	2022-23	2023-24	2024-25	2025-26
Property Taxes	$ 6,757,307	$ 7,488,759	$ 7,793,678	$ 8,097,521	$ 8,406,162
Other Taxes	293,548	271,809	250,207	229,866	276,574
Licenses, Permits and Franchises	71,281	73,784	86,508	87,981	77,360
Fines, Forfeitures and Penalties	166,194	175,622	193,565	192,511	196,285
Investment and Rental Income	149,077	362,993	616,392	657,933	608,743
Motor Vehicle (VLF)	407,236	364,801	381,298	473,374	439,612
State Homeowner Exemptions	18,419	18,299	17,718	17,438	17,184
Charges for Current Services	2,606,320	2,832,406	2,873,769	3,093,427	2,989,785
Other Revenue*	1,264,482	1,504,348	1,603,064	2,360,877	2,438,179
TOTAL UNRESTRICTED RECEIPTS	$ 11,733,864	$ 13,092,821	$ 13,816,199	$ 15,210,928	$ 15,449,884

Total 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 2024-25 and Fiscal Year 2025-26.

General Fund Cash Flow Statements

The Fiscal Year 2024-25 and Fiscal Year 2025-26 General Fund Cash Flow Statements are provided at the end of this Financial Summary Section. In Fiscal Year 2024-25, the County had an ending General Fund cash balance of $5.372 billion. For Fiscal Year 2025-26, the County had an ending General Fund cash balance of $4.570 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 June 30, 2026, 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	$ 23.344
Schools and Community Colleges	29.961
Discretionary Participants	3.650
Total	$ 56.955

Of these entities, the discretionary participants accounted for 6.40% 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 July 31, 2026, the June 30, 2026 book value of the Treasury Pool was approximately $56.955 billion and the corresponding market value was approximately $55.734 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 June 30, 2026:

Type of Investment	% of Pool
Certificates of Deposit	4.30
U.S. Government and Agency Obligations	63.43
Bank Acceptances	0.00
Commercial Paper	32.23
Municipal Obligations	0.04
Corporate Notes & Deposit Notes	0.00
Repurchase Agreements	0.00
Asset Backed Instruments	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of June 30, 2026, approximately 48.00% of the investments mature within 60 days, with an average of 335 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, 2025, 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 2025-26 Final Adopted Budget included an available General Fund balance of $4,026,893,000 as of June 30, 2025.

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 2024-25 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, 2025.

The tables below provide a reconciliation of the General Fund's June 30, 2025 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 2020-21 to Fiscal Year 2024-25.

COUNTY OF LOS ANGELES
GENERAL FUND
RECONCILIATION OF FUND BALANCE FROM BUDGETARY TO GAAP BASIS
JUNE 30, 2025 (in thousands of $)

Unassigned Fund Balance - Budgetary Basis	$4,026,893
Adjustments:	
Accrual of budgetary liabilities for litigation and self-insurance claims not required by GAAP	384,391
Change in receivables for health insurers rebates held in LACERA OPEB Custodial Fund	272,872
Accrual of liabilities for accrued compensated absences not required by GAAP	121,014
Change in revenue accruals	(132,522)
Deferral of property tax receivables	(125,143)
Deferral of sale of tobacco settlement revenue	(167,386)
Change in fair value of Investments	(310,542)
Nonspendable long-term receivable	(55,526)
Reserve for "Rainy Day" Fund	1,077,171
Unassigned Fund Balance - GAAP Basis	$5,091,222

Source: Los Angeles County Auditor-Controller

COUNTY OF LOS ANGELES
BALANCE SHEET AT JUNE 30, 2021, 2022, 2023, 2024, and 2025
GENERAL FUND-GAAP BASIS (in thousands of $)

	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025
ASSETS					
Pooled Cash and Investments	$ 7,656,800	$ 9,550,790	$ 9,934,126	$ 10,919,737	$ 11,138,386
Other Investments	3,351	2,988	2,588	2,152	1,679
Taxes Receivable	243,220	262,404	273,191	305,769	368,091
Lease Receivable*		1,864,647	1,833,620	1,846,351	1,815,135
Other Receivables	3,415,900	3,469,989	3,829,493	4,191,626	4,103,174
Due from Other Funds	600,132	875,872	836,933	1,132,681	1,198,820
Advances to Other Funds	18,084	18,221	17,738	17,806	17,951
Inventories	117,370	163,736	137,240	142,429	130,601
Total Assets	$ 12,054,857	$ 16,208,647	$ 16,864,929	$ 18,558,551	$ 18,773,837
LIABILITIES					
Accounts Payable	$ 684,009	$ 627,573	$ 712,573	$ 762,224	$ 750,495
Accrued Payroll	481,556	489,407	523,652	555,409	580,917
Other Payables	94,890	31,838	163,099	27,020	58,661
Due to Other Funds	489,473	346,213	345,155	619,244	224,408
Advances Payable	4,500,312	6,225,152	5,979,531	6,224,093	6,245,067
Third-Party Payor Liability	181,002	289,706	195,652	215,649	269,476
Total Liabilities	$ 6,431,242	$ 8,009,889	$ 7,919,662	$ 8,403,639	$ 8,129,024
DEFERRED INFLOWS OF RESOURCES	$ 689,891	$ 2,581,104	$ 2,462,210	$ 2,462,203	$ 2,538,578
FUND BALANCES					
Nonspendable	$ 225,233	$ 284,841	$ 263,367	$ 293,753	$ 279,851
Restricted	55,061	64,516	77,629	88,654	92,666
Committed	597,337	759,944	832,792	1,070,313	1,403,913
Assigned	790,573	774,267	1,028,770	1,345,188	1,238,583
Unassigned	3,265,520	3,734,086	4,280,499	4,894,801	5,091,222
Total Fund Balances	$ 4,933,724	$ 5,617,654	$ 6,483,057	$ 7,692,709	$ 8,106,235
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 12,054,857	$ 16,208,647	$ 16,864,929	$ 18,558,551	$ 18,773,837

Sources: Annual Comprehensive Financial Reports for fiscal years ended June 30, 2021, 2022, 2023, 2024, and 2025.
*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 2020-21 THROUGH 2024-25 (in thousands of $)

	2020-21	2021-22	2022-23	2023-24	2024-25
REVENUES:					
Taxes	$ 6,894,825	$ 7,161,038	$ 7,643,986	$ 8,022,298	$ 8,362,111
Licenses, Permits & Franchises	63,193	70,654	72,609	85,169	84,193
Fines, Forfeitures and Penalties	163,163	173,404	176,923	187,773	194,420
Use of Money and Property	77,633	(176,046)	369,173	704,543	821,010
Aid from Other Government	12,957,099	12,664,511	13,804,835	14,665,512	15,468,995
Charges for Services	2,909,960	2,728,979	2,908,286	3,352,030	3,115,813
Miscellaneous Revenues	217,269	240,128	245,625	246,157	306,481
Total	$ 23,283,142	$ 22,862,668	$ 25,221,437	$ 27,263,482	$ 28,353,023
EXPENDITURES:					
General	$ 1,807,937	$ 1,193,470	$ 1,870,449	$ 2,021,666	$ 2,457,743
Public Protection	6,149,194	6,330,770	6,720,622	7,035,302	7,352,778
Health and Sanitation	5,968,030	6,380,309	6,468,543	7,501,812	9,004,851
Public Assistance	7,898,985	7,555,772	8,549,336	8,938,477	9,424,888
Recreation and Cultural Services	398,537	427,224	477,197	488,624	536,467
Debt Service	31,172	143,214	186,397	217,622	234,794
Capital Outlay	1,134	58,841	341,816	192,659	331,174
Total	$ 22,254,989	$ 22,089,600	$ 24,614,360	$ 26,396,162	$ 29,342,695
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 1,028,153	$ 773,068	$ 607,077	$ 867,320	$ (989,672)
OTHER FINANCING SOURCES (USES):					
Operating Transfers from (to) Other Funds-Net	$ (616,679)	$ (149,735)	$ (84,670)	$ 148,586	$ 1,070,729
Sales of Capital Assets	2,312	1,756	1,180	1,087	1,295
Leases*	1,134	58,841	280,778	146,917	283,161
Subscriptions**			61,038	45,742	48,013
OTHER FINANCING SOURCES (USES)-Net	$ (613,233)	$ (89,138)	$ 258,326	$ 342,332	$ 1,403,198
Excess of Revenues and Other Sources Over Expenditures and Other Uses	414,920	683,930	865,403	1,209,652	413,526
Beginning Fund Balance	4,518,804	4,933,724	5,617,654	6,483,057	7,692,709
Ending Fund Balance	$ 4,933,724	$ 5,617,654	$ 6,483,057	$ 7,692,709	$ 8,106,235

Sources: Annual Comprehensive Financial Reports for fiscal years ended June 30, 2021, 2022, 2023, 2024, and 2025.
* 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 96 "Subscription Based IT Arrangements" in FY 2022-23. As of June 30, 2023, Subscriptions Other Financing Uses is reported in the new required GASB 96 format.

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
FUNDS AVAILABLE FOR INTRAFUND BORROWING

2024-25: 12 MONTHS ACTUAL
2025-26: 12 MONTHS ACTUAL

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

	July 2024	August 2024	September 2024	October 2024	November 2024	December 2024
PROPERTY TAX GROUP						
Tax Collector Trust Fund	$ 115,593	$ 92,230	$ 44,084	$ 840,626	$ 2,354,667	$ 5,328,627
Auditor Unapportioned Property Tax	374,882	212,123	201,117	315,779	1,959,301	2,813,398
Unsecured Property Tax	230,151	227,065	204,135	254,951	185,733	115,283
Miscellaneous Fees & Taxes	303	318	367	455	591	721
State Redemption Fund	43,285	72,101	67,383	57,508	51,240	45,732
Education Revenue Augmentation	17,240	80,365	19,292	375	24,247	642,670
State Reimbursement Fund	7	7	7	7	1,548	8,030
Vehicle License Fee Replacement Fund	0	15,881	163,119	183,200	183,545	209,025
Property Tax Rebate Fund	5,907	24,897	19,977	14,164	30,824	29,726
Utility User Tax Trust Fund	1,336	0	3,567	8,406	11,498	11,442
Subtotal	$ 788,704	$ 724,987	$ 723,048	$ 1,675,471	$ 4,803,194	$ 9,204,654
VARIOUS TRUST GROUP						
Departmental Trust Fund	$ 798,045	$ 658,323	$ 623,925	$ 652,308	$ 638,717	$ 650,631
Non-County Entities Trust Fund	67,367	73,564	69,787	66,690	69,217	67,744
Payroll Revolving Fund	60,266	58,031	73,837	59,872	53,656	80,920
Asset Development Fund	23,555	23,297	23,310	23,335	23,360	23,385
Productivity Investment Fund	7,133	7,395	7,203	8,090	9,407	9,305
Motor Vehicle Capital Outlays	5,699	5,105	4,776	4,375	3,579	3,579
Civic Center Parking	29	211	137	64	219	262
Reporters Salary Fund	523	462	1,031	969	230	256
Cable TV Franchise Fund	14,375	13,941	14,339	14,343	14,115	13,556
Megaflex Long-Term Disability	11,366	11,414	11,587	11,604	11,797	11,924
Megaflex Long-Term Disability & Health	17,208	17,323	17,448	17,544	17,653	17,768
Megaflex Short-Term Disability	97,776	98,534	99,299	99,928	100,374	101,387
Subtotal	$ 1,103,342	$ 967,600	$ 946,679	$ 959,122	$ 942,324	$ 980,717
HOSPITAL GROUP						
Harbor-UCLA Medical Center	$ 65,910	$ 27,799	$ 32,791	$ 152,430	$ 119,278	$ 36,280
Olive View-UCLA Medical Center	164,813	113,735	24,352	63,779	23,248	(4,142)
Los Angeles General Medical Center	261,231	212,387	178,465	229,798	168,855	54,148
Rancho Los Amigos Rehab Center	76,488	74,464	146,753	151,276	106,409	35,959
Health Services - Harbor-UCLA Medical Center	185,122	185,824	186,390	186,863	187,541	187,772
Subtotal	$ 753,564	$ 614,209	$ 568,751	$ 784,146	$ 605,331	$ 310,017
GRAND TOTAL	**$ 2,645,610**	**$ 2,306,796**	**$ 2,238,478**	**$ 3,418,739**	**$ 6,350,849**	**$ 10,495,388**

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

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

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

	July 2025	August 2025	September 2025	October 2025	November 2025	December 2025
PROPERTY TAX GROUP						
Tax Collector Trust Fund	$ 125,455	$ 76,078	$ 22,666	$ 832,658	$ 2,563,546	$ 4,967,518
Auditor Unapportioned Property Tax	383,216	281,053	181,542	277,588	1,924,199	3,247,546
Unsecured Property Tax	220,239	197,294	228,013	267,999	203,313	116,139
Miscellaneous Fees & Taxes	852	861	937	486	419	464
State Redemption Fund	52,139	69,681	93,211	98,851	56,193	44,129
Education Revenue Augmentation	11,782	59,360	4,995	0	26,365	673,315
State Reimbursement Fund	0	0	0	0	1,901	7,554
Vehicle License Fee Replacement Fund	922	28,577	171,354	176,412	176,412	254,589
Property Tax Rebate Fund	36,712	36,465	41,940	49,364	37,191	42,655
Utility User Tax Trust Fund	18,328	5,170	5,498	4,420	10,933	16,027
Subtotal	$ 849,645	$ 754,539	$ 750,156	$ 1,707,778	$ 5,000,472	$ 9,369,936
VARIOUS TRUST GROUP						
Departmental Trust Fund	$ 837,889	$ 830,135	$ 848,582	$ 1,002,570	$ 1,014,573	$ 979,216
Non-County Entities Trust Fund	75,566	77,131	75,208	75,103	76,942	75,167
Payroll Revolving Fund	55,435	56,595	57,440	55,020	58,182	57,634
Asset Development Fund	24,427	24,123	24,136	24,158	24,176	24,184
Productivity Investment Fund	6,752	6,816	6,335	6,268	5,956	5,504
Motor Vehicle Capital Outlays	1,757	940	896	866	777	771
Civic Center Parking	163	1,530	2,562	2,575	2,507	2,554
Reporters Salary Fund	858	800	290	665	194	577
Cable TV Franchise Fund	13,749	13,605	14,058	14,056	13,480	12,899
Megaflex Long-Term Disability	11,541	11,412	11,320	11,364	11,208	11,174
Megaflex Long-Term Disability & Health	18,277	18,364	18,472	18,580	18,688	18,749
Megaflex Short-Term Disability	97,219	95,257	93,558	91,718	89,659	87,870
Subtotal	$ 1,143,633	$ 1,136,708	$ 1,152,857	$ 1,302,943	$ 1,316,342	$ 1,276,299
HOSPITAL GROUP						
Harbor-UCLA Medical Center	$ 141,560	$ 55,395	$ 34,984	$ 219,121	$ 167,059	$ 112,467
Olive View-UCLA Medical Center	144,893	111,239	4,498	96,967	61,584	23,711
Los Angeles General Medical Center	237,136	104,134	23,660	209,907	84,662	16,260
Rancho Los Amigos Rehab Center	199,699	118,645	27,888	38,340	20,123	13,434
Health Services - Harbor-UCLA Medical Center	191,056	190,598	187,673	185,156	182,540	181,960
Subtotal	$ 914,344	$ 580,011	$ 278,703	$ 749,491	$ 515,968	$ 347,832
GRAND TOTAL	**$ 2,907,622**	**$ 2,471,258**	**$ 2,181,716**	**$ 3,760,212**	**$ 6,832,782**	**$ 10,994,067**

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

January 2026	February 2026	March 2026	April 2026	May 2026	June 2026	
						PROPERTY TAX GROUP
$ 1,401,285	$ 807,814	$ 1,201,206	$ 3,927,899	$ 1,230,858	$ 301,357	**Tax Collector Trust Fund**
2,109,772	1,482,086	1,329,286	2,630,573	1,376,968	684,235	**Auditor Unapportioned Property Tax**
113,342	97,211	85,942	65,952	99,149	147,261	**Unsecured Property Tax**
523	526	439	447	453	382	**Miscellaneous Fees & Taxes**
32,501	31,191	29,519	37,112	28,959	21,672	**State Redemption Fund**
341,009	82,167	13,133	477,618	130,936	264,506	**Education Revenue Augmentation**
16,637	565	565	1,452	17,643	6,404	**State Reimbursement Fund**
1,187,319	626,416	814,358	829,034	1,157,254	0	**Vehicle License Fee Replacement Fund**
46,004	40,467	38,234	77,908	107,854	82,741	**Property Tax Rebate Fund**
21,513	5,627	7,708	15,371	5,623	10,240	**Utility User Tax Trust Fund**
$ 5,269,905	$ 3,174,070	$ 3,520,390	$ 8,063,366	$ 4,155,697	$ 1,518,798	**Subtotal**
						VARIOUS TRUST GROUP
$ 911,971	$ 884,872	$ 911,520	$ 950,072	$ 964,286	$ 965,025	**Departmental Trust Fund**
76,674	76,646	80,436	79,227	84,782	83,409	**Non-County Entities Trust Fund**
52,775	71,359	66,281	54,743	51,282	50,536	**Payroll Revolving Fund**
24,221	24,468	24,896	24,920	24,935	25,026	**Asset Development Fund**
5,373	5,184	4,957	4,738	3,781	3,785	**Productivity Investment Fund**
771	771	756	738	738	738	**Motor Vehicle Capital Outlays**
2,535	2,541	2,599	2,617	2,657	2,693	**Civic Center Parking**
517	424	577	527	327	749	**Reporters Salary Fund**
12,873	12,880	13,039	12,931	12,776	13,049	**Cable TV Franchise Fund**
11,269	11,502	11,543	11,500	11,429	11,468	**Megaflex Long-Term Disability**
18,854	18,959	18,853	18,949	19,042	19,124	**Megaflex Long-Term Disability & Health**
87,057	87,457	85,145	81,743	78,676	76,544	**Megaflex Short-Term Disability**
$ 1,204,890	$ 1,197,063	$ 1,220,602	$ 1,242,705	$ 1,254,711	$ 1,252,146	**Subtotal**
						HOSPITAL GROUP
$ 96,694	$ 68,104	$ 43,757	$ 164,853	$ 217,306	$ 191,355	**Harbor-UCLA Medical Center**
391	21,909	14,901	108,826	127,465	131,018	**Olive View-UCLA Medical Center**
243,524	263,978	151,021	230,407	282,107	290,587	**Los Angeles General Medical Center**
81,921	104,568	93,566	94,222	89,520	72,741	**Rancho Los Amigos Rehab Center**
182,279	182,443	182,340	181,927	181,381	180,597	**Health Services - Harbor-UCLA Medical Center**
$ 604,809	$ 641,002	$ 485,585	$ 780,235	$ 897,779	$ 866,298	**Subtotal**
$ 7,079,604	**$ 5,012,135**	**$ 5,226,577**	**$ 10,086,306**	**$ 6,308,187**	**$ 3,637,242**	**GRAND TOTAL**

COUNTY OF LOS ANGELES
CALIFORNIA

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW STATEMENTS

2024-25: 12 MONTHS ACTUAL
2025-26: 12 MONTHS ACTUAL

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

	July 2024	August 2024	September 2024	October 2024	November 2024	December 2024
BEGINNING BALANCE	$ 4,937,094	$ 5,538,503	$ 5,046,461	$ 4,796,103	$ 4,180,968	$ 3,214,753
RECEIPTS						
Property Taxes	$ 50,670	$ 177,695	$ 0	$ 0	$ 72,236	$ 1,943,308
Other Taxes	20,423	16,682	15,880	15,079	23,275	12,946
Licenses, Permits & Franchises	5,281	2,932	6,764	3,691	3,802	6,209
Fines, Forfeitures & Penalties	29,387	26,771	5,875	6,978	17,834	6,674
Investment and Rental Income	67,917	60,599	48,993	53,624	50,697	48,498
Motor Vehicle (VLF) Realignment	0	42,465	95,280	40,417	40,375	36,291
Sales Taxes - Proposition 172	96,691	72,667	73,031	76,044	88,789	73,794
1991 Program Realignment	101,586	2,572	156,833	83,648	91,353	79,900
Other Intergovernmental Revenue	263,306	744,454	561,493	383,688	177,420	296,623
COVID-19 Revenues	444,572	16,339	470	10,740	3,488	181,772
Charges for Current Services	335,861	379,832	188,120	283,556	198,971	149,767
Other Revenue & Tobacco Settlement	376,053	268,877	57,095	69,677	105,293	147,302
Transfers & Reimbursements	14,669	1,623	(132)	1,798	15,012	44,742
Hospital Loan Repayment*	0	0	0	0	0	0
Welfare Advances	549,040	190,391	828,605	635,691	465,629	549,433
Other Financing Sources/MHSA	338,933	21,129	0	14,432	78,144	45,914
Intrafund Borrowings	0	0	0	0	0	0
TRANs Sold	700,000	0	0	0	0	0
Total Receipts	$ 3,394,389	$ 2,025,028	$ 2,038,307	$ 1,679,063	$ 1,432,318	$ 3,623,173
DISBURSEMENTS						
Welfare Warrants	$ 265,473	$ 289,237	$ 293,865	$ 283,005	$ 275,845	$ 281,287
Salaries	665,289	681,601	664,657	671,598	695,396	708,274
Employee Benefits	442,253	468,509	492,640	457,427	492,711	534,555
Vendor Payments	1,226,438	735,232	787,096	803,280	810,618	978,931
Loans to Hospitals*	0	0	0	0	0	48,267
Hospital Subsidy Payments	(6,608)	284,905	1,798	(20,406)	89,931	9,223
Transfer Payments	200,135	57,586	48,609	99,294	34,032	34,444
TRANs Pledge Transfer	0	0	0	0	0	315,000
Intrafund Repayment	0	0	0	0	0	0
Total Disbursements	$ 2,792,980	$ 2,517,070	$ 2,288,665	$ 2,294,198	$ 2,398,533	$ 2,909,981
ENDING BALANCE	**$ 5,538,503**	**$ 5,046,461**	**$ 4,796,103**	**$ 4,180,968**	**$ 3,214,753**	**$ 3,927,945**
Borrowable Resources (Avg. Balance)	$ 2,645,610	$ 2,306,796	$ 2,238,478	$ 3,418,739	$ 6,350,849	$ 10,495,388
Total Cash Available	**$ 8,184,113**	**$ 7,353,257**	**$ 7,034,581**	**$ 7,599,707**	**$ 9,565,602**	**$ 14,423,333**

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

January 2025	February 2025	March 2025	April 2025	May 2025	June 2025	Total 2024-25	
$ 3,927,945	$ 4,601,000	$ 3,755,299	$ 2,718,865	$ 4,335,838	$ 5,438,341		**BEGINNING BALANCE**
							RECEIPTS
$ 1,960,012	$ 248,128	$ 16,936	$ 1,494,680	$ 1,634,025	$ 499,831	$ 8,097,521	Property Taxes
16,005	26,433	17,575	14,094	35,915	15,559	229,866	Other Taxes
5,043	4,520	17,049	26,213	1,471	5,006	87,981	Licenses, Permits & Franchises
7,356	23,931	17,151	6,808	37,249	6,497	192,511	Fines, Forfeitures & Penalties
40,007	61,347	54,106	48,030	61,705	62,410	657,933	Investment and Rental Income
56,508	41,313	37,232	42,819	0	40,674	473,374	Motor Vehicle (VLF) Realignment
75,363	102,449	67,945	64,053	91,945	72,913	955,684	Sales Taxes - Proposition 172
82,497	110,923	73,574	71,240	0	80,094	934,220	1991 Program Realignment
383,445	410,707	527,361	461,648	602,543	435,651	5,248,339	Other Intergovernmental Revenue
34,472	3,666	22,995	72,232	21	28,041	818,808	COVID-19 Revenues
200,804	97,737	118,279	692,896	244,578	203,026	3,093,427	Charges for Current Services
127,083	189,850	256,981	240,469	239,133	283,064	2,360,877	Other Revenue & Tobacco Settlement
3,897	7,408	21,754	4,499	38,842	31,710	185,822	Transfers & Reimbursements
48,267	53,399	17,099	354,048	0	0	472,813	Hospital Loan Repayment*
510,674	528,110	633,420	530,487	499,911	679,750	6,601,141	Welfare Advances
38,810	35,050	56,399	95,278	32,837	184,082	941,008	Other Financing Sources/MHSA
0	0	0	0	0	0	0	Intrafund Borrowings
0	0	0	0	0	0	700,000	TRANs Sold
$ 3,590,243	$ 1,944,971	$ 1,955,856	$ 4,219,494	$ 3,520,175	$ 2,628,308	$ 32,051,325	Total Receipts
							DISBURSEMENTS
$ 277,490	$ 801,137	$ 338,250	$ 335,801	$ 335,476	$ 349,551	$ 4,126,417	Welfare Warrants
775,182	716,514	685,584	711,772	674,354	695,220	8,345,441	Salaries
529,420	435,501	536,439	459,496	459,021	494,255	5,802,227	Employee Benefits
786,614	691,512	875,051	845,053	842,688	929,459	10,311,972	Vendor Payments
24,425	28,974	371,147	0	0	0	472,813	Loans to Hospitals*
97,703	50,643	151,051	(1,967)	0	99,427	755,700	Hospital Subsidy Payments
111,354	66,391	34,768	147,463	106,133	126,255	1,066,464	Transfer Payments
315,000	0	0	104,903	0	0	734,903	TRANs Pledge Transfer
0	0	0	0	0	0	0	Intrafund Repayment
$ 2,917,188	$ 2,790,672	$ 2,992,290	$ 2,602,521	$ 2,417,672	$ 2,694,167	$ 31,615,937	Total Disbursements
$ 4,601,000	**$ 3,755,299**	**$ 2,718,865**	**$ 4,335,838**	**$ 5,438,341**	**$ 5,372,482**		**ENDING BALANCE**
$ 6,344,838	$ 4,836,749	$ 5,012,621	$ 9,382,105	$ 6,005,613	$ 3,112,654		Borrowable Resources (Avg. Balance)
$ 10,945,838	**$ 8,592,048**	**$ 7,731,486**	**$ 13,717,943**	**$ 11,443,954**	**$ 8,485,136**		**Total Cash Available**

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

	July 2025	August 2025	September 2025	October 2025	November 2025	December 2025
BEGINNING BALANCE	$ 5,372,482	$ 6,061,236	$ 5,002,225	$ 4,524,076	$ 3,592,568	$ 2,434,499
RECEIPTS						
Property Taxes	$ 35,801	$ 185,013	$ (43)	$ 0	$ 74,436	$ 2,018,559
Other Taxes	33,649	29,801	17,436	26,126	21,787	14,525
Licenses, Permits & Franchises	2,774	3,374	8,701	5,863	4,609	4,548
Fines, Forfeitures & Penalties	28,460	30,391	6,429	8,529	18,908	7,376
Investment and Rental Income	64,917	60,933	41,466	48,618	54,308	41,440
Motor Vehicle (VLF) Realignment	3,181	27,797	58,509	41,659	49,202	38,248
Sales Taxes - Proposition 172	94,212	76,131	74,397	76,287	91,007	75,835
1991 Program Realignment	24,483	12,634	80,981	83,926	99,066	77,769
Other Intergovernmental Revenue	505,960	471,713	731,613	108,976	325,379	428,561
COVID-19 Revenues	100,047	800	0	10,611	2,791	2,332
Charges for Current Services	508,003	92,225	142,013	338,496	81,727	330,299
Other Revenue & Tobacco Settlement	313,219	367,161	107,348	124,322	166,515	196,741
Transfers & Reimbursements	18,726	0	32	2,410	6,976	12,702
Hospital Loan Repayment*	0	0	0	0	0	0
Welfare Advances	579,257	341,918	690,022	543,655	514,327	641,811
Other Financing Sources/MHSA	396,090	0	0	519	34,072	117,190
Intrafund Borrowings	0	0	0	0	0	0
TRANs Sold	700,000	0	0	0	0	0
Total Receipts	$ 3,408,779	$ 1,699,891	$ 1,958,904	$ 1,419,997	$ 1,545,110	$ 4,007,936
DISBURSEMENTS						
Welfare Warrants	$ 261,559	$ 282,634	$ 278,064	$ 271,961	$ 269,435	$ 267,980
Salaries	702,754	689,235	689,953	689,342	975,124	705,907
Employee Benefits	465,349	474,673	517,199	481,797	502,983	552,964
Vendor Payments	1,125,445	872,173	922,667	831,770	894,748	901,401
Loans to Hospitals*	0	0	0	0	0	0
Hospital Subsidy Payments	0	279,780	8,819	(49,873)	44,913	0
Transfer Payments	164,918	160,407	20,351	126,508	15,976	454,274
TRANs Pledge Transfer	0	0	0	0	0	315,000
Intrafund Repayment	0	0	0	0	0	0
Total Disbursements	$ 2,720,025	$ 2,758,902	$ 2,437,053	$ 2,351,505	$ 2,703,179	$ 3,197,526
ENDING BALANCE	**$ 6,061,236**	**$ 5,002,225**	**$ 4,524,076**	**$ 3,592,568**	**$ 2,434,499**	**$ 3,244,909**
Borrowable Resources (Avg. Balance)	$ 2,907,622	$ 2,471,258	$ 2,181,716	$ 3,760,212	$ 6,832,782	$ 10,994,067
Total Cash Available	**$ 8,968,858**	**$ 7,473,483**	**$ 6,705,792**	**$ 7,352,780**	**$ 9,267,281**	**$ 14,238,976**

* 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.

January 2026	February 2026	March 2026	April 2026	May 2026	June 2026	Total 2025-26	
$ 3,244,909	$ 4,133,807	$ 4,157,499	$ 2,551,254	$ 3,759,512	$ 4,816,558		**BEGINNING BALANCE**
							RECEIPTS
$ 2,058,347	$ 249,386	$ 21,280	$ 1,581,050	$ 1,651,433	$ 530,900	$ 8,406,162	Property Taxes
14,777	40,615	14,257	29,793	19,707	14,101	276,574	Other Taxes
2,277	9,902	7,741	17,809	4,854	4,908	77,360	Licenses, Permits & Franchises
8,081	21,250	16,950	7,445	34,739	7,727	196,285	Fines, Forfeitures & Penalties
48,988	51,039	45,894	51,995	51,434	47,711	608,743	Investment and Rental Income
41,933	38,890	38,351	38,234	43,081	20,527	439,612	Motor Vehicle (VLF) Realignment
74,794	105,276	67,199	66,409	94,605	75,423	971,575	Sales Taxes - Proposition 172
82,261	114,598	73,152	73,841	104,369	83,209	910,289	1991 Program Realignment
279,045	682,782	590,093	307,009	680,158	382,756	5,494,045	Other Intergovernmental Revenue
9,029	0	3,381	32,471	169	772	162,403	COVID-19 Revenues
422,881	174,302	111,523	645,439	167,588	(24,711)	2,989,785	Charges for Current Services
383,416	35,233	78,520	271,368	190,753	218,086	2,452,682	Other Revenue & Tobacco Settlement
41,176	7,302	12,410	67,613	19,052	68,574	256,973	Transfers & Reimbursements
0	0	0	0	0	0	0	Hospital Loan Repayment*
536,789	592,485	563,405	552,975	535,521	645,078	6,737,243	Welfare Advances
42,785	66,628	87,573	88,412	83,093	137,972	1,054,334	Other Financing Sources/MHSA
0	0	0	0	0	0	0	Intrafund Borrowings
0	0	0	0	0	0	700,000	TRANs Sold
$ 4,046,579	$ 2,189,688	$ 1,731,729	$ 3,831,863	$ 3,680,556	$ 2,213,033	$ 31,734,065	Total Receipts
							DISBURSEMENTS
$ 267,476	$ 260,550	$ 871,003	$ 330,034	$ 329,206	$ 340,735	$ 4,030,637	Welfare Warrants
767,358	704,403	690,959	723,501	684,495	701,532	8,724,563	Salaries
502,884	484,795	559,533	462,315	483,948	552,227	6,040,667	Employee Benefits
780,037	749,669	1,105,454	799,963	968,262	743,421	10,695,010	Vendor Payments
0	0	0	0	0	0	0	Loans to Hospitals*
28,832	(64,152)	55,757	18,564	0	25,894	348,534	Hospital Subsidy Payments
496,094	30,731	55,268	184,325	157,599	96,117	1,962,568	Transfer Payments
315,000	0	0	104,903	0	0	734,903	TRANs Pledge Transfer
0	0	0	0	0	0	0	Intrafund Repayment
$ 3,157,681	$ 2,165,996	$ 3,337,974	$ 2,623,605	$ 2,623,510	$ 2,459,926	$ 32,536,882	Total Disbursements
$ 4,133,807	**$ 4,157,499**	**$ 2,551,254**	**$ 3,759,512**	**$ 4,816,558**	**$ 4,569,665**		**ENDING BALANCE**
$ 7,079,604	$ 5,012,135	$ 5,226,577	$ 10,086,306	$ 6,308,187	$ 3,637,242		Borrowable Resources (Avg. Balance)
$ 11,213,411	**$ 9,169,634**	**$ 7,777,831**	**$ 13,845,818**	**$ 11,124,745**	**$ 8,206,907**		**Total Cash Available**

COUNTY OF LOS ANGELES
CALIFORNIA

DEBT SUMMARY

INTRODUCTION

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

OUTSTANDING OBLIGATIONS

As of July 1, 2026, approximately $3.730 billion of long-term obligations were outstanding. The General Fund is responsible for repayment of $1.451 billion of the outstanding debt. Revenues from Special Districts/Special Funds, Courthouse Construction Funds, and Hospital Enterprise Funds secure the remaining $2.279 billion of outstanding obligations.

The table below identifies the funding sources for the County's debt payments due in Fiscal Year 2026-27.

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

2026-27 Payments

Funding Source	2026-27 Payment
Total 2026-27 Payment Obligations	$283,435,613
Less: Sources of Non-General Fund Entities:	
Hospital Enterprise Funds	157,854,066
Courthouse Construction Funds	14,959,875
Special Districts/Special Funds	3,133,344
Net 2026-27 General Fund Obligations	$107,488,329

Source: Los Angeles County Auditor-Controller

As of July 1, 2026, the County has $1.101 billion of outstanding short-term obligations, which includes $700 million in TRANs, $25 million in Bond Anticipation Notes, and $375.531 million in Lease Revenue Commercial Paper Notes. The following table summarizes the outstanding General County debt and note obligations.

COUNTY OF LOS ANGELES
SUMMARY OF OUTSTANDING PRINCIPAL

As of July 1, 2026 (in thousands)

Type of Obligation	Outstanding Principal
Total County	
Short-Term Obligations:	
Tax and Revenue Anticipation Notes	$700,000
Bond Anticipation Notes	25,000
Lease Revenue Notes	375,531
Long-Term Obligations	3,730,126
Total Outstanding Principal	$4,830,657

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 19, 2026, the County issued $700 million of TRANs for Fiscal Year 2026-27 on July 1, 2026. The 2026-27 TRANs will mature on June 30, 2027. 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 2026-27, in the amounts, and on the dates specified in the Financial Summary Section under the heading "2026-27 Tax and Revenue Anticipation Notes" of this Appendix A.

Bond Anticipation Notes

The County is currently utilizing the proceeds from the issuance of Bond Anticipation Notes ("BANs") to provide an interim source of funding for the acquisition of equipment on behalf of the County General Fund. The BANs are issued by the Los Angeles County Capital Asset Leasing Corporation ("LAC-CAL") and are purchased by the County Treasury Pool under terms and conditions established by the Board of Supervisors. The BANs are payable within three years of their initial issuance date from the proceeds of long-term bonds or other available funds. The repayment of the BANs is secured by lease agreements between the County and LAC-CAL and a pledge of the acquired equipment. As of July 1, 2026, there are $25.0 million of BANs outstanding.

Lease Revenue Note Program

In July 2024, the County successfully closed a restructuring of the Lease Revenue Note Program (the "Note Program"). The Note Program provides the County with a flexible and cost-effective source of financing to provide interim funding during the initial construction phase of a capital project, which will eventually be refinanced with the issuance of long-term bonds upon completion. Under the restructured Note Program, the County is authorized to issue up to $750 million in aggregate principal amount of short-term commercial paper notes supported by four Irrevocable, Direct-Pay Letters of Credit ("LOC") issued by Bank of Montreal (Series A - $200 million); U.S. Bank (Series B - $100 million); Bank of America (Series C - $350 million) and Sumitomo Mitsui Banking Corporation (Series D - $100 million). The maximum aggregate principal amount of $750 million represents an increase of $150 million from the previous Note Program. As of July 1, 2026, $375.531 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.

Gas Company Tower

In December 2024, the County purchased the Gas Company Tower building located in downtown Los Angeles at a cost of $201.958 million. The Gas Company Tower is a 1.5 million square foot, 54-story office building constructed in 1991 as a LEED Gold-certified facility featuring energy efficient design and modern building systems. The purchase of the Gas Company Tower building will enable the County to achieve significant cost savings by relocating various non-public facing departments and operations from existing leased facilities in downtown Los Angeles where the County currently pays high premium rental and parking rates, as well as from other older and distressed County owned facilities in the metropolitan Los Angeles area. The County initially funded the purchase of the Gas Company Tower using cash resources and issued $125.294 million of taxable commercial paper notes in June 2025 as the initial financing vehicle for the transaction and partial reimbursement for the cash expenditure. The taxable commercial paper notes will eventually be refinanced through the issuance of long-term lease revenue bonds as the County completes the relocation process for the affected County departments and operations. Based on current projections, the County expects to complete the relocation process and fully occupy the Gas Company Tower by Fiscal Year 2032-33.

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, 2026, $3.730 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 2026-27 Adopted Budget includes sufficient appropriations to fund the debt service on the County's lease payment obligations. The County Board of Supervisors has never failed to appropriate sufficient funding for such obligations, nor has the County abated payments on any of its lease revenue financings to date.

DEBT RATIOS

The ratio of the General Fund's outstanding debt to the net revenue-producing valuation of the property tax roll (the "Net Local Roll") increased from 0.116% in Fiscal Year 2024-25 to 0.138% in Fiscal Year 2025-26. 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
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%
2025-26	3,002,660,169	2,176,000,000,000	0.138%

Source: Los Angeles County Assessor and Auditor-Controller

OTHER DEBT OBLIGATIONS

Tobacco Bonds

On February 8, 2006 the California County Tobacco Securitization Agency (Agency), a Joint Exercise of Powers Authority, issued $319.80 million in Tobacco Settlement Asset-Backed Bonds (2006 Tobacco Bonds) for the purpose of loaning the proceeds to the Los Angeles County Securitization Corporation (Corporation). The Corporation used the Tobacco Bond proceeds to purchase 25.9% of the County's annual Tobacco Settlement Revenues (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 (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 (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 $67.890 million as of July 1, 2026.

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 the 2021 Lease Revenue Bonds, Series F (2021 Series F Bonds) in the par amount of $260.11 million, and the 2022 Lease Revenue Refunding Bonds, Series G (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 generated 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.

Harbor-UCLA Medical Center Lease Revenue Bonds

In September 2024, the County issued $569.270 million of lease revenue bonds (2024 Series H Lease Revenue Bonds) to finance construction of Phase 1 of the new Harbor-UCLA Medical Center replacement hospital (Project) and to fully refund the previously outstanding 2015 Series A Lease Revenue Bonds (2015 Series A Bonds). The total proceeds from the sale of the Series H Lease Revenue Bonds were allocated to refund $131.7 of 2015 Series A Bonds; refinance $85.2 of outstanding commercial paper notes; 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 Series H Lease Revenue Bonds have a final maturity date of December 1, 2053. In September 2025, the County issued $824.480 million of lease revenue bonds (2025 Series J Lease Revenue Bonds) to finance construction of Phase 2 of the Project. The total proceeds from the sale of the 2025 Series J Lease Revenue Bonds were allocated to refinance $223.0 million of outstanding commercial paper notes; provide $$650.4 million of new money proceeds to complete the construction of a new inpatient tower for the Project; and to pay the costs of issuance of the transaction. The 2025 Series J Lease Revenue Bonds have a final maturity date of December 1, 2054.

COUNTY OF LOS ANGELES
DEBT SUMMARY TABLES

REPORTS AS OF JULY 1, 2026

COMBINED PRINCIPAL AND INTEREST OBLIGATIONS BY FUNDING SOURCE

OUTSTANDING PRINCIPAL OBLIGATIONS BY FUNDING SOURCE

CURRENT FISCAL YEAR DEBT SERVICE OBLIGATIONS BY FUNDING SOURCE

OUTSTANDING PRINCIPAL BY FUNDING SOURCE

REPORTS AS OF JULY 1, 2026

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, 2026

Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Total Annual Debt Service
2026-27	$ 107,488,329	$ 157,854,066	$ 14,959,875	$ 3,133,344	$ 283,435,613
2027-28	109,839,231	157,354,063	14,947,750	3,134,469	285,275,513
2028-29	106,764,159	155,416,123	14,945,875	3,142,094	280,268,251
2029-30	106,554,854	155,359,863	14,937,625	3,126,469	279,978,811
2030-31	106,549,160	155,340,779	8,340,500	3,117,844	273,348,282
2031-32	106,539,057	155,326,168	8,336,375	3,135,219	273,336,819
2032-33	106,533,762	155,324,485	6,115,375	3,123,469	271,097,091
2033-34	106,529,316	155,324,263	6,119,250	3,122,844	271,095,672
2034-35	105,350,654	155,305,411	-	3,122,844	263,778,909
2035-36	105,342,749	155,288,409	-	3,123,219	263,754,377
2036-37	105,342,938	155,281,362	-	3,118,844	263,743,144
2037-38	105,331,744	155,270,612	-	3,124,344	263,726,700
2038-39	100,462,019	155,248,387	-	3,124,344	258,834,750
2039-40	100,465,169	155,239,461	-	3,125,519	258,830,149
2040-41	100,443,085	155,234,549	-	3,127,694	258,805,328
2041-42	79,832,256	124,940,038	-	3,123,313	207,895,606
2042-43	79,832,863	124,940,163	-	3,127,706	207,900,731
2043-44	79,835,588	109,157,038	-	1,600,331	190,592,956
2044-45	79,827,519	109,150,069	-	1,606,306	190,583,894
2045-46	72,110,213	109,152,475	-	926,456	182,189,144
2046-47	56,205,225	109,146,463	-	927,481	166,279,169
2047-48	56,214,013	109,155,984	-	925,425	166,295,422
2048-49	56,202,863	109,149,063	-	930,366	166,282,291
2049-50	56,207,563	109,155,131	-	924,103	166,286,797
2050-51	52,867,588	96,712,303	-	551,263	150,131,153
2051-52	32,222,388	96,715,769	-	552,153	129,490,309
2052-53	14,090,975	82,801,213	-	-	96,892,188
2053-54	14,093,200	82,798,500	-	-	96,891,700
2054-55	14,090,238	53,299,981	-	-	67,390,219
2055-56	14,090,775	-	-	-	14,090,775
2056-57	14,092,975	-	-	-	14,092,975
Total	$ 2,351,352,466	$ 3,760,442,187	$ 88,702,625	$ 62,097,459	$ 6,262,594,738

COUNTY OF LOS ANGELES
OUTSTANDING PRINCIPAL OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2026

Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Total Outstanding Principal
2026-27	$ 1,450,757,669	$ 2,163,322,966	$ 75,825,000	$ 40,220,000	$ 3,730,125,636
2027-28	1,409,601,445	2,110,232,019	64,370,000	38,975,000	3,623,178,464
2028-29	1,364,026,801	2,054,955,545	52,340,000	37,665,000	3,508,987,346
2029-30	1,319,276,152	1,998,838,848	39,695,000	36,280,000	3,394,090,000
2030-31	1,272,481,720	1,939,933,280	26,410,000	34,840,000	3,273,665,000
2031-32	1,223,314,828	1,878,055,172	19,210,000	33,335,000	3,153,915,000
2032-33	1,171,740,098	1,813,044,902	11,645,000	31,735,000	3,028,165,000
2033-34	1,117,630,124	1,744,729,876	5,970,000	30,065,000	2,898,395,000
2034-35	1,060,774,529	1,672,940,471	-	28,310,000	2,762,025,000
2035-36	1,002,280,780	1,597,509,220	-	26,465,000	2,626,255,000
2036-37	940,941,347	1,518,238,653	-	24,525,000	2,483,705,000
2037-38	876,667,750	1,434,922,250	-	22,490,000	2,334,080,000
2038-39	809,441,190	1,347,443,810	-	20,345,000	2,177,230,000
2039-40	744,176,097	1,255,708,903	-	18,090,000	2,017,975,000
2040-41	675,978,169	1,159,556,831	-	15,720,000	1,851,255,000
2041-42	604,740,000	1,058,815,000	-	13,230,000	1,676,785,000
2042-43	551,280,000	984,180,000	-	10,620,000	1,546,080,000
2043-44	495,230,000	905,800,000	-	7,875,000	1,408,905,000
2044-45	436,470,000	839,695,000	-	6,560,000	1,282,725,000
2045-46	374,860,000	770,295,000	-	5,175,000	1,150,330,000
2046-47	318,140,000	697,400,000	-	4,420,000	1,019,960,000
2047-48	275,150,000	620,840,000	-	3,630,000	899,620,000
2048-49	230,460,000	540,500,000	-	2,810,000	773,770,000
2049-50	180,750,000	446,130,000	-	1,590,000	628,470,000
2050-51	135,660,000	367,815,000	-	1,075,000	504,550,000
2051-52	88,645,000	287,795,000	-	545,000	376,985,000
2052-53	60,590,000	203,855,000	-	-	264,445,000
2053-54	49,680,000	129,870,000	-	-	179,550,000
2054-55	38,195,000	51,905,000	-	-	90,100,000
2055-56	26,110,000	-	-	-	26,110,000
2056-57	13,390,000	-	-	-	13,390,000

Source: Los Angeles County Treasurer and Tax Collector

COUNTY OF LOS ANGELES
FISCAL YEAR DEBT SERVICE OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2026

Title	Total Debt Service	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds
Long-Term Obligations					
2010 Lease Revenue Bonds, Series B (Taxable):					
Coroners Expansion/ Refurbishment	$ 1,892,365	$ 1,892,365			
Patriotic Hall Renovation	3,055,828	3,055,828			
Hall of Justice Rehabilitation	15,775,765	15,775,765			
Olive View Medical Center ER/TB Unit	3,521,112		$ 3,521,112		
Olive View Medical Center Seismic	1,450,560		1,450,560		
Harbor/UCLA Surgery/ Emergency	22,064,926		22,064,926		
Harbor/UCLA Seismic Retrofit	3,402,505		3,402,505		
Total 2010 Lease Revenue Bonds, Series B (Taxable)	$ 51,163,061	$ 20,723,957	$ 30,439,103	$ 0	$ 0
2011 High Desert Solar Complex (Taxable)	$ 384,062	$ 384,062			
2015 Lease Revenue Refunding Bonds, Series B					
LAX Area Courthouse	$ 8,136,250			$ 8,136,250	
Chatsworth Courthouse	6,823,625			6,823,625	
Total 2015 Lease Revenue Refunding Bonds, Series B	$ 14,959,875	$ 0	$ 0	$ 14,959,875	$ 0
2016 Lease Revenue Bonds, Series D					
Martin Luther King Inpatient Tower	$ 15,906,844	$ 15,906,844			
2018 Lease Revenue Bonds					
Vermont Corridor Administration Building, Series A	$ 19,295,825	$ 19,295,825			
2019 Lease Revenue Bonds, Series E-1					
East Antelope Valley Animal Shelter	$ 868,250	$ 868,250			
Probation Department Building	1,316,625	1,316,625			
Music Center Plaza	1,166,250	1,166,250			
Rancho Los Amigos NRC	10,365,250		$ 10,365,250		
Fire Station 143	374,625				$ 374,625
Total 2019 Lease Revenue Bonds, Series E-1	$ 14,091,000	$ 3,351,125	$ 10,365,250	$ 0	$ 374,625
2019 Lease Revenue Bonds, Series E-2					
MLK Medical Campus Parking Structure	$ 2,074,750		$ 2,074,750		
2020 Lease Revenue Bonds	$ 20,631,500	$ 20,631,500			
LACMA Buildings					
2021 Lease Revenue Bonds, Series F					
LAC+USC Medical Center Recuperative Care Center	$ 746,369		$ 746,369		
MLK Behavioral Health Center Renovation	11,380,050		11,380,050		
MLK Central Plan/Hospital Service Building	148,756		148,756		
Olive View Campus Recuperative Care Center	765,769		765,769		
Rancho Los Amigos Recuperative Care Center	867,244		867,244		
Fire Station 104	554,406				$ 554,406
	$ 14,462,594	$ 0	$ 13,908,188	$ 0	$ 554,406
2022 Lease Revenue Refunding Bonds, Series G (Forward Delivery)					
High Desert Multi Service Ambulatory Care Center	$ 6,996,875		$ 6,996,875		
MLK Multi Service Ambulatory Care Center	8,521,625		8,521,625		
MLK Data Center	264,875		264,875		
Fire Station 128	228,750				$ 228,750
Fire Station 132	375,875				375,875
Fire Station 150	578,625				578,625
Fire Station 156	346,375				346,375
	$ 17,313,000	$ 0	$ 15,783,375	$ 0	$ 1,529,625
2022 Lease Revenue Refunding Bonds (Vermont Manchester)	$ 4,854,150	$ 4,854,150			
2024 Lease Revenue Bonds (Vermont Corridor Site 2)					
Series 2024A (Tax-Exempt) and Series 2024B (Taxable)	$ 10,903,991	$ 10,903,991			
2024 Lease Revenue Bonds Series H					
Yaroslavsky Family Support Center	$ 7,716,050	$ 7,716,050			
Manhattan Beach Public Library	$ 674,688				$ 674,688
Harbour UCLA	$ 29,502,250		$ 29,502,250		
	$ 37,892,988	$ 7,716,050	$ 29,502,250	$ 0	$ 674,688
2025 Lease Revenue Bonds Series J					
Harbor-UCLA Mecical Center (Phase II)	$ 53,300,600		$ 53,300,600		
Total Long-Term Obligations	$ 277,234,238	$ 103,767,504	$ 155,373,516	$ 14,959,875	$ 3,133,344
Intermediate-Term Obligations					
Equipment					
2025 Lease Revenue Bonds (LAC-CAL Equipment Program)	$ 6,201,375	$ 3,720,825	$ 2,480,550		
Total Intermediate-Term Obligations	$ 6,201,375	$ 3,720,825	$ 2,480,550	$ 0	$ 0
Total Obligations	$ 283,435,613	$ 107,488,329	$ 157,854,066	$ 14,959,875	$ 3,133,344

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, 2026

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	$ 20,515,911	$ 20,515,911			
Patriotic Hall Renovation	33,129,498	33,129,498			
Hall of Justice Rehabilitation	171,031,624	171,031,624			
Olive View Medical Center ER/TB Unit	38,173,833		$ 38,173,833		
Olive View Medical Center Seismic	15,726,122		15,726,122		
Harbor/UCLA Surgery/ Emergency	239,215,036		239,215,036		
Harbor/UCLA Seismic Retrofit	36,887,976		36,887,976		
Total 2010 Lease Revenue Bonds, Serie B (Taxable)	$ 554,680,000	$ 224,677,034	$ 330,002,966	$ 0	$ 0
2011 High Desert Solar Complex (Taxable)	$ 770,636	$ 770,636			
2015 Lease Revenue Refunding Bonds, Series B					
LAX Area Courthouse	$ 41,240,000			$ 41,240,000	
Chatsworth Courthouse	34,585,000			34,585,000	
Total 2015 Lease Revenue Refunding Bonds, Series B	$ 75,825,000	$ 0	$ 0	$ 75,825,000	$ 0
2016 Lease Revenue Bonds, Series D					
Martin Luther King Inpatient Tower	$ 208,975,000	$ 208,975,000			
2018 Lease Revenue Bonds					
Vermont Corridor Administration Building, Series A	$ 280,625,000	$ 280,625,000			
2019 Lease Revenue Bonds, Series E-1					
East Antelope Valley Animal Shelter	$ 12,100,000	$ 12,100,000			
Probation Department Building	18,435,000	18,435,000			
Music Center Plaza	16,305,000	16,305,000			
Rancho Los Amigos NRC	144,905,000		$ 144,905,000		
Fire Station 143	5,250,000				$ 5,250,000
Total 2019 Lease Revenue Bonds, Series E-1	$ 196,995,000	$ 46,840,000	$ 144,905,000	$ 0	$ 5,250,000
2019 Lease Revenue Bonds, Series E-2					
MLK Medical Campus Parking Structure	$ 29,025,000		$ 29,025,000		
2020 Lease Revenue Bonds					
LACMA Buildings	$ 331,870,000	$ 331,870,000			
2021 Lease Revenue Bonds, Series F					
LAC+USC Medical Center Recuperative Care Center	$ 12,510,000		$ 12,510,000		
MLK Behavioral Health Center Renovation	190,935,000		190,935,000		
MLK Central Plan/Hospital Service Building	2,515,000		2,515,000		
Olive View Campus Recuperative Care Center	12,875,000		12,875,000		
Rancho Los Amigos Recuperative Care Center	14,570,000		14,570,000		
Fire Station 104	9,275,000				$ 9,275,000
	$ 242,680,000	$ 0	$ 233,405,000	$ 0	$ 9,275,000
2022 Lease Revenue Refunding Bonds, Series G (Forward Delivery)					
High Desert Multi Service Ambulatory Care Center	$ 80,170,000		$ 80,170,000		
MLK Multi Service Ambulatory Care Center	97,600,000		97,600,000		
MLK Data Center	3,055,000		3,055,000		
Fire Station 128	2,625,000				$ 2,625,000
Fire Station 132	4,300,000				4,300,000
Fire Station 150	6,600,000				6,600,000
Fire Station 156	3,905,000				3,905,000
	$ 198,255,000	$ 0	$ 180,825,000	$ 0	$ 17,430,000
2022 Lease Revenue Refunding Bonds (Vermont Manchester)	$ 44,215,000	$ 44,215,000			
2024 Lease Revenue Bonds (Vermont Corridor Site 2)					
Series 2024A (Tax-Exempt) and Series 2024B (Taxable)	$ 212,135,000	$ 212,135,000			
2024 Lease Revenue Bonds Series H					
Yaroslavsky Family Support Center	$ 94,245,000	$ 94,245,000			
Manhattan Beach Public Library	8,265,000				$ 8,265,000
Harbour UCLA	439,665,000		$ 439,665,000		
	$ 542,175,000	$ 94,245,000	$ 439,665,000	$ 0	$ 8,265,000
2025 Lease Revenue Bonds Series J					
Harbor-UCLA Mecical Center (Phase II)	$ 801,225,000		$ 801,225,000		
Total Long-Term Obligations	$3,719,450,636	$1,444,352,669	$ 2,159,052,966	$ 75,825,000	$ 40,220,000
Intermediate-Term Obligations					
Equipment					
2025 Lease Revenue Bonds (LAC-CAL Equipment Program)	$ 10,675,000	$ 6,405,000	$ 4,270,000		
Total Intermediate-Term Obligations	$ 10,675,000	$ 6,405,000	$ 4,270,000	$ 0	$ 0
Total Obligations	$3,730,125,636	$1,450,757,669	$ 2,163,322,966	$ 75,825,000	$ 40,220,000

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

COUNTY OF LOS ANGELES
SUMMARY OF OUTSTANDING GENERAL FUND AND SPECIAL FUND OBLIGATIONS
AS OF JULY 1, 2026

Title	Outstanding Principal	Total Future Payments	2026-27 FY Payment Remaining
Long-Term Obligations			
Long-Term Capital Projects			
2010 Lease Revenue Bonds, Series B (Taxable)	$ 554,680,000	$ 765,684,840 (1)	$ 51,163,061
2011 High Desert Solar Complex (Taxable)	770,636	781,101 (1)	384,062
2015 Lease Revenue Refunding Bonds, Series B	75,825,000	90,598,250	14,959,875
2016 Lease Revenue Bonds, Series D	208,975,000	322,835,988	15,906,844
2018 Lease Revenue Bonds, Series A	280,625,000	480,802,825	19,295,825
2019 Lease Revenue Bonds, Series E-1	196,995,000	338,238,125	14,091,000
2019 Lease Revenue Bonds, Series E-2	29,025,000	49,743,625	2,074,750
2020 Lease Revenue Bonds	331,870,000	515,817,225	20,631,500
2021 Lease Revenue Bonds, Series F	242,680,000	376,046,116	14,462,594
2022 Lease Revenue Refunding Bonds, Series G (Forward Delivery)	198,255,000	294,263,875	17,313,000
2022 Lease Revenue Refunding Bonds (Vermont Manchester)	44,215,000	58,235,725	4,854,150
2024 Lease Revenue Bonds, (Vermont Corridor Site 2) Series A (Tax-Exempt), B (Taxable)	212,135,000	433,660,047	10,903,991
2024 Lease Revenue Bonds, Series H (New money and Refunding Bonds)	542,175,000	985,517,106	37,892,988
2025 Lease Revenue Bonds Series J	801,225,000	1,545,683,313	53,300,600
Total Long-Term Obligations	$ 3,719,450,636	$ 6,257,908,160	$ 277,234,238
Intermediate-Term Obligations			
Equipment			
2025 Lease Rev Bonds Series A - LAC-CAL Equipment Program	$ 10,675,000	$ 11,318,125	$ 6,201,375
Total Intermediate-Term Obligations	$ 10,675,000	$ 11,318,125	$ 6,201,375
Total Obligations	$ 3,730,125,636	$ 6,269,226,285	$ 283,435,613

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

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

COUNTY OF LOS ANGELES
ESTIMATED OVERLAPPING DEBT STATEMENT AS OF JULY 1, 2026
2025-26 Assessed Valuation: $2,213,222,103,560: (includes unitary valuation)

	Applicable %		Debt as of 7/1/26	
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT				
Metropolitan Water District	47.731	%	$ 7,658,439	
Los Angeles County Flood Control District	100.000		100,000,000	
Los Angeles Community College District	100.000		4,703,750,000	
Other Community College Districts	Various	(1)	5,920,585,891	
Arcadia Unified School District	100.000		314,720,000	
Beverly Hills Unified School District	100.000		564,167,909	
Glendale Unified School District	100.000		325,620,000	
Long Beach Unified School District	100.000		2,111,346,506	
Los Angeles Unified School District	100.000		10,412,730,000	
Pasadena Unified School District	100.000		600,750,000	
Pomona Unified School District	100.000		514,913,407	
Redondo Beach Unified School District	100.000		249,261,276	
Santa Monica-Malibu Unified School District	100.000		1,342,330,000	
Torrance Unified School District	100.000		367,690,583	
Other Unified School Districts	Various	(1)	5,591,955,129	
High School and School Districts	Various	(1)	2,898,353,637	
City of Los Angeles	100.000		1,036,090,000	
City of Industry	100.000		5,045,000	
City of Pasadena	100.000		195,000,000	
Other Cities	100.000		60,696,000	
Community Facilities Districts	100.000		749,923,100	
1915 Act and Benefit Assessment Bonds - Estimate	100.000		84,938,250	
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT			$ 38,157,525,127	
Less: Los Angeles Unified School District economically defeased general obligation bonds			(258,455,000)	
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT			$ 37,899,070,127	
DIRECT AND OVERLAPPING GENERAL FUND DEBT				
Los Angeles County General Fund Obligations	**100.000**	**%**	**$ 3,757,654,203**	
Los Angeles County Office of Education Certificates of Participation	100.000		1,824,136	
Community College District Certificates of Participation	Various	(2)	40,225,847	
Baldwin Park Unified School District Certificates of Participation	100.000		27,630,000	
Compton Unified School District Certificates of Participation	100.000		17,190,000	
Los Angeles Unified School District Certificates of Participation	100.000		206,200,000	
Paramount Unified School District Certificates of Participation	100.000		17,258,000	
Other Unified School District Certificates of Participation	Various	(2)	501,457,310	
High School and Elementary School District General Fund Obligations	Various	(2)	140,935,200	
City of Beverly Hills General Fund Obligations	100.000		42,935,000	
City of Los Angeles General Fund	100.000		2,278,772,398	
City of Long Beach General Fund Obligations	100.000		114,350,000	
City of Pasadena General Fund Obligations	100.000		318,160,242	
City of Pasadena Pension Obligations Bonds	100.000		121,600,000	
Other Cities' General Fund Obligations	100.000		4,229,535,676	
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			$ 11,815,728,012	
Less: Cities supported obligations			(377,109,080)	
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			$ 11,438,618,932	
OVERLAPPING TAX INCREMENT DEBT: (Successor Agencies):			$ 1,175,862,652	
TOTAL DIRECT DEBT			$ 3,757,654,203	
TOTAL GROSS OVERLAPPING DEBT			$ 47,391,461,588	
TOTAL NET OVERLAPPING DEBT			$ 46,755,897,508	
GROSS COMBINED TOTAL DEBT			$ 51,149,115,791	(3)
NET COMBINED TOTAL DEBT			$ 50,513,551,711	

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

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

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

RATIOS TO 2025-26 ASSESSED VALUATION	
Total Gross Overlapping Tax and Assessment Debt	1.72 %
Total Net Overlapping Tax and Assessment Debt	1.71 %
Total Gross Direct Debt ($3,757,654,203)	0.17 %
Gross Combined Total Debt	2.31 %
Net Combined Total Debt	2.28 %
Ratios to Redevelopment Sucessor Agency Incremental Valuation ($312,718,896,239):	
Total Overlapping Tax Increment Debt	0.38 %

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.

COUNTY OF LOS ANGELES
CALIFORNIA

ECONOMIC AND DEMOGRAPHIC INFORMATION

Economic Overview

With a 2025 gross product projection of $1.02 trillion the County's economy is larger than all but 6 states and 18 countries. The County serves as the central trade district for the western United States and the U.S. gateway to the Asian economies and has evolved into a leader in international commerce and investments. The County's economy experienced steady growth in 2025 with an increase in economic output of 1.6%, as measured by Gross Product. However, during the same year, the County experienced a slight decline in total taxable sales of 0.7%.

The County's unemployment rate averaged 5.7% in 2025, which reflects a decrease of 0.1% from 2024. In 2026 and 2027, the job market is expected to stay relatively steady with projected unemployment rates of 5.7% and 5.6%, respectively.

Voter Approved Revenue Ballot Measures

As of December 31, 2025, K-12 schools and community college districts in the County had approximately $35.7 billion of unissued bonding capacity authorized by voters through local ballot measures. In November 2016, voters approved Measure A, the Parks and Open Space Parcel Tax, which is expected to generate approximately $96.8 million per year for the County's local parks, beaches, and open space areas. Measure A replaced 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, voters approved Measure H, the Los Angeles County Sales Tax for Homeless Services and Prevention, which authorized 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, voters approved Measure A, the Homeless Services and Affordable Housing Ordinance, which authorized a 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 until ended by voters (no sunset clause).

On November 6, 2018, voters approved Measure W, the Los Angeles Region's Public Health and Safe, Clean Water Program, which authorized 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 November 2024, voters approved Measure E, the Fire Protection District Parcel Tax, which authorizes an annual parcel tax of $0.06 per square foot of certain parcel improvements. Measure E is expected to generate approximately $152 million of annual revenue to support local firefighter and paramedic emergency services.

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 at the two primary seaports (Port of Los Angeles completed in 2026 and Port of Long Beach expected to be completed in late 2028), 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 303,300 workers employed in this sector in 2025.

Higher Education

The County is home to an extensive education system, with 111 colleges and university campuses, including the University of California Los Angeles; 5 state university campuses; 69 colleges; prestigious private universities such as the University of Southern California, 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 Arizona State University 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 the Los Angeles County Museum of Art (LACMA), the Natural History Museum of Los Angeles County, the Norton Simon Museum, the Getty Villa Museum, the Museum of Contemporary Art, the Huntington Art Museum, and the Broad Museum of Contemporary Art. A major construction project was completed on the LACMA campus to build the David Geffen Galleries to house LACMA's permanent art collection. The new $724 million museum facility was opened in April 2026.

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. A $100 million expansion was started in 2025 to add 50,000 square feet, with anticipated completion before the 2028 Olympic and Paralympic Games.

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, a café, and rooftop restaurant. The new museum, which is scheduled to open in September 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 $450 million project is the permanent home of the Space Shuttle Endeavour and the tallest structure in Exposition Park, peaking at 200 feet. Construction was completed in April 2026.

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.

The La Brea Tar Pits and Page Museum will undertake a two-year, $240 million renovation project to increase space and develop more sustainable infrastructure, with anticipated reopening in 2028 before the 2028 Olympic and Paralympic Games.

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 183 parks, including 4 arboreta and botanic gardens, 92 local parks, 22 community regional parks, 16 regional parks,14 wildlife sanctuaries, 8 nature centers, 28 public swimming pools, over 200 miles of horse, biking and hiking trails, natural habitat and the world's largest public golf course system. Each year, millions of people visit the County's 25 miles of public beaches stretching along its 75-mile coastline, with bike enthusiasts able to enjoy the County's 22-mile beach bikeway.

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

In January 2016, National Football League (NFL) team owners voted to allow the St. Louis Rams to move to Los Angeles for the 2016 NFL season. A year later, NFL team owners voted to allow the San Diego Chargers to relocate to Los Angeles for the 2017 NFL season. After nearly four years of construction, the SoFi Stadium was completed in September 2020 at a cost of $4.963 billion. The 298-acre facility located in the City of Inglewood features a stadium with a translucent roof with seating for 70,240 spectators, and the ability to expand to an additional 30,000 seats for special events. The venue is home to the Los Angeles Rams and Los Angeles Chargers and hosted the 56th Super Bowl in February 2022. SoFi Stadium hosted the College Football Championship Game in 2023 and will host the Opening and Closing Ceremonies of the 2028 Olympic and Paralympic Games. SoFi 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 Olympic and Paralympic Games. The Los Angeles region secured $900 million in federal infrastructure funding to improve mobility and upgrade transportation infrastructure ahead of the 2028 Olympic and Paralympic Games. LA Metro received $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 Olympic Games, 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. The Intuit Dome hosted the 2026 NBA All-Star Game.

Population

The County is the most populous county in the U.S. with approximately 9.9 million people estimated to be residing within its borders. The 2025 population count experienced a slight increase from 2024, as reflected in Table B. The County's population makes it equivalent to the eleventh largest state in the nation and accounts for approximately 25.0% of the total population of California. According to the U.S. Census Bureau's demographic profile, the County's population is comprised of 48.8% Hispanic/Latino, 25.0% White, 16.4% Asian, 8.9% African American and 0.9% other. The County is home to the highest number of foreign–born residents in the nation and has the largest population of persons of Chinese, Filipino, Japanese, Korean, Mexican, Salvadoran, and Thai descent outside their native countries, with more than 220 languages and cultures represented across the County. With 91 consulates, the County has a consular corps larger than any other U.S. city outside of Washington D.C. and New York City. It is estimated that 80.9% of the adult population has a high school diploma or higher, and 36.0% 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 2024, the County's unemployment rate experienced significant improvement, falling to 5.8%. In 2025 the unemployment rate decreased to 5.7%. The County's employment outlook is projected to stay steady over the next two years, with the unemployment rates of 5.7% in 2026 and 5.6% in 2027. Table E details the County's historical unemployment rates from 2021 through 2025. Table F details the non-agricultural employment statistics by sector for the County from 2021 through 2025.

Personal Income

Total personal income in the County increased by an estimated 5.3% in 2025. The projected 2025 total personal income of $862.1 billion represents an estimated 24.0% of the total personal income generated in California. Based on current projections, personal income is expected to increase by 2.0% in 2026 and 2.8% in 2027. Table C provides a summary of the personal income statistics for the County from 2021 through 2025.

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, 2024, and 2025, the County's total taxable sales decreased by 2.4%, 1.3%, and 0.7%, respectively. The $204.5 billion of total estimated taxable sales in the County for 2025 represents 21.8% 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 2021 through 2025.

Industry

With an estimated annual economic output of $1.02 trillion in 2025, the County continues to rank among the world's largest economies. The County's 2025 Gross Product represents approximately 24.0% of the total economic output in California and 3.3% 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 2021 through 2025.

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 international trade in the LACD grew by 10.1% from 2023, with LACD handling approximately $515 billion worth of international trade. In 2025, the value of international trade in the LACD decreased by 1.3% from 2024, with LACD handling approximately $508 billion worth of international trade. Table H provides the value of international trade for the County from 2021 through 2025.

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 thirteenth (13th) busiest airport in the world and fifth (5th) 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 73.7 million passengers in 2025, representing a 156% increase from 2020, and 3.8% decrease from 2024. The 2.3 million tons of air cargo handled at LAX in 2025 represents a decrease of 7.0% from 2020 levels, and a decrease of 4.6% from 2024. 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 2033. 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 ninth busiest in the world. The port complex is a powerful economic force in the region, with a direct connection to hundreds of thousands of jobs in Southern California and billions of dollars in state and local tax revenue. The combined port complex handled 20.1 million Twenty-foot Equivalent Unit ("TEU") containers in 2025, which represents a 0.9% increase in container volume from 2024.

The Port of Los Angeles is one of the largest man-made harbors in the world. In 2025, it was ranked as the busiest container port in the United States and the sixteenth (16^{th}) 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 cargo terminals, including facilities to handle automobiles, containers, dry bulk and liquid bulk products. In 2025, the Port handled 10.2 million TEUs, which represents a decrease of 0.6% in container volume from 2024.

The Port of Long Beach is also among the world's busiest container ports and was ranked behind the Port of Los Angeles as the second busiest port in the nation, and the nineteenth (19^{th}) 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 2025, the port handled 9.9 million TEUs of container cargo, which represents an increase of 2.4% from 2024.

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 305.7 million in annual boardings, the Metro System is the ninth (9^{th}) busiest public transportation system in the U.S. The Metro System was designed to meet the travel needs of the area's diverse population centers through a variety of transportation services that will be implemented over a 30-year period. The integrated Metro System is administered and operated by the Los Angeles County Metropolitan Transportation Authority (MTA), which is responsible for the planning, design, construction and operation of the public transportation system for the County.

The Fiscal Year 2026 operating budget for the MTA is $9.5 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. Section 1 of Metro's Purple Line Extension was completed, with three new underground stations opened in May 2026 to make travel easier and faster. Sections 2 and 3 are expected to be completed in 2027.

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. According to the Los Angeles Tourism & Convention Board, 50 million visitors traveled to Los Angeles County in 2024, matching the pre-pandemic record and generating more than $45 billion in total business sales.

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 2025. 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 229% from 2012 to 2025.

In 2025, the residential real estate market experienced growth, as the average median home price increased by 5.8% to $953,500 from 2024. New and existing home sales decreased by 2.2% from 57,874 in 2024 to 56,608 in 2025. After a record high of 105,433 in 2009, notices of default recorded decreased by 92.0% by 2025. Notices of default recorded in 2025 was 7,426, which is a 12.0% decrease from 2024. Table K provides a summary of real estate and construction indicators in the County from 2021 through 2025. 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 1,139 in 2024. The number of trustees deeds recorded decreased by 15.8% to 959 in 2025.

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 2026-27, the Assessor reported a Net Local Roll of $2.272 trillion, which represents an increase of 4.42% or $96.0 billion from Fiscal Year 2025-26 The Fiscal Year 2026-27 Net Local Roll represents the largest revenue-producing valuation in the history of the County, and the sixteenth consecutive year of assessed valuation growth.

The industrial market vacancy rates decreased from 4.9% in 2024 to 4.6% in 2025. Office market vacancy rates decreased from 24.9% in 2024 to 23.4% in 2025.

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.

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 $)

	2021	2022	2023	2024	2025
Los Angeles County	$841	$909	$956	$1,003	$1,019 *
State of California	3,418	3,618	3,827	4,048	4,251
United States	23,726	26,055	27,812	29,298	30,762
Los Angeles County as a % of California	24.6%	25.1%	25.0%	24.8%	24.0%

Source: Los Angeles County Economic Development Corporation; Bureau of Economic Analysis-US Department of Commerce
** 2025 Los Angeles County Gross Product value is a forecast*

TABLE B: POPULATION LEVELS (in thousands)

	2021	2022	2023	2024	2025
Los Angeles County	9,966	9,870	9,834	9,849	9,877
State of California	39,370	39,180	39,228	39,421	39,529
Los Angeles County as a % of California	25.3%	25.2%	25.1%	25.0%	25.0%

Source: Los Angeles County Economic Development Corporation; Official estimates from the California Department of Finance

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

	2021	2022	2023	2024	2025*
Los Angeles County	721,713	728,350	766,332	818,509	862,136
Orange County	258,628	267,135	282,269	298,129	314,943
San Diego County	240,063	246,464	262,611	278,128	295,761
Riverside County	126,651	127,576	133,563	142,697	151,459
San Bernardino County	109,157	108,076	111,576	119,552	126,175
Ventura County	62,577	62,171	64,930	68,972	72,661
State of California	3,019,216	3,021,646	3,182,779	3,400,237	3,585,891
Los Angeles County as a % of California	23.9%	24.1%	24.1%	24.1%	24.0%

Source: Los Angeles County Economic Development Corporation; Bureau of Economic Analysis, CA Department of Finance
** 2025 data is a forecast*

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

	2021	2022	2023	2024	2025
Los Angeles County	192,524	213,717	208,503	205,810	204,460
State of California	862,712	951,775	935,895	930,281	936,625
Los Angeles County as a % of California	22.3%	22.5%	22.3%	22.1%	21.8%

Source: Los Angeles County Economic Development Corporation; California Department of Tax and Fee Administration

TABLE E: UNEMPLOYMENT RATES

	2021	2022	2023	2024	2025
Los Angeles County	9.0%	5.0%	5.1%	5.8%	5.7%
State of California	7.3%	4.3%	4.7%	5.3%	5.5%
United States	5.4%	3.7%	3.6%	4.0%	4.3%

Source: Los Angeles County Economic Development Corporation; CA EDD LMID, CES; Bureau of Labor Statistics

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

Non-Agricultural Wage and Salary Workers (in thousands)

Employment Sector	2021	2022	2023	2024	2025
Health Care & Social Assistance	718.6	739.5	779.9	820.0	858.4
Wholesale & Retail Trade	598.7	609.9	604.9	593.6	582.8
Government	560.2	570.0	583.1	601.7	603.2
Leisure and Hospitality	434.2	512.4	534.1	537.5	533.1
Manufacturing	313.1	321.7	318.4	312.6	303.3
Professional Scientific & Technical Services	300.6	319.5	316.5	317.8	323.9
Administrative & Support & Waste Services	267.4	285.1	277.4	276.0	274.4
Information	208.8	234.9	193.1	189.6	177.0
Transportation, Warehousing & Utilities	215.2	223.6	217.9	218.5	216.5
Other	142.2	159.3	163.8	165.3	163.6
Construction	149.0	151.3	151.2	151.6	146.5
Educational Services	125.3	131.1	139.1	147.0	148.7
Finance & Insurance	129.0	126.6	122.2	118.5	116.9
Real Estate & Rental & Leasing	84.1	89.2	88.3	89.2	86.6
Management of Companies & Enterprises	63.3	62.8	63.3	63.6	62.0
Total	4,309.7	4,536.9	4,553.2	4,602.5	4,596.9

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

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

Type of Activity	2021	2022	2023	2024	2025
International Air Cargo (Tons)					
Los Angeles International Airport	1,867.5	1,768.9	1,521.9	1,590.4	1,577.5
As Percentage of Total Air Cargo	62.79%	64.22%	64.26%	66.14%	68.79%
Total Air Cargo (Tons)					
Los Angeles International Airport	2,974.1	2,754.6	2,368.1	2,404.4	2,293.0
Long Beach Airport	14.9	14.4	13.1	12.4	16.6
Hollywood Burbank Airport	53.9	44.6	37.3	37.4	36.1
Total	3,042.9	2,813.5	2,418.5	2,454.2	2,345.8
International Air Passengers					
Los Angeles International Airport	7,965.3	16,600.8	22,229.2	23,985.6	23,597.9
As Percentage of Total Passengers	16.6%	25.2%	29.6%	31.3%	32.0%
Total Air Passengers					
Los Angeles International Airport	48,009.2	65,924.3	75,056.2	76,585.9	73,709.6
Long Beach Airport	2,104.1	3,242.8	3,739.2	4,148.1	3,818.2
Hollywood Burbank Airport	3,733.0	5,898.7	6,034.7	6,550.3	6,219.5
Total	53,846.3	75,065.9	84,830.2	87,284.2	83,747.2
Container Volume (TEUs)					
Port of Los Angeles	10,677.6	9,911.2	8,629.7	10,297.4	10,239.3
Port of Long Beach	9,384.4	9,133.7	8,018.7	9,649.7	9,881.6
Total	20,062.0	19,044.8	16,648.4	19,947.1	20,120.9

Source: Los Angeles County Economic Development Corporation; 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 U.S. CUSTOMS DISTRICTS (in millions of $)

Customs District	2021	2022	2023	2024	2025
Los Angeles, CA*	$478,305	$523,930	$467,587	$514,635	$507,889
New York, NY	466,083	520,764	484,031	497,239	625,568
Laredo, TX	354,642	411,737	435,062	463,780	481,847
Chicago, IL	343,323	387,875	364,849	387,319	463,131
Houston-Galveston, TX	273,657	392,859	364,634	372,453	351,048
Detroit, MI	267,661	303,225	315,656	312,612	284,297
New Orleans, LA	228,358	281,469	261,148	264,226	273,204
Savannah, GA	200,787	225,891	220,155	245,404	256,629
Cleveland, OH	168,054	187,119	173,492	195,469	204,388
Seattle, WA	140,565	157,314	146,188	148,491	145,868

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

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

Port	2021	2022	2023	2024	2025
Los Angeles-Long Beach, CA	234,536	222,745	202,353	233,970	231,189
Tacoma, WA	26,423	24,152	27,318	29,807	26,380
Oakland, CA	32,357	29,918	26,877	29,705	29,691
Seattle, WA	17,727	14,738	10,943	13,020	12,248
Longview/Kalama, WA	12,115	11,036	10,284	12,053	11,392
Portland, OR	12,749	12,256	10,800	14,880	13,635
Port Hueneme	6,885	8,055	7,889	8,341	7,403
San Diego, CA	4,350	4,698	4,968	5,425	5,061
Vancouver, WA	2,255	2,435	2,296	1,962	1,664

Source: Los Angeles County Economic Development Corporation; Pacific Maritime Association, Annual Reports

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

Port	2021	2022	2023	2024	2025
Los Angeles-Long Beach, CA	20,062	19,045	16,648	19,947	20,121
New York-New Jersey, NY	8,986	9,494	7,810	8,699	8,898
Savannah, GA	5,613	5,892	4,928	5,546	5,691
Seattle-Tacoma, WA	3,736	3,384	2,974	3,341	3,157
Norfolk, VA	3,523	3,703	3,288	3,524	3,240
Houston, TX	3,453	3,975	3,835	4,140	4,303
Charleston, SC	2,751	2,792	2,482	2,497	2,565
Oakland, CA	2,449	2,338	2,066	2,263	2,254

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

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

Indicator	2021	2022	2023	2024	2025
1. New & Existing Median Home Prices	$792,656	$878,646	$902,625	$901,521	$953,500
2. New & Existing Home Sales	96,295	69,868	54,871	57,874	56,608
3. Notices of Default Recorded	3,578	7,223	7,803	8,434	7,426
4. Office Market Vacancy Rates	19.1%	20.8%	22.8%	24.9%	23.4%
5. Industrial Market Vacancy Rates	0.7%	0.9%	3.4%	4.9%	4.6%

Source: CoreLogic, Cushman & Wakefield

TABLE L: BUILDING PERMITS AND VALUATIONS IN LOS ANGELES COUNTY

	2021	2022	2023	2024	2025
Residential Building Permits					
1. New Residential Permits (Units)					
a. Single Family	7,338	8,301	6,504	7,405	N/A
b. Multi-Family	16,718	18,912	11,752	9,260	N/A
Total Residential Building Permits	24,056	27,213	18,256	16,665	N/A
Building Valuations					
2. Residential Building Valuations (in millions of $)					
a. Single Family	$2,089	$2,180	$1,681	$2,154	N/A
b. Multi-Family	3,027	3,524	2,016	1,648	N/A
c. Alterations and Additions	909	1,423	1,401	2,188	N/A
Residential Building Valuations Subtotal	$6,025	$7,127	$5,098	$5,990	N/A
3. Non-Residential Building Valuations (in millions of $)					
a. Office Buildings	$162	$70	$80	$242	N/A
b. Retail Buildings	170	879	607	452	N/A
c. Hotels and Motels	53	41	77	0	N/A
d. Industrial Buildings	28	25	138	25	N/A
e. Alterations	949	2,417	1,846	2,216	N/A
f. Other	508	752	1,319	1,267	N/A
Non-Residential Building Valuations Subtotal	$1,870	$4,184	$4,067	$4,202	N/A
Total Building Valuations (in millions)	$7,895	$11,311	$9,165	$10,192	N/A

Source: California Building Industry Association

TABLE M: LARGEST PRIVATE SECTOR EMPLOYERS IN LOS ANGELES COUNTY

	Company (in order of 2025 Ranking)	Industry	Headquarters	No. of Employees	
				LA County	Total
1	Kaiser Permanente	Health Care	Oakland, CA	47,897	241,462
2	University of Southern California	Education-Private University	Los Angeles, CA	25,741	26,716
3	Cedars-Sinai	Health Care	Los Angeles, CA	18,087	19,615
4	Northrop Grumman Corp.	Aerospace, Electronics and Information Systems	Falls Church, VA	16,600 [1]	95,000
5	The Walt Disney Co.	Media and Entertainment	Burbank, CA	13,400	230,400
6	NBCUniversal	Media and Entertainment	New York, NY	13,000 [1]	59,800 [1]
7	UPS	Transportation and Freight	Atlanta, GA	12,000 [1]	163,000 [1]
8	Providence	Health Care	Renton, WA	11,500 [1]	48,700 [1]
9	The Home Depot	Home Improvement Retailer	Atlanta, GA	11,000 [1]	120,000 [1]
	Target Corp.	Retailer	Minneapolis, MN	11,000 [1]	160,000 [1]
11	The Boeing Co.	Aerospace/Defense, Commercial Jetliners	Arlington, VA	10,700	170,000
12	Albertsons Cos.	Grocery Retailer	Boise, Idaho	10,000 [1]	108,000 [1]
13	California Institute of Technology	Private University and Jet Propulsion Lab	Pasadena, CA	8,396	9,284
14	AT&T Inc.	Telecommunications	Dallas, TX	8,000 [1]	140,990
15	Amazon	Online Retailer	Seattle, WA	7,000 [1]	1,500,000
16	Allied Universal	Security Services and Technology Solutions	Santa Ana, CA	6,800 [1]	300,000
17	City of Hope	Cancer, Diabetes Treatment and Research Center	Duarte, CA	6,700 [1]	12,000 [1]
18	Ralphs/Food 4 Less - Kroger Co.	Grocery Retailer	Cincinnati, OH	5,600	10,000
	SpaceX	Rockets and Spacecraft	Hawthorne, CA	5,600	13,000 [1]
20	Bank of America Corp.	Banking and Financial Services	Charlotte, NC	5,530	213,000
21	Children's Hospital Los Angeles	Non-Profit Hospital	Los Angeles, CA	5,305	7,489
22	Costco Wholesale	Membership Chain of Warehouse Stores	Issaquah, WA	5,300 [1]	79,000 [1]
23	Capital Group	Financial Services	Los Angeles, CA	4,600	9,000
24	Antelope Valley Medical Center	Health Care	Lancaster, CA	2,800	2,800
25	Deloitte LLP and subsidiaries	Audit, Tax, Advisory and Consulting Services	New York, NY	2,610	460,000

Source: Los Angeles Business Journal

1 Los Angeles Business Journal estimate

COUNTY OF LOS ANGELES
CALIFORNIA

APPENDIX B

THE COUNTY OF LOS ANGELES AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

COUNTY OF LOS ANGELES
CALIFORNIA

COUNTY OF LOS ANGELES, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
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Independent Auditor's Report

The Honorable Board of Supervisors
County of Los Angeles, California

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Los Angeles, California (County), as of and for the year ended June 30, 2025, 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, 2025, 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), a discretely presented component unit; the Los Angeles County Children and Families First – Proposition 10 Commission (First 5 LA), a discretely presented component unit; and the Los Angeles County Employees Retirement Association (LACERA), a pension and other postemployment benefit trust fund; 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	68%	69%	12%

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, effective July 1, 2024, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Macias Gini & O'Connell LLP

Los Angeles, California
December 15, 2025

COUNTY OF LOS ANGELES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2025

We offer the residents and other readers of the County of Los Angeles Annual Comprehensive Financial Report this management discussion and analysis (MD&A), which is not covered by the Independent Auditor's Report, but is presented as required supplementary information. The MD&A provides a narrative overview and analysis of the financial activities of the County for the year ended June 30, 2025, focusing on why amounts changed from the prior year. We encourage readers to consider this information presented in conjunction with additional information that we have furnished in our 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 $10.182 billion. Net position is classified into three categories and the unrestricted component was negative $35.505 billion.

During the current year, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 101, "Compensated Absences" and established guidance to measure our liabilities for compensated absences. GASB 101 had an effect on the County's beginning net position, which was restated and decreased governmental and business-type activities net position by $190 million and $38 million, respectively. In addition, we restated the County's net position due to a change to or within the Financial Reporting Entity and an Error Correction which increased the governmental activities and decreased the business-type activities by $36 million. Amounts reported in MD&A for 2024 have not been restated for the effects of these changes. See further discussion in Note 2 to the basic financial statements.

During the current year, the County's net position increased by $494 million. Net position related to governmental activities increased by $527 million, while net position related to business-type activities decreased by $33 million.

At the end of the current year, the County's General Fund reported a total fund balance of $8.106 billion. The fund balance categories and amounts consisted of nonspendable fund balance of $280 million, restricted fund balance of $93 million, committed fund balance of $1.404 billion, assigned fund balance of $1.238 billion, and $5.091 billion of unassigned fund balance.

The County's capital asset balances were $24.732 billion at year-end which increased by $1.126 billion during the year. Capital assets for governmental activities and business-type activities increased by $1.074 billion and $52 million, respectively.

During the current year, the County's long-term debt related to bonds, notes and loans from direct borrowings and direct placements increased by $775 million. Newly issued and accreted long-term debt of $1.507 billion was less than the long-term debt maturities of $732 million. Lease and subscription liabilities increased by $155 million and $19 million, respectively, from the prior year.

Overview of the Basic Financial Statements

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

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

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all County assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources, which represent net position. Over time, increases and decreases in net position may serve as an indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information that indicates how the County's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying events giving rise to the changes occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that affect cash flows in future periods. For example, property tax revenues have been recorded that have been earned but not yet collected and pension and other postemployment benefits (OPEB) expenses have been accrued but not yet paid.

The government-wide financial statements report the following different types of programs or activities:

- Governmental Activities - The majority of County services are reported under this category. Taxes and intergovernmental revenues are the major revenue sources that fund these activities, which include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, recreation and cultural services, and interest on long-term debt.

- Business-type Activities - County services that are intended to recover costs through user charges and fees are reported under this category. The County Hospitals, Waterworks Districts, and Aviation Funds represent the County's business activities.

- Discretely Presented Component Units - Component units are separate entities for which the County is financially accountable. The Los Angeles County Development Authority and First 5 LA are displayed as discretely presented in the financial statements.

FUND FINANCIAL STATEMENTS

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $10.182 billion at the close of the most recent fiscal year.

Summary of Net Position
As of June 30, 2025 and 2024 (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
		(1)		(1)		(1)
Current and other assets	$ 26,051,607	$ 24,777,388	$ 5,259,662	$ 5,028,768	$ 31,311,269	$ 29,806,156
Capital assets	21,167,233	20,093,030	3,565,139	3,513,144	24,732,372	23,606,174
Total assets	47,218,840	44,870,418	8,824,801	8,541,912	56,043,641	53,412,330
Deferred outflows of resources	10,190,163	10,817,024	1,520,012	1,658,774	11,710,175	12,475,798
Current and other liabilities	8,052,618	7,952,565	1,312,065	1,072,810	9,364,683	9,025,375
Long-term liabilities	48,277,460	48,032,219	7,896,820	7,993,020	56,174,280	56,025,239
Total liabilities	56,330,078	55,984,784	9,208,885	9,065,830	65,538,963	65,050,614
Deferred inflows of resources	10,659,292	9,655,293	1,737,245	1,629,595	12,396,537	11,284,888
Net position:						
Net investment in capital assets	16,741,481	16,229,559	2,584,618	2,590,331	19,326,099	18,819,890
Restricted	5,905,368	5,788,406	91,639	85,492	5,997,007	5,873,898
Unrestricted (deficit)	(32,227,216)	(31,970,600)	(3,277,574)	(3,170,562)	(35,504,790)	(35,141,162)
Total net position	$ (9,580,367)	$ (9,952,635)	$ (601,317)	$ (494,739)	$ (10,181,684)	$ (10,447,374)

(1) The 2024 amounts were not restated because it is not practicable to do so.

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

Current and Other Assets

Current and other assets increased by $1.274 billion for governmental activities. There was an increase of $661 million 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 governmental funds of $219 million, $232 million and $194 million, respectively, $306 million in internal receivables from the prior year, $191 million in Other Investments primarily from nonmajor governmental capital project and debt service funds, $94 million in other receivables primarily from mental health, social services, and General Fund health programs, and $84 million in taxes receivable accrued at year-end. This was offset by a decrease of $32 million and $21 million in lease and interest receivables, respectively, from the prior year.

For business-type activities, current and other assets increased by $231 million. The business-type activities pooled cash and investments, restricted assets and other receivables increased by $168 million, $184 million and $523 million, respectively, from the prior year. This was offset by a decrease of $336 million and $306 million in accounts receivables and internal balances, respectively, from the prior year.

Deferred Outflows of Resources

In the current year, the County's deferred outflows of resources balances were $11.710 billion. The deferred outflows of resources were $10.190 billion and $1.520 billion for governmental and business-type activities, respectively. The total deferred outflows of resources amounts and net decreases of $766 million were mostly related to pension and OPEB RHC. The total pension related deferred outflows decreased by $241 million and $24 million for governmental and business-type activities, respectively, from the prior year. The total OPEB RHC related deferred outflows decreased by $384 million and $114 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 $100 million for governmental activities primarily from an increase in advances payable of $412 million, accounts payable of $17 million, accrued payroll of $22 million, and other payables of $32 million at year-end. This was offset by a decrease in unearned revenue of $384 million for amounts at year-end. For business-type activities, a net increase of $239 million in current and other liabilities was largely associated with an increase in other payables of $471 million and offset by a decrease in accounts payable of $239 million for amounts owed at year-end.

Long-term liabilities decreased by $245 million and increased by $96 million for governmental and business-type activities, respectively. Net pension liabilities decreased in the current year by $960 million and $131 million for governmental and business-type activities, respectively. Net OPEB liabilities decreased by $1.057 billion and $295 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, as well as an increase in plan fiduciary net position due to improved investment performance.

Liabilities-Continued

Governmental activities litigation and self-insurance liabilities increased by approximately $956 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 liabilities are based on actual settlements approved by the Board of Supervisors on April 28, 2025 in the amount of $4 billion which also includes an estimate for potential new cases based on the limited information currently available.

For governmental activities, liabilities for compensated absences and workers' compensation were higher by $104 million and $222 million, respectively. Liabilities for compensated absences increased due to the implementation of GASB 101 which provided guidance on how to measure our liabilities for compensated absence. Workers' compensation liabilities increased due to higher claims submitted and trends in medical costs. Bonds, notes and loans from direct placements were higher by $301 million. Lease liabilities were higher by $156 million. Amounts owed to third party payors by the County's were higher by $96 million.

For business-type activities, liabilities for compensated absences and workers' compensation were higher by $12 million and $11 million, respectively. For business-type activities, bonds, notes and loans from direct placements were higher by $473 million. Amounts owed to third party payors by the County's hospitals were higher by $23 million as discussed in Note 14.

Specific disclosures related to pension liabilities, OPEB liabilities, lease liabilities, subscription liabilities, and other changes in long-term liabilities are discussed and referenced in Notes 7, 8, 9, 10 and 11 to the basic financial statements, respectively.

Deferred Inflows of Resources

In the current year, the County's deferred inflows of resources were $12.397 billion. Deferred inflows of resources increased by $1.004 billion and $108 million for governmental and business-type activities, respectively. The total OPEB RHC and LTD related deferred inflows increased by $300 million and $26 million for governmental and business-type activities, respectively, from the prior year. Pension related deferred inflows of resources increased by $707 million and $93 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 decreased by $32 million in governmental activities. For Public-Private and Public-Public Partnerships (PPPs), there were $80 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.

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

Net Investment in Capital Assets

The largest portion of the County's net position, $19.326 billion, represents its investment in capital assets (i.e., land and easements, buildings and improvements, infrastructure, software, equipment, lease and subscription assets, net of related depreciation and amortization), less any related debt and related deferred outflows of resources used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted Net Position

The County's restricted net position at year-end was $5.997 billion. Asset restrictions are primarily due to external restrictions imposed by State legislation and bond covenants. Net position that pertains to the various separate legal entities included in the basic financial statements is also generally restricted because the entities' funding sources require that funds be used for specific purposes.

Unrestricted Net Position (Deficit)

The County's total unrestricted net position is negative $35.505 billion. Both governmental and business-type activities reported deficits in this category of $32.227 billion and $3.278 billion, respectively. OPEB related liabilities of $23.774 billion, along with pension liabilities totaling $12.983 billion, continued to be the most significant factors associated with the reported deficits.

COUNTY OF LOS ANGELES
CALIFORNIA

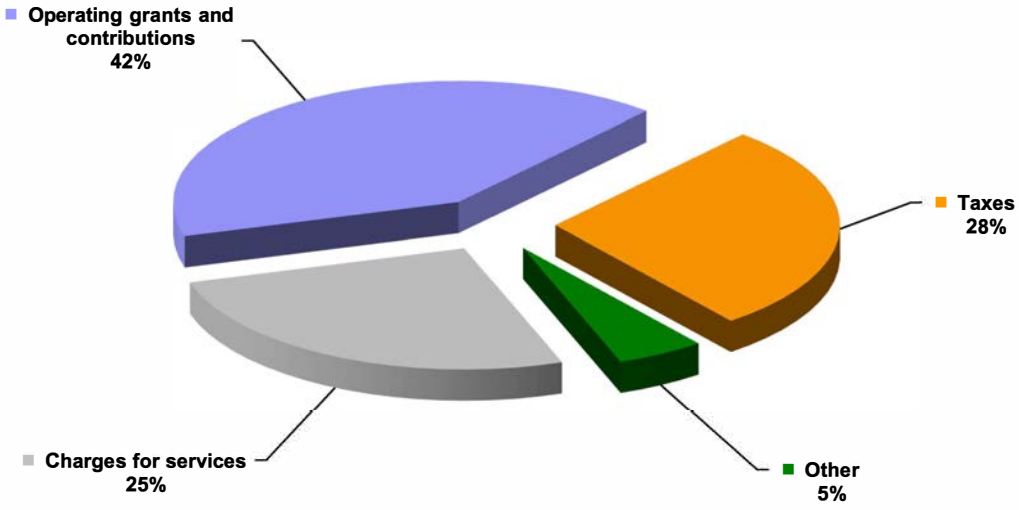
The following table details and identifies changes in net position for governmental and business-type activities:

Summary of Changes in Net Position
For the Years Ended June 30, 2025 and 2024
(in thousands)

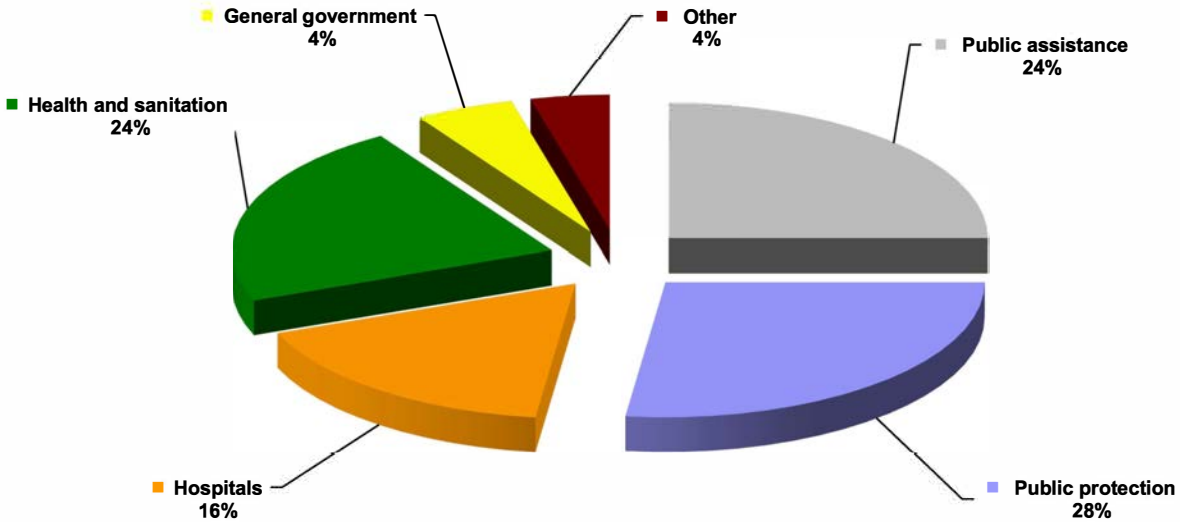
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:		(1)		(1)		(1)
Program revenues:						
Charges for services	$ 4,618,709	$ 4,757,465	$ 5,587,852	$ 5,367,328	$ 10,206,561	$ 10,124,793
Operating grants and contributions	16,551,675	15,578,862	159,120	185,668	16,710,795	15,764,530
Capital grants and contributions	52,191	58,660	240	326	52,431	58,986
General revenues:						
Taxes	11,297,734	10,811,926	9,990	9,101	11,307,724	10,821,027
Unrestricted grants and contributions	697,817	679,353	296	966	698,113	680,319
Investment income	1,013,797	863,672	62,137	53,810	1,075,934	917,482
Miscellaneous	324,579	253,977	127	303	324,706	254,280
Total revenues	34,556,502	33,003,915	5,819,762	5,617,502	40,376,264	38,621,417
Expenses:						
General government	1,667,383	1,884,559			1,667,383	1,884,559
Public protection	10,975,331	10,040,684			10,975,331	10,040,684
Public ways and facilities	591,349	585,307			591,349	585,307
Health and sanitation	9,648,717	8,032,810			9,648,717	8,032,810
Public assistance	9,506,353	9,426,531			9,506,353	9,426,531
Education	179,496	173,303			179,496	173,303
Recreation and cultural services	661,621	534,164			661,621	534,164
Interest on long-term debt	198,327	178,369			198,327	178,369
Hospitals			6,307,475	6,215,647	6,307,475	6,215,647
Waterworks			129,934	118,530	129,934	118,530
Aviation			16,275	19,951	16,275	19,951
Total expenses	33,428,577	30,855,727	6,453,684	6,354,128	39,882,261	37,209,855
Excess (deficiency) before transfers	1,127,925	2,148,188	(633,922)	(736,626)	494,003	1,411,562
Transfers	(601,402)	(1,058,209)	601,402	1,058,209		
Change in net position	526,523	1,089,979	(32,520)	321,583	494,003	1,411,562
Net position - beginning, as restated	(10,106,890)	(11,042,614)	(568,797)	(816,322)	(10,675,687)	(11,858,936)
Net position - ending	$ (9,580,367)	$ (9,952,635)	$ (601,317)	$ (494,739)	$ (10,181,684)	$ (10,447,374)

(1) The 2024 amounts were not restated because it is not practicable to do so.

REVENUES BY SOURCE – ALL ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2025



EXPENSES BY TYPE – ALL ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2025



Governmental Activities

Revenues from governmental activities increased by $1.553 billion (4.7%) 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 $973 million. General government revenues grew by $29 million primarily from $32 million of State revenues to fund capital projects for the Behavioral Health Continuum Infrastructure Program. Revenues for public protection programs increased by $60 million primarily from $64 million of State 2011 Realignment AB109 revenues for justice-involved and reform programs. Public ways and facilities revenue were higher by $40 million primarily from $26 million of State and federal revenues for the road and transportation programs and $14 million for the January 2025 Windstorm and Fires under State Assembly Bill (AB100) Budget Acts of 2023 and 2024 reimbursements. Health and sanitation revenues grew by $661 million primarily from higher reimbursable costs associated with mental health, public health, and ambulatory care network programs of $496 million, $93 million, and $51 million, respectively. In addition, there were higher MHSA revenues of $40 million. Revenues for public assistance programs grew by $182 million as there were higher administrative and program reimbursable costs of $167 million related to COVID-19 programs and $35 million for public social services, children and family services, and homeless and housing programs.

- Taxes, the County's largest general revenue source, were $486 million higher than the prior year and were mostly attributable to property taxes and sales and other taxes, which grew by $445 million and $41 million, respectively. The County's total taxable assessed property tax value is $2.123 trillion, which grew by 4.86% 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 $563 million and increased by $31 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 $487 million, an increase of $17 million compared to the prior year. In addition, sales and use taxes primarily increased due to the passage of the Homeless Initiative Measure A, which replaced the Homeless and Housing Measure H sales tax with a net increase of $39 million.

- Program revenues recognized from charges for services decreased by $139 million which was primary attributable to a decrease in health and sanitation by $253 million. This was offset by an increase of general government and public protection functional categories by $39 million and $66 million, respectively. Health and sanitation increase was due to an increase in health services administration and ambulatory network programs of $176 million and $107 million, respectively, and was offset by a decrease of Public Health programs services by $24 million. The general governmental increase was in public works services of $44 million. The public protection increase was due to an increase in the Fire Department of $78 million and offset by a decrease of Justice, Care Opportunities department (JCOD) programs by $8 million.

- Investment income increased by $150 million due to an increase in interest income of $4 million and a change in the fair value in investments at year-end of $146 million, which was primarily from changes in market yields throughout the fiscal year.

Governmental Activities-Continued

Expenses related to governmental activities increased by $2.573 billion (8.3%) during the current year. This was attributable to an increase in salaries and employee benefit (S&EB) expenses of $479 million and an increase in operating expenses of $2.094 billion. The S&EB increase was largely attributable for general salary increases by $1.028 billion and $109 million increases in workers' compensation absences, compensated absences, and other employee benefits. This was offset by a decrease in pension and OPEB expenses by $357 million and $301 million, respectively, in all functional categories.

The increase in the operating expenses of $2.094 billion was primarily from public protection and health and sanitation by $936 million and $1.191 billion, respectively. This was offset by a decrease in general government operating expenses of $235 million. Public protection operating expenses increased by $936 million primarily for Public Works, Fire, Probation, Consumer and Business Affairs, and Sheriff departments higher operating expenses by $60 million, $30 million, $28 million, $27 million and $16 million, respectively. In addition, litigation and self-insurance expenses were higher by $661 million primarily from the AB 218 expenses. Health and sanitation operating expenses were higher by $1.099 billion primarily for mental health, ambulatory care network, health community, and public health programs of $636 million, $201 million, $168 million and $87 million, respectively. General government operating expenses were lower by $235 million primarily from the Economic Development and Project and facility development programs $74 million and $19 million, respectively.

Interest on long-term debt was $198 million, an increase of $20 million from the prior year. Depreciation/ amortization expense was $753 million in the current year, an increase of $79 million from the prior year amount of $674 million in all functional categories.

Business-type Activities

Revenues from business-type activities for the current year were $5.820 billion, an increase of $202 million (3.6%) from the previous year. The most significant increase was in charges for services of the County's hospitals by $202 million primarily associated with a decrease in the Global Payment Program (GPP) and an increase in Managed Care Rate Supplement (MCRS) revenues by $377 million and $597 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 $8 million due to an decrease in interest income of $5 million and a change in the fair value in investments at year-end $13 million, due to changes in average monthly cash balances and market yields throughout the fiscal year.

Expenses related to business-type activities increased from the previous year by a net total of $100 million (1.6%), and were associated primarily with the County's hospitals, where expenses increased by $92 million. The hospital expenses for S&EB consisted of an increase from general salary increases of $233 million. The S&EB increase was offset by a decrease in pension and OPEB expenses of $55 million and $66 million, respectively. In addition, there was a decrease of $153 million for services and supplies and professional services expenses related to a decrease in operating expenses and an increase in the County's hospital intergovernmental transfer expense of $136 million primarily from an increase of $340 million for the MCRS, Quality Incentive Program (QIP), and Medi-cal Graduate Medical Education (GME) and offset by a decrease of $206 million for the GPP.

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 $14.980 billion, an increase of $962 million in comparison with the prior year. Of the total fund balances, $297 million is nonspendable to indicate the extent that funds are not in spendable form or are required to remain intact. An additional $6.468 billion is classified as restricted, $1.588 billion as committed, and $1.536 billion as assigned. The remaining balance of $5.091 billion is classified as unassigned and is entirely associated with the General Fund.

Revenues from all governmental funds for the current year were $34.426 billion, an increase of $1.513 billion (4.6%) from the previous year. Expenditures for all governmental funds in the current year were $33.832 billion, an increase of $3.471 billion (11.4%) from the previous year. In addition, net other financing sources (uses) were $368 million, an increase of $1.060 billion as compared to a negative $692 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 $414 million (5.4%). At the end of the current fiscal year, the General Fund's total fund balance was $8.106 billion. Of this amount, $280 million is classified as nonspendable, $93 million as restricted, $1.404 billion as committed, $1.238 billion as assigned and the remaining $5.091 billion is classified as unassigned.

General Fund revenues during the current year were $28.353 billion, an increase of $1.090 billion (4.0%) from the previous year. General Fund expenditures during the current year were $29.343 billion, an increase of $2.947 billion (11.2%) from the previous year. Net other financing sources/uses was positive $1.403 billion in the current year as compared to positive $342 million in the prior year.

Following are significant changes in General Fund revenues and expenditures:

- Intergovernmental revenues increased by $803 million overall, and were primarily associated with an increase in State revenue by $906 million and a decrease in federal revenue by $103 million. The State of California provided funding to the County of Los Angeles to help with recovery from the damages caused by the January 2025 Windstorm and Fires and increased $35 million of State revenue under State Assembly Bill (AB100) Budget Acts of 2023 and 2024. State and federal revenue growth was attributable to higher levels of reimbursable program and administrative costs in the mental health, social services, public health, health services, and sheriff departments of $496 million, $168 million, $93 million, $75 million, and $64 million, respectively. This was offset by lower levels of reimbursable programs and administrative costs in the probation department by $22 million.

Governmental Funds-Continued

- Charges for services decreased by $236 million. The significant decreases in charges for services were from the Health Services Administration, Ambulatory Care Network, and Mental Health programs charges for services of $175 million, $107 million, and $41 million, respectively, due to lower GPP and mental health medi-cal services from the prior year. In addition, the Internal Services department were lower by $16 million due a decline in services provided to the Courts and capital improvement projects. This was offset by an increase in charges for services primarily associated in the health services community programs, registrar-recorder, and public health of $92 million, $34 million and $19 million, respectively, which was associated with the GPP and Cost Based Reimbursement Clinics (CBRC), special election services, and 2011 Realignment for the Drug Medi-Cal program.

- Revenues from taxes increased by $340 million and were primarily associated with an increase in property taxes of $334 million and other taxes of $2 million. The property taxes increase was primarily associated with $317 million of revenue from a growth in assessed property values. Residual property tax revenues, which are associated with redevelopment dissolution, were $404 million in the current year, $12 million higher than the prior year. Property tax was also reflected in "pass through" property tax revenues, which were $24 million higher in the current year. Documentary transfer taxes increased other taxes by $7 million fueled by lower interest rates in the real estate market and the County median home sales were higher in this fiscal year. Sales, use and utility tax decreased other taxes by $5 million from a decrease in consumer spending and higher prices.

- Investment income resulted in an increase of $97 million due to an increase of $8 million in interest earnings and an increase of $89 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 $2.947 billion, or 11.2%. Current expenditures increased by $2.791 billion, and debt service and capital outlay expenditures increased by $156 million.

    - General government spending increased by $436 million and was primarily associated with increased expenditures of $273 million for capital improvements, $55 million for the Care First and Community Investment (CFCI) program, $39 million for judgment and damages for legal settlements, $20 million for utilities costs, $18 million for Board of Supervisors programs, $17 million for Registrar-Recorder election services, $17 million for the Internal Services Department services, and $11 million for costs associated with the Auditor-Controller enterprise applications. This was offset by a decrease in expenditures of $43 million for the economic opportunity department and $19 million for project and facility development costs. There was a net increase of $65 million for general salary increases in S&EB.

    - Public protection program costs were higher by $317 million, and were primarily associated with an increase in S&EB expenditures of $187 million for general salary increases. In addition, there an increase in expenditures of sheriff, probation, and consumer and business affairs of $43 million, $30 million, and $27 million, respectively due to higher operational costs.

Governmental Funds-Continued

- Health and sanitation expenditures increased by $1.503 billion. This was primarily due to an increase of $640 million in mental health program, $368 million in the General Fund ambulatory care network and community health programs, and $87 million in public health programs due to higher program and contract costs. There was also an increase of $445 million for general salary increase for S&EB costs. This was offset by a decrease of $44 million in expenditures for the health services administration program.

- Public assistance expenditures increased by $486 million. This was primarily due to an increase of expenditures of $144 million in affordable housing, $56 million for public social services, $52 million for children and family services, $41 million for homeless and housing programs and $10 million for aging and disabilities program due to higher program and contract costs. There was also an increase of $175 million for general salary increase for S&EB costs.

The Fire Protection District reported a year-end fund balance of $262 million, which represented an increase of $3 million compared to the previous year increase of $43 million, resulting in a net difference of $40 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 $145 million, of which $79 million in charges for services in response to the January 2025 wildfires, $44 million was related to property taxes and primarily associated with growth in assessed property values, $18 million in federal and State revenues, and $2 million in investment income. Expenditures were higher by $161 million, of which S&EB was higher due to general salary increases, services and supplies costs, and capital outlay costs by $100 million, $49 million, and $12 million, respectively.

The Flood Control District reported a year-end fund balance of $202 million, which represented a decrease of $68 million in fund balance compared to the previous year's decrease of $94 million, resulting in a net difference of $26 million. The change in fund balance was primarily due to higher services and supplies and capital assets infrastructure expenditures of $63 million to support flood protection and water conservation infrastructure projects. Revenues increased by $25 million primarily from $23 million in intergovernmental revenue associated from January 2025 Wildfires AB100 reimbursements and an increase of $9 million from higher property taxes due to growth in assessed valuation and offset of lower investment income of $5 million. There was also a net increase of other financing sources (uses) of $65 million from the Safe, Clean, Water Program Measure W programs.

The LA County Library Fund reported a year-end fund balance of $187 million, which represented an increase of $19 million in fund balance compared to the previous year decrease of $1 million, resulting in a net difference of $20 million. Revenues increased by $6 million, related to property taxes associated with growth in assessed valuation. Expenditures were $11 million higher from general S&EB increases and higher operating costs than the previous year. Other financing sources(uses) were higher by $25 million.

The Regional Park and Open Space District reported a year-end fund balance of $896 million, which represented an increase of $106 million in fund balance compared to the previous year increase of $115 million, resulting in a net difference of $9 million. The net change in fund balance was primarily attributable to an increase in investment income of $7 million. Property tax revenue was nearly the same as the previous year. Expenditures were higher by $17 million from the prior year due to an increase in program awards to empower communities and preserve parks and open space.

Governmental Funds-Continued

The MHSA Fund reported a year-end fund balance of $1.741 billion, which represented an increase of $192 million in fund balance compared to the previous increase of $316 million, resulting in a net difference of $124 million. Current year revenues were higher by $67 million, primarily from an increase of $40 million in State revenues and investment income of $27 million, while transfers out increased by $191 million to support the five MHSA program components (Community Services and Supports; Prevention and Early Intervention; Innovation; Workforce Education and Training; and Capital Facilities and Technological Needs).

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The County's principal proprietary funds consist of four hospital and a waterworks enterprise funds and each one is reported as a major fund. Three 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 $86 million for the Harbor-UCLA Medical Center to $201 million for the Los Angeles General Medical Center. The total subsidy amount was $502 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 $954 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 ($103 million), Harbor-UCLA Medical Center ($76 million), and Olive-View UCLA Medical Center ($39 million). The total current year amount of $218 million in Measure B transfers increased by $9 million from the prior year.

Waterworks Fund reported year-end net position of $774 million, which was $11 million higher than the previous year increase of $2 million, resulting in a net difference of $9 million from the prior year. Revenues of $123 million were higher by $22 million than the previous year's amount of $101 million primarily from increase in water sales and a regional improvement fee in charges for services. Current year operating expenses of $130 million were higher by $11 million than the previous year due to increase in operating costs.

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 decrease of $189 million in the General Fund's available (unassigned) fund balance from the previous year.

Budgetary Summary - Revenues/Financing Sources

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

Category	Increase (Decrease) From Original Budget	Final Budget Amount	Actual Amount	Variance-Positive (Negative)
Taxes	$ 5,746	$ 8,186,072	$ 8,379,989	$ 193,917
Intergovernmental revenues	648,381	16,598,011	15,321,904	(1,276,107)
Charges for services	(121,433)	3,362,936	3,175,919	(187,017)
All other revenues	97,195	933,159	1,260,310	327,151
Other sources and transfers in	208,904	2,462,683	1,766,938	(695,745)
Total	$ 838,793	$ 31,542,861	$ 29,905,060	$ (1,637,801)

Changes from Amounts Originally Budgeted

During the year, net increases in budgeted revenues and other financing sources were approximately $839 million. 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 $648 million. Budgeted revenues for public health, public social services, affordable housing and mental health programs were increased by $159 million, $158 million, $129 million and $128 million, respectively, to reflect additional State and federal grant funding. In addition, $50 million of State and federal revenue increased for Probation and Parks and Recreation capital projects. There were net budget increases of $24 million related to a variety of intergovernmental revenues.
- The estimated revenue for "Charges for services" decreased by $121 million. The decrease is primarily from $156 million for ambulatory care network and $76 million for health services administration programs. This was offfset by an increase of $42 million for community health programs, $34 million for public health programs, and $30 million for the Sheriff's department contracted services. There were $5 million of net budget increases in charges for services from a variety of programs.
- The budget for "All other revenues" increased by $97 million primarily from a settlement of $35 million for the Puente Hills County Regional Park development capital project, $34 million in investment income due to higher interest rates and $14 million from the Gas Company Tower rental income in the Rent Expense budget. There were $14 million in net budget increases for miscellaneous revenues.
- The budget for "Other sources and transfers in" increased by $209 million from transfers of $125 million from the Nonmajor Special Revenues for capital projects, $42 million the Nonmajor Health and Sanitation funds, $28 million from the Nonmajor Other Special Major Funds, $12 million from the Nonmajor Safe Clean Water Program Measure W funds, $5 million from the Nonmajor Homeless and Housing Measure H funds, and a net variance of $3 million in other transfers for a variety of programs.

Actual Revenues/Financing Sources Compared with Final Budget Amounts

Actual revenues and other financing sources recognized by the General Fund were approximately $29.905 billion. This amount was $1.638 billion, or 5.2%, lower than budget. As discussed below, the changes occurred in the following areas.

- Actual "Taxes" were higher by $194 million from the amount budgeted. Of this increase, $157 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, deed transfer taxes, and transient occupancy tax by $16 million, $11 million, and $9 million, respectively. There were net increase of $1 million in sales and other taxes.

- Actual "Intergovernmental revenues" were $1.276 billion lower than the amount budgeted. Approximately $642 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. Public health, community health, health services administration, and economic opportunity programs accounted for approximately $159 million, $90 million, $41 million, and $28 million, respectively, which experienced lower than anticipated reimbursable costs and correspondingly lower than expected revenues. This was offset by $223 million from higher federal and State reimbursable costs associated with the mental health programs. Budgeted intergovernmental revenues of $373 million were not realized for various capital improvements, Internal Services department, and disaster recovery programs, as these initiatives were not completed prior to year-end. Homeless and housing program revenue of $62 million experienced lower than anticipated revenue for State and federal funded homeless and housing initiatives. Probation budgeted intergovernmental revenues were lower by $57 million, which experienced lower than anticipated reimbursable operating expenditures and staffing vacancies. Programs that support criminal justice reform in JCOD and Youth Development budgeted intergovernmental revenues were lower by $32 million as new programs and initiatives were still being developed prior to year-end. There were net decreases of $15 million from a variety of programs.

- Actual "Charges for services" were $187 million lower than the amount budgeted. The decrease was primarily attributable to $55 million, $41 million and $33 million of costs associated with health services administration, ambulatory care network, and public health programs, respectively, which experienced lower than anticipated reimbursable costs associated with the medi-cal program. In addition, $27 million and $10 million charges for services were lower than budget for the departments of Internal Services and Human Resources, respectively, due to a decrease of services provided to the departments. Sheriff experienced a $8 million decrease in charges for services from lower reimbursable services to contract cities. Public Works charges for services for planning and engineering services were $7 million lower than the budgeted amount. There were net variances of $6 million from a variety of programs.

- Actual "All other revenues" were $327 million more than budgeted. Interest revenue was higher by $210 million due to a changes in the market yields throughout the fiscal year. Miscellaneous revenues were primarily higher from the real estate, insurance proceeds, and mental health programs by $72 million. Fines and penalties were higher by $47 million. There were net decreases of $2 million from other revenues for the remaining variance.

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

- The actual amount of "Other sources and transfers in" was $696 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 $354 million lower than budgeted. The Homeless and Housing Measure H costs were $161 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 $65 million less than budgeted. In addition, "transfers in" totaling $69 million were assumed in the budget for capital improvements and extraordinary building maintenance projects, which did not incur expected costs. Costs associated with Safe, Clean Water Program Measure W of $24 million were less than budgeted. There were various other sources and transfers that comprised the remaining variance of $23 million.

Budgetary Summary - Expenditures/Other Financing Uses

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

Category	Increase (Decrease) From Original Budget	Final Budget Amount	Actual Amount	Variance-Positive
General government	$ (233,674)	$ 3,724,365	$ 1,949,204	$ 1,775,161
Public protection	179,888	7,847,276	7,453,684	393,592
Health and sanitation	96,625	9,634,927	9,159,837	475,090
Public assistance	201,868	10,618,850	9,591,762	1,027,088
All other expenditures	262,183	2,897,800	1,174,801	1,722,999
Transfers out	(65,525)	541,567	540,077	1,490
Contingencies	(62,732)	0	0	0
Fund balance changes-net	460,160	494,141	224,867	269,274
Total	$ 838,793	$ 35,758,926	$ 30,094,232	$ 5,664,694

Changes from Amounts Originally Budgeted

During the year, net increases in General Fund appropriations and fund balance component changes were approximately $839 million. The most significant changes occurred in the following areas:

- "General Government" appropriation decreased by $234 million. The decrease was largely attributable to appropriations not associated with specific County departments. Provisional appropriations decreased by $141 million and were largely due to the transfer of funds to purchase the Gas Company Tower in December 2024 and to increase the correction health services and Sheriff's department appropriation. Appropriation associated with the CFCI unallocated budget transferred $68 million to the various CFCI functional categories to be aligned with the CFCI Year 4 Spending Plan which was approved by the Board on June 24, 2025. The Board of Supervisors appropriation decreased by $30 million to fund various community programs. There were net increases of $5 million for other general government programs.

Changes from Amounts Originally Budgeted-Continued

- "Public protection" appropriations increased by $180 million. An increase of $52 million of S&EB was appropriated to reflect the general S&EB increases. Law enforcement appropriations increased by $207 million which was funded by provisional financing uses and other revenues for the Sheriff's department operation costs. The Consumer and Business Affairs appropriations increased by $48 million to provide household relief that was impacted by the January 2025 Eaton and Palisades wildfires, to provide funds for the County's Guaranteed Income Program, support the income tax assistance program, landlord-tenant mediation, and rent relief. District attorney appropriations increased by $28 million pay for operation costs in services and supplies, insurance, litigation, and settlements costs. Probation appropriations were increased by $25 million to fund the department operation costs which include increases in services and supplies, contracts, equipment purchases, insurance, and legal settlements. Superior Court appropriations increased by $11 million for indigent defense services. This was offset by a net decrease in CFCI appropriations by $209 million to be consistent with the CFCI spending plan. There were net increases of $18 million for other public protection programs.

- "Health and sanitation" appropriations were increased by $97 million. Mental health appropriations increased by $239 million to fund the specialty mental health services and medi-cal interim settlement, and mental health contract providers. Public health appropriations increased by $228 million primarily for the expansion of substance use disorder contracted services. This was offset by a decrease of $143 million of S&EB appropriation from S&EB savings and was transferred to fund the non S&EB health and sanitation operation costs. Appropriation for CFCI decreased by $140 million to be consistent with the CFCI spending plan. General Fund health services operations that support Administration, Ambulatory care network, Correctional health, and Community health programs appropriations decreased by $94 million due to decreased costs related to intergovernmental transfers, registry staffing, medical supplies, pharmaceuticals, and equipment purchases. There were net increases of $7 million for other health and sanitation programs.

- "Public Assistance" appropriations were increased by $202 million. The Affordable Housing program increased by $163 million support Project Homekey 3.0, the West Los Angeles Veterans Affairs Campus Village North Village, and transit-oriented housing projects. Public and children and family assistance programs increased by $27 million primarily due an increase in caseload and costs per case. There were net increases of $12 million in other public assistance programs.

- Appropriations for "All other expenditures" were increased by $262 million. The increase of $266 million 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. This was offset by a decrease in S&EB in salary savings of $15 million and an increase in Services and Supplies of $14 million for Recreation and cultural services. There were net decreases of $3 million in other public assistance programs.

- Appropriations for "transfers out" were decreased by $66 million. The decrease of $101 million was primarily attributable to augmenting the amount of fund transfers from the General Fund to the various Hospital Enterprise Funds. This was offset by a net increase of $35 million associated with transfer the nonmajor special revenue funds.

Changes from Amounts Originally Budgeted-Continued

- Net fund balance budgetary changes of $460 million had the effect of reducing the available (unassigned) fund balance component. The changes were largely attributable to the CFCI Year-end Savings by $427 million as required by Board Policy 4.031 to transfer unspent, unencumbered funds at year-end for future budgetary recommendations to the Board. The remaining variance of $33 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 $5.665 billion (15.8%) lower than the final total budget of $35.759 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 $1.775 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 $1.359 billion. S&EB savings for general government operations of $179 million were due to vacancies and hiring delays. The Board of Supervisors had budgetary savings of $94 million to be spent in future years for various community projects. The Department of Economic Opportunity had budgetary savings of $76 million to be spent in future years for economic development initiatives within the County. Internal Services department had budgetary savings of $47 million due to lower than anticipated operational costs. Chief Executive Office had budgetary savings of $29 million due to lower than anticipated operational costs. The remaining net budgetary variance of $9 million was spread across the general government departments and was mostly related to savings in the areas of services and supplies.

- Public protection expenditures were $394 million less than the budgeted amount. S&EB savings of $210 million were due to vacancies, hiring delays, and positions that are difficult to hire. The Electronic Permitting and Inspections County of Los Angeles (EPIC-LA) had budgetary savings of $50 million which supports the development, maintenance, and continuous improvement of the EPIC-LA system. The federal and State disaster budget unit had budgetary savings of $48 million to be carried forward to respond to future emergency disasters. Justice, Care and Opportunities, Probation, and Youth development experienced budgetary savings of $45 million, $28 million, and $28 million, respectively, to continue to improve and develop programs to support the justice-involved individuals. There was a net budgetary of variance of $15 million for other pubic protection programs.

- Overall expenditures for the "health and sanitation" category were $475 million less than the budgeted amount. Specifically, the budgetary savings were from the community health programs, health services administration, mental health, correctional heath and ambulatory care network of $149 million, $60 million, $49 million, $40 million, and $14 million, respectively, due to lower than anticipated costs for professional, contracted, and information technology services, and implementing new programs. There was also $155 million from S&EB savings due to staffing vacancies and hiring delays. The remaining variance of $8 million was related to other health and sanitation programs.

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

- Actual "public assistance" expenditures were $1.027 billion lower than the final budget. The variance of $258 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 $414 million and $238 million, respectively. Cost savings in these areas were due to lower than anticipated costs in implementing new assistance programs, General Relief Guaranteed Income Pilot Program, Anti-Homelessness subsidy program, and Family First Prevention Services Act programs. There were also direct program savings associated with lower than anticipated caseloads. In addition, there were S&EB savings of $124 million due to the hiring delays and vacancies. The remaining variance of $7 million was related to other public assistance programs.

- The category referred to as "all other expenditures" reflected actual spending of $1.723 billion less than the budgeted amount. Of this variance, $1.704 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. There were S&EB and operation costs budgetary savings of $5 million and $14 million, respectively, for the recreation and cultural programs.

Capital Assets

The County's capital assets for its governmental and business-type activities as of June 30, 2025, were $24.732 billion (net of depreciation and amortization). Capital assets include land and easements, buildings and improvements, infrastructure, equipment, software, capital assets in progress, lease assets, and subscription assets. The major infrastructure network elements are roads, sewers, water, flood control, and aviation. Specific capital asset changes during the current year are presented in Note 5 to the basic financial statements.

The total increase in the County's capital assets (net of depreciation/amortization) for the current fiscal year was $1.126 billion 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	$ 7,892,435	$ 7,840,427	$ 52,008
Buildings and improvements	6,728,970	6,319,349	409,621
Infrastructure	3,654,284	3,740,931	(86,647)
Equipment	750,846	635,142	115,704
Software	200,172	133,770	66,402
Capital assets in progress	3,762,402	3,340,491	421,911
Lease assets	1,624,482	1,498,670	125,812
Subscription assets	118,781	97,394	21,387
	$ 24,732,372	$ 23,606,174	$ 1,126,198

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 $422 million. Governmental-type activities for capital assets in progress, increased by $96 million which included buildings and improvements construction in progress for general government of $48 million, public protection of $74 million, public ways and facilities of $3 million, health and sanitation of $186 million, public assistance of $57 million, education of $7 million, and recreation and cultural services of $83 million, offset by $379 million of buildings and improvements construction in progress that were completed and reclassified as buildings and improvements. The major projects include $54 million for the Vermont Corridor Site 2 project, $51 million for various Homekey refurbishments, $34 million for the Alondra Park Multi-Benefit Stormwater Capture project, $28 million for the Los Angeles General Psychiatric Subacute Facility, $14 million for the Civic Center Central Plant Boiler and Chiller Replacement project, and $11 million for the Los Padrinos Juvenile Hall project. In addition, there were capitalized software-in-progress costs of $20 million for the Assessor's Modernization Project Phases 4 and 5 and $14 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 $402 million. The County acquired the Gas Company Tower totaling $161 million. The County completed major capital projects for governmental activities, which included $79 million for the Natural History Museum Commons Renovation project, $27 million for the Whittier Aquatics Center project, $15 million for the Martin Luther King Jr. Medical Campus Clinical Laboratory and Red-Bag Storage project, $14 million for the Hall of Records Regional Planning Headquarters Hearing Room Renovation, $11 million for the Gates Canyon Stormwater Improvements project, and $11 million for Hall of Records Roof and Fire Protection Deferred Maintenance Repairs.

Business-type activities capital assets in progress, increased by $326 million which included major buildings and improvements construction in progress of $379 million for the Harbor-UCLA Medical Center Replacement Program. Completed major capital projects included $40 million for the Parking Structure A and Demolition and 12 KV Service Building within the Harbor-UCLA Medical Center Replacement Program.

As of June 30, 2025, there were $533.31 million of capital asset commitments outstanding. Major capital commitments include $520.03 million for the Harbor-UCLA Medical Center Replacement Program and $6.62 million for the Los Angeles General Residential Withdrawal Management Facility.

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 premiums and accreted interest, increased by $775 million, as newly issued debt, including premiums and accreted interest, of $1.507 billion were more than the debt maturities of $732 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:

- Bonds payable of $893 million was issued for governmental and business-type activities in the amounts of $373 million and $520 million, respectively. Lease Revenue Obligation Notes (LRON) of $595 million were issued for governmental and business-type activities in the amounts of $354 million and $241 million, respectively. For governmental activities, debt was issued to finance renovations for public health centers, social service, probation buildings, beach and park facilities, libraries and various general government buildings. For business-type activities, debt was issued to finance hospital facilities improvements.

Lease liabilities increased by $156 million, as newly issued leases of $297 million were higher than the lease maturities of $141 million related to governmental activities. Subscription liabilities increased by $19 million from the prior year, as newly added subscriptions of $53 million were higher than the subscription maturities of $34 million related to governmental activities. 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 $13 million as of June 30, 2025.

In addition to the above borrowing, the County continued to finance General Fund cash flow shortages occurring periodically during the fiscal year by selling $700 million in tax and revenue anticipation notes. The notes matured and were redeemed on June 30, 2025.

Bond Ratings

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

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

During the current year, the County's bond ratings remained the same as the previous year.

Economic Conditions and Outlook

Los Angeles County's FY 2025-2026 budget marks the start of an unprecedented season of budgetary pressures and constraint as we confront an array of major fiscal challenges against the backdrop of a highly unsettling economic landscape. The County's 2025-2026 Budget includes $230.5 million of new net revenues, a stark decrease of $390.2 million of new net revenues from the previous year's budget. The budgetary focus will be on funding key existing obligations, including previously contracted increases in wages and benefits for the County's workforce, growing public assistance caseload costs, previously approved Board policies and commitments, and compliance with a Department of Justice consent decree to improve conditions in the County's jail system for those with mental health conditions.

The County budget also faces a daunting array of challenges in a dynamic economic and political landscape full of uncertainties which include the AB218 settlement, January 2025 Eaton and Palisades Wildfires, federal impacts, declining growth in property tax revenues, the complete spend down of the American Rescue Plan Act funding, and labor negotiations. Even with these challenges, 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 2025-2026 Budget on June 23, 2025. The Budget was adopted based on estimated fund balances that would be available at the end of 2024-2025. The Board updated the Budget on September 30, 2025 to reflect final 2024-2025 fund balances and other pertinent financial information. For the County's General Fund, the 2025-2026 Budget utilized $4.027 billion of fund balance, which exceeded the previously estimated fund balance of $3.541 billion. Of the additional fund balance of $486 billion, $101 million was used to carryover lapsed appropriations and ensure the continuity of funded program initiatives. The remaining $385 million was primarily used for the continued

momentum for Care First, Jails Last initiative, Homelessness, Affordable Housing and Mental Health programs. Public Health services, provide immigrant assistance services, help children and families, older adults and people with disabilities, public safety, jobs and business development, information technology investments and set aside $61 million for the County's Rainy Day Fund.

The County continues to face multiple challenges that are expected to significantly affect its fiscal outlook over the next several years, including slower growth of its locally generated revenues; financing the $4.828 billion AB 218 childhood sexual assault settlements; accounting for the financial impact from the devastating January 2025 Eaton and Palisades wildfires; investing in our workforce through negotiated labor agreements; and addressing the deep federal budget cuts, which have already begun to impact the County and our residents and are expected to intensify in the years ahead. The County will continue to advocate for additional federal and State funding even with these fiscal outlook challenges.

The federal economic outlook reflects slower growth amid ongoing efforts to balance inflation control with sustained economic momentum. The Federal Reserve has signaled a cautious approach to interest rate adjustments, as inflation remains above long-term targets. In recent months, labor markets and job growth have reflected weakness which will add more pressure on the Federal Reserve to adjust rates. Consumer spending has cooled, reflecting the tighter financial conditions. Federal fiscal policy continues to be shaped by debates over the national debt, spending priorities, and long-term entitlement reform. Given these current economic challenges, economists have forecasted continued uncertainty and risk to the strength of the economy. 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 19, 2025 which provides an independent assessment of the State's budget condition with the goal of helping the State of California legislators prepare for the 2026-27 budget. The LAO reports four key challenges: 1) Not safe to bet artificial intelligence (AI) fueled exuberance is sustainable; 2) the revenue outlook builds some insurance against a stock market downturn; 3) 2026-27 budget problem now larger than anticipated; and 4) Budget position is weak. The State needs to address the budget problem through a combination of ongoing solutions with achievable spending reductions and/or revenue increase. The LAO provides a cautious outlook and the State continues to face a structural deficit in the years to come and will to 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.

On November 5, 2024, the voters approved a charter amendment (Measure G) to update the Los Angeles County government structure, create an independent Ethics Commission, and increase accountability. The Board has established a Governance Reform Task Force to oversee the implementation of Measure G while promoting transparency, accountability, and public engagement. It is expected that the Task Force will complete their work no later December 3, 2028, unless extended by the Board.

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
CALIFORNIA

COUNTY OF LOS ANGELES
STATEMENT OF NET POSITION
JUNE 30, 2025 (in thousands)

	PRIMARY GOVERNMENT			DISCRETELY PRESENTED COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
ASSETS				
Pooled cash and investments: (Notes 1 and 4)				
Operating	$ 12,304,807	1,188,904	$ 13,493,711	$ 307,972
Other	6,133,439	38,094	6,171,533	
Total pooled cash and investments	18,438,246	1,226,998	19,665,244	307,972
Other investments (Note 4)	254,039		254,039	797,859
Taxes receivable	503,117	1,127	504,244	
Accounts receivable - net (Note 14)		2,185,273	2,185,273	24,422
Interest receivable	50,175	2,903	53,078	826
Lease receivable (Note 9)	1,853,311	18,856	1,872,167	6,405
Other receivables	4,638,529	1,626,672	6,265,201	47,956
Internal balances (Note 15)	152,013	(152,013)		
Inventories	157,754	38,152	195,906	5,580
Restricted assets (Note 4)	4,423	311,694	316,117	17,841
Net pension asset				5,909
Capital assets: (Notes 1, 5, 9 and 10)				
Capital assets, not being depreciated	10,529,661	1,125,176	11,654,837	95,873
Capital assets, net of accumulated depreciation/ amortization	10,637,572	2,439,963	13,077,535	117,915
Total capital assets	21,167,233	3,565,139	24,732,372	213,788
TOTAL ASSETS	47,218,840	8,824,801	56,043,641	1,428,558
DEFERRED OUTFLOWS OF RESOURCES (Note 20)	10,190,163	1,520,012	11,710,175	20,700
LIABILITIES				
Accounts payable	918,119	684,085	1,602,204	34,896
Accrued payroll	664,604	130,078	794,682	
Other payables	65,118	483,348	548,466	9,663
Accrued interest payable	15,255	13,367	28,622	
Advances payable	6,389,522	1,187	6,390,709	4,469
Long-term liabilities: (Note 11)				
Due within one year	3,763,464	603,359	4,366,823	11,116
Due in more than one year	44,513,996	7,293,461	51,807,457	114,227
TOTAL LIABILITIES	56,330,078	9,208,885	65,538,963	174,371
DEFERRED INFLOWS OF RESOURCES (Note 20)	10,659,292	1,737,245	12,396,537	14,857
NET POSITION				
Net investment in capital assets	16,741,481	2,584,618	19,326,099	173,092
Restricted for:				
Capital projects	37,360		37,360	
Debt service	183,035	91,639	274,674	
Permanent funds - nonspendable	2,251		2,251	
General government	279,851		279,851	
Public protection	865,266		865,266	
Public ways and facilities	1,187,928		1,187,928	
Health and sanitation	2,105,552		2,105,552	
Public assistance	308,216		308,216	
Education	5,149		5,149	
Recreation	930,760		930,760	
Community development				737,328
Unrestricted (deficit)	(32,227,216)	(3,277,574)	(35,504,790)	349,610
TOTAL NET POSITION (DEFICIT) (Note 3)	$ (9,580,367)	(601,317)	$ (10,181,684)	$ 1,260,030

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, 2025 (in thousands)

FUNCTIONS PRIMARY GOVERNMENT:	EXPENSES	PROGRAM REVENUES CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental activities:				
General government	$ 1,667,383	728,238	284,332	41,138
Public protection	10,975,331	1,844,776	2,355,838	10,647
Public ways and facilities	591,349	38,763	386,926	69
Health and sanitation	9,648,717	1,833,157	5,544,214	337
Public assistance	9,506,353	12,392	7,961,126	
Education	179,496	2,227	3,327	
Recreation and cultural services	661,621	159,156	15,912	
Interest on long-term debt	198,327			
Total governmental activities	33,428,577	4,618,709	16,551,675	52,191
Business-type activities:				
Hospitals	6,307,475	5,452,169	158,092	
Waterworks	129,934	123,077	395	240
Aviation	16,275	12,606	633	
Total business-type activities	6,453,684	5,587,852	159,120	240
Total primary government	$ 39,882,261	10,206,561	16,710,795	52,431
DISCRETELY PRESENTED COMPONENT UNITS	$ 969,822	38,739	939,153	13,181

GENERAL REVENUES:
- Taxes:
  - Property taxes
  - Utility users taxes
  - Voter approved taxes
  - Documentary transfer taxes
  - Other taxes
  - Sales and use taxes
- 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, 2024, as restated

NET POSITION (DEFICIT), JUNE 30, 2025

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

NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION				
PRIMARY GOVERNMENT			DISCRETELY PRESENTED COMPONENT UNITS	
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL		FUNCTIONS
				PRIMARY GOVERNMENT:
				Governmental activities:
$ (613,675)		$ (613,675)		General government
(6,764,070)		(6,764,070)		Public protection
(165,591)		(165,591)		Public ways and facilities
(2,271,009)		(2,271,009)		Health and sanitation
(1,532,835)		(1,532,835)		Public assistance
(173,942)		(173,942)		Education
(486,553)		(486,553)		Recreation and cultural services
(198,327)		(198,327)		Interest on long-term debt
(12,206,002)		(12,206,002)		Total governmental activities
				Business-type activities:
	(697,214)	(697,214)		Hospitals
	(6,222)	(6,222)		Waterworks
	(3,036)	(3,036)		Aviation
	(706,472)	(706,472)		Total business-type activities
(12,206,002)	(706,472)	(12,912,474)		Total primary government
			$ 21,251	DISCRETELY PRESENTED COMPONENT UNITS
				GENERAL REVENUES:
				Taxes:
9,786,859	9,990	9,796,849		Property taxes
57,746		57,746		Utility users taxes
559,366		559,366		Voter approved taxes
83,173		83,173		Documentary transfer taxes
49,867		49,867		Other taxes
760,723		760,723		Sales and use taxes
697,817	296	698,113		Grants and contributions not restricted to special programs
1,013,797	62,137	1,075,934	48,010	Investment income
324,579	127	324,706		Miscellaneous
(601,402)	601,402			TRANSFERS - NET
12,732,525	673,952	13,406,477	48,010	Total general revenues and transfers
526,523	(32,520)	494,003	69,261	CHANGE IN NET POSITION
(10,106,890)	(568,797)	(10,675,687)	1,190,769	NET POSITION (DEFICIT), JULY 1, 2024, as restated
$ (9,580,367)	(601,317)	$ (10,181,684)	$ 1,260,030	NET POSITION (DEFICIT), JUNE 30, 2025

COUNTY OF LOS ANGELES
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	LA COUNTY LIBRARY	REGIONAL PARK AND OPEN SPACE DISTRICT
ASSETS					
Pooled cash and investments: (Notes 1 and 4)					
Operating	$ 5,111,509	222,789	210,656	189,337	896,159
Other	6,026,877	21,901	2,490	3,400	3,564
Total pooled cash and investments	11,138,386	244,690	213,146	192,737	899,723
Other investments (Note 4)	1,679			112	
Taxes receivable	368,091	74,520	18,949	10,271	2,654
Interest receivable	35,705	579	494	321	1,559
Lease receivable (Note 9)	1,815,135		33,306		
Other receivables	4,067,469	100,084	44,632	2,381	1,589
Due from other funds (Note 15)	1,198,820	8,914	86,160	2,471	3
Advances to other funds (Note 15)	17,951		5,982		
Inventories	130,601	13,180	1,761		
TOTAL ASSETS	18,773,837	441,967	404,430	208,293	905,528
DEFERRED OUTFLOWS OF RESOURCES (Note 20)					
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 18,773,837	441,967	404,430	208,293	905,528
LIABILITIES					
Accounts payable	$ 750,495	11,576	11,858	2,119	2,906
Accrued payroll	580,917	50,770		5,190	
Other payables	58,661	2,892		584	
Due to other funds (Note 15)	224,408	42,570	57,284	5,579	5,195
Advances payable	6,245,067		76,274		
Third party payor (Notes 11 and 14)	269,476				
TOTAL LIABILITIES	8,129,024	107,808	145,416	13,472	8,101
DEFERRED INFLOWS OF RESOURCES (Note 20)	2,538,578	72,104	56,665	7,446	1,349
FUND BALANCES (Note 21)					
Nonspendable	279,851	13,180	1,761		
Restricted	92,666	248,875	200,489	119,875	896,078
Committed	1,403,913				
Assigned	1,238,583		99	67,500	
Unassigned	5,091,222				
TOTAL FUND BALANCES	8,106,235	262,055	202,349	187,375	896,078
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 18,773,837	441,967	404,430	208,293	905,528

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)
$ 2,128,978	3,457,523	$ 12,216,951	Operating
7,164	58,175	6,123,571	Other
2,136,142	3,515,698	18,340,522	Total pooled cash and investments
	252,248	254,039	Other investments (Note 4)
	28,632	503,117	Taxes receivable
4,579	6,856	50,093	Interest receivable
	4,870	1,853,311	Lease receivable (Note 9)
	315,108	4,531,263	Other receivables
27,842	73,780	1,397,990	Due from other funds (Note 15)
	11,221	35,154	Advances to other funds (Note 15)
	1	145,543	Inventories
2,168,563	4,208,414	27,111,032	TOTAL ASSETS
	167,386	167,386	DEFERRED OUTFLOWS OF RESOURCES (Note 20)
$ 2,168,563	4,375,800	$ 27,278,418	TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES
			LIABILITIES
	124,900	$ 903,854	Accounts payable
	50	636,927	Accrued payroll
		62,137	Other payables
427,641	568,611	1,331,288	Due to other funds (Note 15)
	68,007	6,389,348	Advances payable
	246	269,722	Third party payor (Notes 11 and 14)
427,641	761,814	9,593,276	TOTAL LIABILITIES
	29,099	2,705,241	DEFERRED INFLOWS OF RESOURCES (Note 20)
			FUND BALANCES (Note 21)
	2,252	297,044	Nonspendable
1,740,922	3,168,834	6,467,739	Restricted
	184,328	1,588,241	Committed
	229,473	1,535,655	Assigned
		5,091,222	Unassigned
1,740,922	3,584,887	14,979,901	TOTAL FUND BALANCES
$ 2,168,563	4,375,800	$ 27,278,418	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, 2025 (in thousands)

Fund balances - total governmental funds (page 33)		$ 14,979,901
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not reported in governmental funds:		
Land and easements	$ 7,725,894	
Construction in progress	2,803,772	
Buildings and improvements - net	6,593,715	
Equipment - net	473,522	
Intangible software - net	317,327	
Infrastructure - net	3,122,634	21,036,864
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	$ 5,028	
Deferred outflows from OPEB	4,392,247	
Deferred outflows from pension	5,365,897	
Deferred inflows from gains on refunding of debt	(41,884)	
Deferred inflows from private-public partnerships	(80,496)	
Deferred inflows from OPEB	(7,430,991)	
Deferred inflows from pension	(903,011)	1,306,790
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	$ (167,386)	
Deferred inflows from tobacco settlement revenues	167,386	
Deferred inflows from property taxes	349,047	
Deferred inflows from long-term receivables	335,497	684,544
Other long-term asset transactions are not available for the current period and are not recognized in governmental funds:		
Payables and receivables related to capital assets		521
Installment receivables from public-private and public-public partnerships		80,496
Accrued interest payable is not recognized in governmental funds		(14,646)
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	$ (2,692,768)	
Unamortized premiums on bonds	(337,839)	
Accreted interest on bonds	(25,125)	
Lease liability	(1,729,981)	
Subscription liability	(102,514)	
Financed purchase obligations	(12,667)	
Liabilities for compensated absences	(2,456,754)	
Workers' compensation	(3,443,722)	
Litigation and self-insurance	(5,300,733)	
Pollution remediation obligation	(53,881)	
Net pension liability	(10,744,328)	
Net OPEB liability	(19,377,237)	
Third party payor liability	(176,282)	(46,453,831)
Assets and liabilities of internal service funds are included in governmental activities in the accompanying statement of net position.		(1,201,006)
Net position (deficit) of governmental activities (page 29)		$ (9,580,367)

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

COUNTY OF LOS ANGELES
CALIFORNIA

COUNTY OF LOS ANGELES
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025 (in thousands)

	GENERAL FUND	FIRE PROTECTION DISTRICT	FLOOD CONTROL DISTRICT	LA COUNTY LIBRARY	REGIONAL PARK AND OPEN SPACE DISTRICT
REVENUES					
Taxes	$ 8,362,111	1,212,539	221,399	133,034	117,783
Licenses, permits and franchises	84,193	19,866	1,983	1	
Fines, forfeitures and penalties	194,420	4,430	1,238	610	403
Revenue from use of money and property:					
Investment income (Note 4)	672,828	10,338	17,923	7,484	40,072
Rents and concessions (Note 9)	78,798	25	6,064		
Lease revenue (Note 9)	69,360		1,370		
Royalties	24		528		
Intergovernmental revenues:					
Federal	5,719,093	9,095		2,422	
State	9,708,343	32,665	34,761	1,271	
Other	41,559	3,319	1,986	61	
Charges for services	3,115,813	390,074	118,502	906	86
Miscellaneous	306,481	3,194	243	8,848	
TOTAL REVENUES	28,353,023	1,685,545	405,997	154,637	158,344
EXPENDITURES					
Current:					
General government	2,457,743				
Public protection	7,352,778	1,682,360	525,474		
Public ways and facilities					
Health and sanitation	9,004,851				
Public assistance	9,424,888				
Education				175,437	
Recreation and cultural services	536,467				52,780
Debt service:					
Principal	156,458	4,343	1,444	1,389	
Interest and other charges	78,336	966	30	317	
Refunding escrow					
Capital outlay	331,174	13,580		5,909	
TOTAL EXPENDITURES	29,342,695	1,701,249	526,948	183,052	52,780
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(989,672)	(15,704)	(120,951)	(28,415)	105,564
OTHER FINANCING SOURCES (USES)					
Transfers in (Note 15)	1,774,470	62,856	55,000	47,545	
Transfers out (Note 15)	(703,741)	(57,829)	(4,517)	(6,073)	
Issuance of debt (Note 11)					
Refunding bonds issued (Note 11)					
Payment to refunded bonds escrow agent (Note 11)					
Debt premium (Note 11)					
Sales of capital assets	1,295	9	2,886	6	
Leases (Notes 5 and 9)	283,161	13,580		240	
Subscriptions (Notes 5 and 10)	48,013			5,669	
TOTAL OTHER FINANCING SOURCES (USES)	1,403,198	18,616	53,369	47,387	
NET CHANGE IN FUND BALANCES	413,526	2,912	(67,582)	18,972	105,564
FUND BALANCES, JULY 1, 2024, as restated	7,692,709	259,143	269,931	168,403	790,514
FUND BALANCES, JUNE 30, 2025	$ 8,106,235	262,055	202,349	187,375	896,078

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
$	1,059,074	$ 11,105,940	Taxes
	27,618	133,661	Licenses, permits and franchises
	30,412	231,513	Fines, forfeitures and penalties
			Revenue from use of money and property:
103,243	161,059	1,012,947	Investment income (Note 4)
	53,911	138,798	Rents and concessions (Note 9)
	283	71,013	Lease revenue (Note 9)
	3	555	Royalties
			Intergovernmental revenues:
	22,685	5,753,295	Federal
1,061,712	531,357	11,370,109	State
	18,566	65,491	Other
	437,377	4,062,758	Charges for services
	160,695	479,461	Miscellaneous
1,164,955	2,503,040	34,425,541	TOTAL REVENUES
			EXPENDITURES
			Current:
	12,522	2,470,265	General government
	293,825	9,854,437	Public protection
	569,981	569,981	Public ways and facilities
	267,443	9,272,294	Health and sanitation
	306,752	9,731,640	Public assistance
	596	176,033	Education
	21,955	611,202	Recreation and cultural services
			Debt service:
	277,600	441,234	Principal
	125,235	204,884	Interest and other charges
	21,607	21,607	Refunding escrow
	127,269	477,932	Capital outlay
	2,024,785	33,831,509	TOTAL EXPENDITURES
1,164,955	478,255	594,032	EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES
			OTHER FINANCING SOURCES (USES)
	574,969	2,514,840	Transfers in (Note 15)
(972,758)	(1,369,042)	(3,113,960)	Transfers out (Note 15)
	566,086	566,086	Issuance of debt (Note 11)
	110,070	110,070	Refunding bonds issued (Note 11)
	(110,070)	(110,070)	Payment to refunded bonds escrow agent (Note 11)
	44,970	44,970	Debt premium (Note 11)
	1,435	5,631	Sales of capital assets
		296,981	Leases (Notes 5 and 9)
		53,682	Subscriptions (Notes 5 and 10)
(972,758)	(181,582)	368,230	TOTAL OTHER FINANCING SOURCES (USES)
192,197	296,673	962,262	NET CHANGE IN FUND BALANCES
1,548,725	3,288,214	14,017,639	FUND BALANCES, JULY 1, 2024, as restated
$ 1,740,922	3,584,887	$ 14,979,901	FUND BALANCES, JUNE 30, 2025

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, 2025 (in thousands)

Net change in fund balances - total governmental funds (page 37)		$ 962,262
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	$ 1,232,460	
Less - current year depreciation expense	(534,135)	
Expenditures for right-to-use lease and subscription assets	350,663	
Less - current year amortization expense	(196,645)	852,343
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.		(64,374)
Contribution of capital assets is not recognized in the governmental funds.		11,053
Amortization of gain or loss on refunding of debt is reported as interest expense in the governmental activities, but not reported for governmental funds.		(22,211)
Changes in unavailable revenues are reported as changes in deferred inflows of resources for governmental funds, but were recognized when earned for governmental activities.		154,436
Timing differences result in more or less expenses in the statement of activities for the change in unamortized bond premiums.		13,392
Issuance of long-term debt provides resources in the governmental funds, but increases long-term liabilities in the statement of net position.		(1,026,819)
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	$ 72,011	
Notes, loans, and lease revenue obligation notes	206,829	
Other long-term notes, loans, leases and subscriptions	162,394	441,234
Payment to escrow agent for refunding		131,677
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	$ (220,225)	
Change in litigation and self-insurance	(956,435)	
Change in pollution remediation obligation	1,255	
Change in liabilities for compensated absences	(101,112)	
Change in net pension liability, net of related deferred outflows of resources and deferred inflows of resources	12,741	
Change in net OPEB liability, net of related deferred outflows of resources and deferred inflows of resources	360,850	
Change in third party payor liability	(42,647)	
Change in accrued interest payable	(282)	
Change in accretion of tobacco settlement bonds	(5,592)	
Transfer of capital assets between governmental fund and enterprise fund	(6,902)	(958,349)
Internal service funds that are reported with governmental activities.		31,879
Change in net position of governmental activities (page 31)		$ 526,523

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, 2025 (in thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	$ 8,180,326	8,186,072	8,379,989	193,917
Licenses, permits and franchises	76,484	76,560	85,084	8,524
Fines, forfeitures and penalties	146,830	147,988	194,420	46,432
Revenue from use of money and property:				
Investment income	285,177	319,151	531,780	212,629
Rents and concessions	139,569	154,498	147,267	(7,231)
Royalties			24	24
Intergovernmental revenues:				
Federal	5,797,108	6,075,818	5,580,257	(495,561)
State	10,091,785	10,447,228	9,693,267	(753,961)
Other	60,737	74,965	48,380	(26,585)
Charges for services	3,484,369	3,362,936	3,175,919	(187,017)
Miscellaneous	187,904	234,962	301,735	66,773
TOTAL REVENUES	28,450,289	29,080,178	28,138,122	(942,056)
EXPENDITURES				
Current:				
General government	3,958,039	3,724,365	1,949,204	1,775,161
Public protection	7,667,388	7,847,276	7,453,684	393,592
Health and sanitation	9,538,302	9,634,927	9,159,837	475,090
Public assistance	10,416,982	10,618,850	9,591,762	1,027,088
Recreation and cultural services	586,322	581,944	562,956	18,988
Debt service-				
Interest	23,701	23,701	23,701	
Capital outlay	2,025,594	2,292,155	588,144	1,704,011
TOTAL EXPENDITURES	34,216,328	34,723,218	29,329,288	5,393,930
DEFICIENCY OF REVENUES OVER EXPENDITURES	(5,766,039)	(5,643,040)	(1,191,166)	4,451,874
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	919	919	1,295	376
Transfers in	2,252,860	2,461,764	1,765,643	(696,121)
Transfers out	(607,092)	(541,567)	(540,077)	1,490
Appropriations for contingencies	(62,732)			
Changes in fund balance	(33,981)	(494,141)	(224,867)	269,274
TOTAL OTHER FINANCING SOURCES (USES)	1,549,974	1,426,975	1,001,994	(424,981)
NET CHANGE IN FUND BALANCE	(4,216,065)	(4,216,065)	(189,172)	4,026,893
FUND BALANCE, JULY 1, 2024	4,216,065	4,216,065	4,216,065	
FUND BALANCE, JUNE 30, 2025 (Note 16)	$		4,026,893	4,026,893

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, 2025 (in thousands)

	FIRE PROTECTION DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	$ 1,231,163	1,231,163	1,216,177	(14,986)
Licenses, permits and franchises	20,685	20,685	19,866	(819)
Fines, forfeitures and penalties	3,746	3,746	4,430	684
Revenue from use of money and property:				
Investment income	2,016	2,016	5,564	3,548
Rents and concessions	17	17	25	8
Intergovernmental revenues:				
Federal	33,840	38,668	16,590	(22,078)
State	14,693	14,859	32,665	17,806
Other			3,319	3,319
Charges for services	322,137	327,051	390,074	63,023
Miscellaneous	492	492	3,194	2,702
TOTAL REVENUES	1,628,789	1,638,697	1,691,904	53,207
EXPENDITURES				
Current-Public protection:				
Salaries and employee benefits	1,434,283	1,470,642	1,447,999	22,643
Services and supplies	196,111	205,226	198,053	7,173
Other charges	42,132	31,132	23,560	7,572
Capital assets	20,079	25,377	21,946	3,431
TOTAL EXPENDITURES	1,692,605	1,732,377	1,691,558	40,819
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(63,816)	(93,680)	346	94,026
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	138	138	9	(129)
Transfers in	52,342	65,898	62,856	(3,042)
Transfers out	(42,399)	(55,430)	(55,372)	58
Appropriations for contingencies	(13,308)			
Changes in fund balance	(8,393)	7,638	3,817	(3,821)
TOTAL OTHER FINANCING SOURCES (USES)	(11,620)	18,244	11,310	(6,934)
NET CHANGE IN FUND BALANCE	(75,436)	(75,436)	11,656	87,092
FUND BALANCE, JULY 1, 2024	75,436	75,436	75,436	
FUND BALANCE, JUNE 30, 2025 (Note 16)	$		87,092	87,092

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, 2025 (in thousands)

	FLOOD CONTROL DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	$ 218,406	218,406	222,154	3,748
Licenses, permits and franchises	1,739	1,739	1,983	244
Fines, forfeitures and penalties	2,305	2,305	1,238	(1,067)
Revenue from use of money and property:				
Investment income	16,967	16,967	9,998	(6,969)
Rents and concessions	6,589	6,589	7,434	845
Royalties	600	600	528	(72)
Intergovernmental revenues:				
Federal			10,287	10,287
State	9,204	9,204	34,761	25,557
Other	82	82	1,986	1,904
Charges for services	118,976	118,976	118,694	(282)
Miscellaneous	100	100	243	143
TOTAL REVENUES	374,968	374,968	409,306	34,338
EXPENDITURES				
Current-Public protection:				
Services and supplies	379,045	517,545	479,661	37,884
Other charges	6,573	8,573	4,548	4,025
Capital assets	1,840	1,840	853	987
Capital outlay	49,542	34,042	24,665	9,377
TOTAL EXPENDITURES	437,000	562,000	509,727	52,273
DEFICIENCY OF REVENUES OVER EXPENDITURES	(62,032)	(187,032)	(100,421)	86,611
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	10	10	2,886	2,876
Transfers in		55,000	55,000	
Transfers out	(10,078)	(10,078)	(4,517)	5,561
Changes in fund balance	12,526	82,526	84,288	1,762
TOTAL OTHER FINANCING SOURCES (USES)	2,458	127,458	137,657	10,199
NET CHANGE IN FUND BALANCE	(59,574)	(59,574)	37,236	96,810
FUND BALANCE, JULY 1, 2024	59,574	59,574	59,574	
FUND BALANCE, JUNE 30, 2025 (Note 16)	$		96,810	96,810

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, 2025 (in thousands)

	LA COUNTY LIBRARY			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	$ 125,489	132,387	133,450	1,063
Licenses, permits and franchises			1	1
Fines, forfeitures and penalties	375	375	610	235
Revenue from use of money and property:				
Investment income	1,200	4,202	5,879	1,677
Rents and concessions	15	15		(15)
Intergovernmental revenues:				
Federal	3,171	3,171	2,422	(749)
State	540	540	1,271	731
Other	130	130	61	(69)
Charges for services	3,474	3,474	906	(2,568)
Miscellaneous	584	584	8,848	8,264
TOTAL REVENUES	134,978	144,878	153,448	8,570
EXPENDITURES				
Current-Education:				
Salaries and employee benefits	137,311	132,859	115,691	17,168
Services and supplies	81,337	81,115	69,955	11,160
Other charges	1,913	2,613	1,971	642
Capital assets	1,620	1,620	847	773
TOTAL EXPENDITURES	222,181	218,207	188,464	29,743
DEFICIENCY OF REVENUES OVER EXPENDITURES	(87,203)	(73,329)	(35,016)	38,313
OTHER FINANCING SOURCES (USES)				
Sales of capital assets	13	13	6	(7)
Transfers in	53,887	54,535	47,545	(6,990)
Transfers out	(775)	(5,397)	(5,397)	
Appropriations for contingencies		(9,900)		9,900
Changes in fund balance	(31,259)	(31,259)	(28,926)	2,333
TOTAL OTHER FINANCING SOURCES (USES)	21,866	7,992	13,228	5,236
NET CHANGE IN FUND BALANCE	(65,337)	(65,337)	(21,788)	43,549
FUND BALANCE, JULY 1, 2024	65,337	65,337	65,337	
FUND BALANCE, JUNE 30, 2025 (Note 16)	$		43,549	43,549

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, 2025 (in thousands)

	REGIONAL PARK AND OPEN SPACE DISTRICT			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	$ 117,261	117,261	117,783	522
Fines, forfeitures and penalties	951	951	403	(548)
Revenue from use of money and property-				
Investment income	8,855	8,855	31,637	22,782
Charges for services			104	104
TOTAL REVENUES	127,067	127,067	149,927	22,860
EXPENDITURES				
Current-Recreation and cultural services:				
Services and supplies	16,689	16,689	9,513	7,176
Other charges	223,993	253,993	66,583	187,410
TOTAL EXPENDITURES	240,682	270,682	76,096	194,586
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(113,615)	(143,615)	73,831	217,446
OTHER FINANCING SOURCES (USES)				
Transfers in	125,109	125,113	121,488	(3,625)
Transfers out	(125,109)	(125,113)	(121,488)	3,625
Changes in fund balance	(36,943)	(6,943)	(2,917)	4,026
TOTAL OTHER FINANCING SOURCES (USES)	(36,943)	(6,943)	(2,917)	4,026
NET CHANGE IN FUND BALANCE	(150,558)	(150,558)	70,914	221,472
FUND BALANCE, JULY 1, 2024	150,558	150,558	150,558	
FUND BALANCE, JUNE 30, 2025 (Note 16)	$		221,472	221,472

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, 2025 (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	$ 51,110	51,110	82,003	30,893
Intergovernmental revenues-				
State	877,252	877,252	1,061,712	184,460
TOTAL REVENUES	928,362	928,362	1,143,715	215,353
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,321,533)	(1,321,710)	(972,758)	348,952
Appropriations for contingencies	(39,945)	(39,945)		39,945
Changes in fund balance	77,376	77,553	77,552	(1)
TOTAL OTHER FINANCING SOURCES (USES)	(1,284,102)	(1,284,102)	(895,206)	388,896
NET CHANGE IN FUND BALANCE	(355,740)	(355,740)	248,509	604,249
FUND BALANCE, JULY 1, 2024	355,740	355,740	355,740	
FUND BALANCE, JUNE 30, 2025 (Note 16)	$		604,249	604,249

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

COUNTY OF LOS ANGELES
CALIFORNIA

COUNTY OF LOS ANGELES
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025 (in thousands)

	BUSINESS-TYPE ACTIVITIES -			
	Harbor-UCLA Medical Center	Olive View-UCLA Medical Center	Los Angeles General Medical Center	Rancho Los Amigos National Rehab Center
ASSETS				
Current assets:				
Pooled cash and investments: (Notes 1 and 4)				
Operating	$ 358,969	150,035	293,265	222,620
Other	10,327	5,676	13,321	3,288
Total pooled cash and investments	369,296	155,711	306,586	225,908
Taxes receivable				
Accounts receivable - net (Note 14)	633,304	269,818	995,510	268,979
Interest receivable	1,727	366	368	104
Lease receivable (Note 9)				
Other receivables	15,631	12,414	30,103	5,615
Due from other funds (Note 15)	380,482	363,109	1,851,513	588,690
Advances to other funds (Note 15)				
Inventories	12,176	8,076	14,382	3,374
Total current assets	1,412,616	809,494	3,198,462	1,092,670
Noncurrent assets:				
Restricted assets (Note 4)	299,454	5,871		6,369
Lease receivable (Note 9)				
Other receivables	420,200	279,848	810,909	48,187
Capital assets: (Notes 1, 5, 9 and 10)				
Land and easements	140	1,894	16,194	217
Buildings and improvements, equipment, and intangible software	789,850	417,688	1,276,827	584,714
Infrastructure				
Construction in progress	797,397			70,971
Lease assets	3,223	389	988	291
Subscription assets				
Subscription assets in development				
Less accumulated depreciation/amortization	(226,461)	(235,647)	(512,278)	(215,622)
Total capital assets - net	1,364,149	184,324	781,731	440,571
Total noncurrent assets	2,083,803	470,043	1,592,640	495,127
TOTAL ASSETS	3,496,419	1,279,537	4,791,102	1,587,797
DEFERRED OUTFLOWS OF RESOURCES (Note 20)	452,001	264,384	646,581	157,046
LIABILITIES				
Current liabilities:				
Accounts payable	197,685	71,821	288,566	125,086
Accrued payroll	36,315	23,478	59,133	11,152
Other payables	116,790	72,912	275,669	17,914
Accrued interest payable	10,967	1,772		616
Due to other funds (Note 15)	582,745	787,292	1,404,556	542,422
Advances from other funds (Note 15)	4,735	2,554	6,400	1,265
Advances payable	642	89	424	7
Current portion of long-term liabilities (Note 11)	316,037	79,454	150,275	57,142
Total current liabilities	1,265,916	1,039,372	2,185,023	755,604
Noncurrent liabilities:				
Liabilities for compensated absences (Note 11)	68,215	44,058	100,699	17,320
Bonds and notes (Note 11)	773,635	53,900		186,572
Lease liability (Note 9 and 11)	972	68	191	50
Subscription liability (Note 10 and 11)				
Workers' compensation (Notes 11 and 18)	117,998	48,563	176,243	33,788
Litigation and self-insurance (Notes 11 and 18)	111	9	3,294	
Net pension liability (Notes 7 and 11)	551,984	319,169	753,319	168,606
Net OPEB liability (Notes 8 and 11)	1,002,559	596,205	1,539,078	336,136
Third party payor (Notes 11 and 14)	98,846	89,546	182,807	21,048
Total noncurrent liabilities	2,614,320	1,151,518	2,755,631	763,520
TOTAL LIABILITIES	3,880,236	2,190,890	4,940,654	1,519,124
DEFERRED INFLOWS OF RESOURCES (Note 20)	508,411	321,492	734,646	153,840
NET POSITION				
Net investment in capital assets	657,566	130,448	781,226	229,937
Restricted - Debt service	49,316		411	41,912
Unrestricted (deficit)	(1,147,109)	(1,098,909)	(1,019,254)	(199,970)
TOTAL NET POSITION (DEFICIT) (Note 3)	$ (440,227)	(968,461)	(237,617)	71,879

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Waterworks	Nonmajor Aviation	Total	Internal Service Funds	
				ASSETS
				Current assets:
				Pooled cash and investments: (Notes 1 and 4)
$ 152,322	11,693	$ 1,188,904	$ 87,856	Operating
5,261	221	38,094	9,868	Other
157,583	11,914	1,226,998	97,724	Total pooled cash and investments
1,127		1,127		Taxes receivable
16,838	824	2,185,273		Accounts receivable - net (Note 14)
310	28	2,903	192	Interest receivable
	878	878		Lease receivable (Note 9)
3,765		67,528	25,991	Other receivables
4,071	429	3,188,294	140,460	Due from other funds (Note 15)
1,538	262	1,800		Advances to other funds (Note 15)
	144	38,152	12,211	Inventories
185,232	14,479	6,712,953	276,578	Total current assets
				Noncurrent assets:
		311,694	4,423	Restricted assets (Note 4)
	17,978	17,978		Lease receivable (Note 9)
		1,559,144		Other receivables
				Capital assets: (Notes 1, 5, 9 and 10)
13,922	134,692	167,059		Land and easements
124,708	43,796	3,237,583	300,244	Buildings and improvements, equipment, and intangible software
1,228,087	96,755	1,324,842		Infrastructure
88,320	1,429	958,117		Construction in progress
		4,891	1,373	Lease assets
			1,562	Subscription assets
			513	Subscription assets in development
(847,896)	(89,449)	(2,127,353)	(173,323)	Less accumulated depreciation/amortization
607,141	187,223	3,565,139	130,369	Total capital assets - net
607,141	205,201	5,453,955	134,792	Total noncurrent assets
792,373	219,680	12,166,908	411,370	TOTAL ASSETS
		1,520,012	426,991	DEFERRED OUTFLOWS OF RESOURCES (Note 20)
				LIABILITIES
				Current liabilities:
614	313	684,085	14,265	Accounts payable
		130,078	27,677	Accrued payroll
	63	483,348	2,981	Other payables
	12	13,367	609	Accrued interest payable
9,280	858	3,327,153	68,303	Due to other funds (Note 15)
		14,954	22,000	Advances from other funds (Note 15)
25		1,187	26	Advances payable
328	123	603,359	69,163	Current portion of long-term liabilities (Note 11)
10,247	1,369	5,257,531	205,024	Total current liabilities
				Noncurrent liabilities:
		230,292	62,371	Liabilities for compensated absences (Note 11)
7,652	820	1,022,579	5,000	Bonds and notes (Note 11)
		1,281	517	Lease liability (Note 9 and 11)
			819	Subscription liability (Note 10 and 11)
		376,592	59,371	Workers' compensation (Notes 11 and 18)
		3,414		Litigation and self-insurance (Notes 11 and 18)
		1,793,078	445,264	Net pension liability (Notes 7 and 11)
		3,473,978	911,402	Net OPEB liability (Notes 8 and 11)
		392,247		Third party payor (Notes 11 and 14)
7,652	820	7,293,461	1,484,744	Total noncurrent liabilities
17,899	2,189	12,550,992	1,689,768	TOTAL LIABILITIES
	18,856	1,737,245	349,599	DEFERRED INFLOWS OF RESOURCES (Note 20)
				NET POSITION
599,161	186,280	2,584,618	103,109	Net investment in capital assets
		91,639		Restricted - Debt service
175,313	12,355	(3,277,574)	(1,304,115)	Unrestricted (deficit)
$ 774,474	198,635	$ (601,317)	$ (1,201,006)	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, 2025 (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)	$ 1,544,499	879,713	2,541,238	486,719
Charges for services				
Other (Note 14)	52,716	34,957	65,788	5,129
TOTAL OPERATING REVENUES	1,597,215	914,670	2,607,026	491,848
OPERATING EXPENSES:				
Salaries and employee benefits	803,121	521,877	1,330,234	254,863
Services and supplies	261,669	144,643	367,030	48,672
Other professional services	341,392	222,462	471,200	89,971
Depreciation and amortization (Note 5)	21,123	12,871	34,468	15,287
TOTAL OPERATING EXPENSES	1,427,305	901,853	2,202,932	408,793
OPERATING INCOME (LOSS)	169,910	12,817	404,094	83,055
NONOPERATING REVENUES (EXPENSES):				
Taxes				
Investment income	29,006	7,902	13,649	3,285
Gain (loss) on disposal of property	(199)	(16)	(316)	(57)
Lease and interest revenue				
Interest expense	(46,893)	(4,367)	(389)	(10,975)
Intergovernmental transfers expense (Note 14)	(299,484)	(207,141)	(655,734)	(141,609)
Intergovernmental revenues:				
State				
Federal				
Other				
TOTAL NONOPERATING REVENUES (EXPENSES)	(317,570)	(203,622)	(642,790)	(149,356)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(147,660)	(190,805)	(238,696)	(66,301)
Capital contributions	2,703	1,270	2,562	368
Transfers in (Note 15)	177,383	277,879	1,098,291	434,913
Transfers out (Note 15)	(85,821)	(579,919)	(592,348)	(134,865)
CHANGE IN NET POSITION	(53,395)	(491,575)	269,809	234,115
NET POSITION (DEFICIT), JULY 1, 2024, as restated	(386,832)	(476,886)	(507,426)	(162,236)
NET POSITION (DEFICIT), JUNE 30, 2025	$ (440,227)	(968,461)	(237,617)	71,879

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Waterworks	Nonmajor Aviation	Total	Internal Service Funds	
				OPERATING REVENUES:
$		$ 5,452,169	$	Net patient service revenues (Note 14)
123,077	1,317	124,394	843,215	Charges for services
42	173	158,805		Other (Note 14)
123,119	1,490	5,735,368	843,215	TOTAL OPERATING REVENUES
				OPERATING EXPENSES:
		2,910,095	642,559	Salaries and employee benefits
101,325	11,254	934,593	65,519	Services and supplies
4,798	1,692	1,131,515	92,875	Other professional services
23,651	3,300	110,700	22,542	Depreciation and amortization (Note 5)
129,774	16,246	5,086,903	823,495	TOTAL OPERATING EXPENSES
(6,655)	(14,756)	648,465	19,720	OPERATING INCOME (LOSS)
				NONOPERATING REVENUES (EXPENSES):
9,990		9,990		Taxes
7,603	692	62,137	1,788	Investment income
		(588)	195	Gain (loss) on disposal of property
	11,289	11,289	6,943	Lease and interest revenue
(160)	(29)	(62,813)	(1,387)	Interest expense
		(1,303,968)		Intergovernmental transfers expense (Note 14)
				Intergovernmental revenues:
366	10	376		State
59	623	682		Federal
267		267		Other
18,125	12,585	(1,282,628)	7,539	TOTAL NONOPERATING REVENUES (EXPENSES)
11,470	(2,171)	(634,163)	27,259	INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS
240		7,143		Capital contributions
		1,988,466	6,541	Transfers in (Note 15)
(1,009)	(4)	(1,393,966)	(1,921)	Transfers out (Note 15)
10,701	(2,175)	(32,520)	31,879	CHANGE IN NET POSITION
763,773	200,810	(568,797)	(1,232,885)	NET POSITION (DEFICIT), JULY 1, 2024, as restated
$ 774,474	198,635	$ (601,317)	$ (1,201,006)	NET POSITION (DEFICIT), JUNE 30, 2025

COUNTY OF LOS ANGELES
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025 (in thousands)

	BUSINESS-TYPE ACTIVITIES -			
	Harbor-UCLA Medical Center	Olive View-UCLA Medical Center	Los Angeles General Medical Center	Rancho Los Amigos National Rehab Center
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from patient services	$ 1,447,255	803,067	1,446,743	98,130
Cash received from charges for services				
Other operating revenues	52,716	34,957	65,788	5,129
Cash received for services provided to other funds	96,263	86,949	82,973	438
Cash paid for salaries and employee benefits	(744,222)	(483,539)	(1,102,489)	(246,988)
Cash (paid) returned for services and supplies	(97,390)	(94,877)	44,054	(22,819)
Other operating expenses	(342,651)	(223,295)	(475,684)	(89,971)
Cash (paid) returned for services from other funds	(90,481)	421,013	(159,100)	124,903
Net cash provided by (required for) operating activities	321,490	544,275	(97,715)	(131,178)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash advances received from other funds	252,500	67,914	1,205,757	6
Cash advances paid to other funds	(252,500)	(67,926)	(1,205,776)	
Interest paid on advances	(233)	(26)	(340)	
Intergovernmental transfers paid	(299,484)	(207,141)	(655,734)	(141,609)
Intergovernmental receipts				
Transfers in	260,172	221,616	1,294,294	564,406
Transfers out	(85,821)	(579,919)	(592,348)	(134,865)
Net cash provided by (required for) noncapital financing activities	(125,366)	(565,482)	45,853	287,938
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from taxes				
Proceeds from bonds and notes	669,924	3,298	94	26,526
Interest paid on capital borrowing	(46,787)	(4,410)	(50)	(11,601)
Lease and interest revenue				
Principal payments on bonds and notes	(247,803)	(5,587)	(1,057)	(29,425)
Leases paid	(676)	(78)	(211)	(57)
Subscriptions paid				
Proceeds from bond premiums	60,440			
Acquisition and construction of capital assets	(376,661)	(5,304)	(19,580)	(3,839)
Net cash provided by (required for) capital and related financing activities	58,437	(12,081)	(20,804)	(18,396)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	28,698	8,017	14,920	3,552
Net increase (decrease) in cash and cash equivalents	283,259	(25,271)	(57,746)	141,916
Cash and cash equivalents, July 1, 2024, as restated	385,491	186,853	364,332	90,361
Cash and cash equivalents, June 30, 2025	$ 668,750	161,582	306,586	232,277

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Waterworks	Nonmajor Aviation	Total	Internal Service Funds	
				CASH FLOWS FROM OPERATING ACTIVITIES
$		$ 3,795,195	$	Cash received from patient services
121,934	1,190	123,124	101,656	Cash received from charges for services
42	173	158,805		Other operating revenues
		266,623	738,102	Cash received for services provided to other funds
		(2,577,238)	(650,124)	Cash paid for salaries and employee benefits
(105,568)	(11,319)	(287,919)	(47,588)	Cash (paid) returned for services and supplies
(5,343)	(1,692)	(1,138,636)	(92,875)	Other operating expenses
		296,335		Cash (paid) returned for services from other funds
11,065	(11,648)	636,289	49,171	Net cash provided by (required for) operating activities
				CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES
		1,526,177		Cash advances received from other funds
(94)	(5)	(1,526,301)	(115)	Cash advances paid to other funds
		(599)		Interest paid on advances
		(1,303,968)		Intergovernmental transfers paid
692	633	1,325		Intergovernmental receipts
		2,340,488	6,541	Transfers in
(1,009)	(4)	(1,393,966)	(1,921)	Transfers out
(411)	624	(356,844)	4,505	Net cash provided by (required for) noncapital financing activities
				CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES
9,802		9,802		Proceeds from taxes
		699,842	20,000	Proceeds from bonds and notes
(160)	(31)	(63,039)	(1,119)	Interest paid on capital borrowing
	11,289	11,289	6,943	Lease and interest revenue
(541)	(121)	(284,534)	(5,000)	Principal payments on bonds and notes
		(1,022)	(689)	Leases paid
			(160)	Subscriptions paid
		60,440		Proceeds from bond premiums
(13,306)	(1,300)	(419,990)	(26,577)	Acquisition and construction of capital assets
(4,205)	9,837	12,788	(6,602)	Net cash provided by (required for) capital and related financing activities
				CASH FLOWS FROM INVESTING ACTIVITIES
7,725	702	63,614	1,745	Investment income
14,174	(485)	355,847	48,819	Net increase (decrease) in cash and cash equivalents
143,409	12,399	1,182,845	53,328	Cash and cash equivalents, July 1, 2024, as restated
$ 157,583	11,914	$ 1,538,692	$ 102,147	Cash and cash equivalents, June 30, 2025

Continued…

COUNTY OF LOS ANGELES
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025 (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)	$ 169,910	12,817	404,094	83,055
Adjustments to reconcile operating income (loss) to net cash provided by (required for) operating activities:				
Depreciation and amortization	21,123	12,871	34,468	15,287
(Increase) decrease in:				
Accounts receivable - net	146,076	205,547	43,446	(59,219)
Other receivables	(67,951)	(118,867)	(409,562)	73,558
Due from other funds	(60,522)	(125,141)	(636,328)	(403,897)
Inventories	1,904	(2,280)	1,425	(1,285)
Increase (decrease) in:				
Accounts payable	(82,767)	(116,257)	1,825	(37,828)
Accrued payroll	(2,729)	2,025	6,274	804
Other payables	112,152	70,621	271,530	16,619
Liabilities for compensated absences	(8,416)	5,249	14,178	1,473
Due to other funds	154,661	589,316	248,734	189,869
Advances payable	30			
Workers' compensation	2,468	2,180	5,413	1,406
Litigation and self-insurance	(1,259)	(833)	(4,484)	
Net pension liability and related changes in deferred outflows and inflows of resources	(3,986)	(4,764)	(4,728)	(602)
Net OPEB liability and related changes in deferred outflows and inflows of resources	(44,029)	(36,332)	(62,860)	(11,574)
Third party payor	(15,175)	48,123	(11,140)	1,156
TOTAL ADJUSTMENTS	151,580	531,458	(501,809)	(214,233)
NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES	$ 321,490	544,275	(97,715)	(131,178)
SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
Contributions of capital assets	$ 2,703	1,270	2,562	368
Gain (loss) on disposal of capital assets	(199)	(16)	(316)	(57)
Lease asset acquisition				
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:				
Pooled cash and investments	$ 369,296	155,711	306,586	225,908
Restricted assets	299,454	5,871		6,369
TOTAL	$ 668,750	161,582	306,586	232,277

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

ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
Waterworks	Nonmajor Aviation	Total	Internal Service Funds	
				RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES:
$ (6,655)	(14,756)	$ 648,465	$ 19,720	Operating income (loss)
				Adjustments to reconcile operating income (loss) to net cash provided by (required for) operating activities:
23,651	3,300	110,700	22,542	Depreciation and amortization
				(Increase) decrease in:
345	(38)	336,157		Accounts receivable - net
(1)		(522,823)	(12,945)	Other receivables
(1,487)	(89)	(1,227,464)	6,082	Due from other funds
	41	(195)	(1,181)	Inventories
				Increase (decrease) in:
(3,724)	(37)	(238,788)	6,320	Accounts payable
		6,374	1,442	Accrued payroll
	3	470,925	102	Other payables
		12,484	2,402	Liabilities for compensated absences
(519)	(72)	1,181,989	12,792	Due to other funds
		30		Advances payable
		11,467	2,263	Workers' compensation
(545)		(7,121)		Litigation and self-insurance
		(14,080)	1,339	Net pension liability and related changes in deferred outflows and inflows of resources
		(154,795)	(11,707)	Net OPEB liability and related changes in deferred outflows and inflows of resources
		22,964		Third party payor
17,720	3,108	(12,176)	29,451	TOTAL ADJUSTMENTS
$ 11,065	(11,648)	$ 636,289	$ 49,171	NET CASH PROVIDED BY (REQUIRED FOR) OPERATING ACTIVITIES
				SCHEDULE OF NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:
$ 240		$ 7,143		Contributions of capital assets
		(588)	195	Gain (loss) on disposal of capital assets
			462	Lease asset acquisition
				RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:
$ 157,583	11,914	$ 1,226,998	$ 97,724	Pooled cash and investments
		311,694	4,423	Restricted assets
$ 157,583	11,914	$ 1,538,692	$ 102,147	TOTAL

COUNTY OF LOS ANGELES
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025 (in thousands)

	PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST	INVESTMENT TRUST	CUSTODIAL	
			EXTERNAL INVESTMENT POOLS	OTHER CUSTODIAL
ASSETS				
Pooled cash and investments (Note 4)	$ 149,812	348,608	35,476,480	1,700,890
Other investments: (Note 4)			210,786	307
Short-term investments	2,675,466			
Equity	30,397,552			
Fixed income	27,925,172			
Private equity	13,845,873			
Real estate	4,578,663			
Real assets	4,056,916			
Hedge funds	6,497,104			
Cash collateral on loaned securities	2,548,885			
Taxes receivable				1,157,691
Interest receivable	279,357	318	53,138	
Other receivables	1,534,517			383,249
Due from other governments				26
TOTAL ASSETS	94,489,317	348,926	35,740,404	3,242,163
LIABILITIES				
Accounts payable	620,395			3,472
Other payables (Note 4)	2,645,297			1,110,287
Due to other governments				120,023
TOTAL LIABILITIES	3,265,692			1,233,782
NET POSITION				
Restricted for:				
Pension	86,187,618			
OPEB	5,036,007			
Individuals, organizations and other governments		348,926	35,740,404	2,008,381
TOTAL NET POSITION	$ 91,223,625	348,926	35,740,404	2,008,381

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, 2025 (in thousands)

			CUSTODIAL	
	PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST	INVESTMENT TRUST	EXTERNAL INVESTMENT POOLS	OTHER CUSTODIAL
ADDITIONS				
Contributions:				
Pension and OPEB trust contributions:				
Employer	$ 4,130,934			
Member	973,463			
Contributions to investment trust and custodial funds		43,424	68,504,354	29,230,830
Total contributions	5,104,397	43,424	68,504,354	29,230,830
Investment earnings:				
Investment income	5,313,481	22,120	1,637,274	
Net increase in the fair value of investments	3,609,175			
Securities lending income (Note 4)	141,680			
Total investment earnings	9,064,336	22,120	1,637,274	
Less - Investment expenses:				
Expense from investing activities	176,728			
Expense from securities lending activities (Note 4)	123,717			
Total net investment expense	300,445			
Net investment earnings	8,763,891	22,120	1,637,274	
Other additions				3,105,164
Miscellaneous	6,770			
TOTAL ADDITIONS	13,875,058	65,544	70,141,628	32,335,994
DEDUCTIONS				
Administrative expenses:				
Salaries and employee benefits	93,579			
Services and supplies	34,506			
Total administrative expenses	128,085			
Benefit payments	5,661,309			
Distributions from investment trust and custodial funds		99,220	70,403,031	29,187,661
Other deductions				3,069,774
Miscellaneous	42,135			
TOTAL DEDUCTIONS	5,831,529	99,220	70,403,031	32,257,435
CHANGE IN NET POSITION	8,043,529	(33,676)	(261,403)	78,559
NET POSITION, JULY 1, 2024	83,180,096	382,602	36,001,807	1,929,822
NET POSITION, JUNE 30, 2025	$ 91,223,625	348,926	35,740,404	2,008,381

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, 2025 (in thousands)

	LOS ANGELES COUNTY DEVELOPMENT AUTHORITY	FIRST 5 LA	TOTAL
ASSETS			
Pooled cash and investments-			
Operating (Notes 1 and 4)	$ 44,005	263,967	$ 307,972
Other investments (Note 4)	797,859		797,859
Accounts receivable - net	24,422		24,422
Interest receivable		826	826
Lease receivable	6,405		6,405
Other receivables	38,759	9,197	47,956
Inventories	5,580		5,580
Restricted assets (Note 4)	17,841		17,841
Net pension asset	5,909		5,909
Capital assets: (Notes 1 and 5)			
Capital assets, not being depreciated/amortized	93,322	2,551	95,873
Capital assets, net of accumulated depreciation/amortization	107,079	10,836	117,915
Total capital assets	200,401	13,387	213,788
TOTAL ASSETS	1,141,181	287,377	1,428,558
DEFERRED OUTFLOWS OF RESOURCES	20,700		20,700
LIABILITIES			
Accounts payable	23,121	11,775	34,896
Other payables	9,663		9,663
Advances payable	4,469		4,469
Long-term liabilities: (Note 11)			
Due within one year	11,004	112	11,116
Due in more than one year	112,243	1,984	114,227
TOTAL LIABILITIES	160,500	13,871	174,371
DEFERRED INFLOWS OF RESOURCES	14,857		14,857
NET POSITION			
Net investment in capital assets	159,705	13,387	173,092
Restricted for:			
Community development	737,328		737,328
Unrestricted	89,491	260,119	349,610
TOTAL NET POSITION	$ 986,524	273,506	$ 1,260,030

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, 2025 (in thousands)

	LOS ANGELES COUNTY DEVELOPMENT AUTHORITY	FIRST 5 LA	TOTAL
PROGRAM (EXPENSES) REVENUES:			
Expenses	$ (888,372)	(81,450)	$ (969,822)
Program revenues:			
Charges for services	38,739		38,739
Operating grants and contributions	881,869	57,284	939,153
Capital grants and contributions	13,181		13,181
Net program (expenses) revenues	45,417	(24,166)	21,251
GENERAL REVENUES:			
Investment income	37,771	10,239	48,010
CHANGE IN NET POSITION	83,188	(13,927)	69,261
NET POSITION, JULY 1, 2024, as restated	903,336	287,433	1,190,769
NET POSITION, JUNE 30, 2025	$ 986,524	273,506	$ 1,260,030

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

COUNTY OF LOS ANGELES
CALIFORNIA

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

Blended Component Units

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

- Fire Protection District
- Flood Control District
- Garbage Disposal Districts
- Improvement Districts
- Regional Park and Open Space District
- Sewer Maintenance Districts
- Street Lighting Districts
- Waterworks Districts
- Los Angeles County Capital Asset Leasing Corporation (a Not-for-Profit Corporation) (NPC)
- Various Joint Powers Authorities (JPAs)
- Los Angeles County Securitization Corporation (LACSC)
- Los Angeles County Facilities Inc. (LACF)
- Los Angeles County Facilities 2 Inc. (LACF2)

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 NPC in which the primary government is the sole corporate member, as identified in LACCAL's articles of incorporation or by laws, and the component unit is included in the financial reporting entity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Blended Component Units-Continued

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

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

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 $205.90 million of tax exempt lease revenue bonds and $6.23 million of taxable lease revenue bonds to be used to finance the construction of the Vermont Corridor Site 2, a County Administration Building. LACF2 is reported as a blended component unit because it provides services solely to the County and it is fiscally dependent on the County. It is reported under Public Buildings Debt Service and Capital Projects funds.

Fiduciary Component Unit

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

Discretely Presented Component Units

Los Angeles County Development Authority

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Discretely Presented Component Units-Continued

Los Angeles County Development Authority-Continued

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.

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 https://www.first5la.org/article/first-5-la-annual-comprehensive-financial-report/ or by writing to First 5 LA at 750 N. Alameda Street, Suite 300, Los Angeles, California 90012.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

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 at https://www.lacoe.edu/services/business/forms or by writing to the Los Angeles County Office of Education at 9300 Imperial Highway, Downey, California 90242-2890.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Government-wide Financial Statements-Continued

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, 2025, the restricted net position balances were $5.905 billion and $91.64 million for governmental activities and business-type activities, respectively. For governmental activities, $1.268 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

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

Harbor-UCLA Medical Center

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

Olive View-UCLA Medical Center

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

Los Angeles General Medical Center

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

Rancho Los Amigos National Rehabilitation Center

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

Waterworks

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

Nonmajor Aviation

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Financial Statements-Continued

The following fund types have also been reported:

Internal Service Funds

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

Fiduciary Fund Types

Pension and Other Postemployment Benefit Trust

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

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

Investment Trust

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

Custodial

External Investment Pools

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

Other Custodial

The Other Custodial Funds include the property tax funds used to account for the fiduciary activities for the monies received from property and other taxes, which must be held pending authority for distribution. They also are used to account for funds which are held for other governmental agencies, including school districts and community college districts, or individuals in a custodial capacity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Basis of Accounting

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Basis of Accounting-Continued

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's four Hospital Enterprise Funds (Hospitals) are from patient services. The principal operating revenues for the Waterworks Enterprise Fund, Nonmajor Aviation Enterprise Fund and Internal Service Funds are charges for services. Operating expenses for all Enterprise Funds and the Internal Service Funds include the cost of sales and services, administrative expenses and depreciation and amortization on capital assets. Medical malpractice expenses, which are self-insured, are classified as operating expenses of the Hospitals. All other revenues and expenses not meeting this definition are reported as nonoperating items. As discussed in Note 14, intergovernmental transfer payments are recorded in the Hospitals and this item is classified as a nonoperating expense.

Budgetary Data

The County is legally required to adopt an annual budget 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. The Board also adopts subsequent revisions that occur throughout the year. All annual appropriations lapse at fiscal year-end. Budgets are adopted for the major governmental funds and certain nonmajor governmental funds on a basis of accounting that is different than 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's legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriation) is at the fund, department, budget unit and object level. 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 budget unit and object level, except for capital asset expenditures, which are controlled at the sub-object level within the Fund. 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, department, budget unit and object level for the year ended June 30, 2025.

The County prepares a separate budgetary document which demonstrates legal compliance with the budgetary control at the fund, department, budget unit, and object level. Presentation of the basic financial statements at the legal level is not feasible due to excessive length; therefore, the budget and actual statements have been aggregated by function. The County Final Budget Appendix B, that demonstrates legal compliance with budgetary control, 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Budgetary Data -Continued

The Board must approve budget amendments or transfers of appropriations between fund, department, budget unit, and object level. 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 fund, department and budget unit must be approved by the Board or the Chief Executive Office, depending upon the amount transferred. The original and final budget amounts are reported in the accompanying basic financial statements. Any excess of budgetary expenditures and other financing uses over revenues and other financing sources is financed by beginning available fund balances as provided for in the County Budget Act.

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

Property Taxes

All jurisdictions within California derive their taxing authority from the State Constitution and various legislative provisions contained in the Government Code and Revenue and Taxation Code. Property is assessed at 100% of full cash or market value (with some exceptions) pursuant to Article XIIIA of the California State Constitution and statutory provisions by the County Assessor and State Board of Equalization. The total Fiscal Year (FY) 2024-2025 assessed valuation of the County approximated $2.123 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 13,197 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.

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 of the successor agencies. 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, 2025, the County's share of residual property tax revenues was $486.69 million, of which $403.68 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, 2025, that were owed to or were more appropriately classified in County operating funds. Accordingly, certain cash balances have been reclassified from the custodial funds.

Other Investments

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Deposits and Investments-Continued

Restricted Assets

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

Lease Receivable

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

Inventories

Inventories, which consist of materials and supplies held for consumption, are valued at cost using the first in/first out basis. The inventory costs of the governmental funds are accounted for as expenditures when the inventory items are purchased. Reported inventories are categorized as nonspendable fund balance 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.

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.

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 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 utilize the benefit during their employments or when employees terminate from service).

Lease Liability

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Subscription Liability

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

Net Pension Liability and Related Balances

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

Valuation Date - June 30, 2023 rolled forward to June 30, 2024
Measurement Date - June 30, 2024
Measurement Period - July 1, 2023 to June 30, 2024

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, 2023 rolled forward to June 30, 2024
Measurement Date - June 30, 2024
Measurement Period - July 1, 2023 to 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, 2024
Measurement Date - June 30, 2024
Measurement Period - July 1, 2023 to June 30, 2024

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund Balances-Continued

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

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

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

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

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

Cash Flows

For purposes of reporting cash flows, all amounts reported as "Pooled Cash and Investments," "Other Investments," and "Restricted Assets" are considered cash equivalents. Pooled cash and investment amounts represent funds held in the County Treasurer's cash management pool. Other investments and restricted assets are invested in money market mutual funds and U.S. Treasury securities held by outside trustees. Such amounts are similar in nature to demand deposits (i.e., funds may be deposited and withdrawn at any time without prior notice or penalty).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and deferred outflows of resources, liabilities and deferred inflows of resources, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

2. NEW ACCOUNTING PRONOUNCEMENTS

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

GASB Statement No. 101 - Statement No. 101, "Compensated Absences", provides an updated framework to meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for reporting periods beginning after December 15, 2023. See below for the restatement of net position due to the implementation of this statement.

GASB Statement No. 102 - Statement No. 102, "Certain Risk Disclosures" enhances financial reporting by requiring state and local governments to disclose risks stemming from certain concentrations and constraints that may make them vulnerable to substantial financial impacts. This statement is effective for reporting periods beginning after June 15, 2024. This statement did not have a material impact to the financial statements. We will apply the statement as appropriate in the future.

Restatement of Net Position

Change in Accounting Policy - GASB 101

The County implemented GASB 101 during the fiscal year, which resulted in a restatement of net position. Net position at July 1, 2024, as restated is shown in the tables below.

Change to or within the Financial Reporting Entity

Martin Luther King, Jr. ambulatory care operations and related assets and liabilities were transferred from the Harbor-UCLA Medical Center Hospital Enterprise Fund and business-type activities to the Capital Projects Public Buildings Fund and governmental activities under the Ambulatory Care Network as of July 1, 2024. Net position and fund balance at July 1 2024, as restated are shown in the tables below.

Error Correction

In FY 2023-2024, there was a change to or within the financial entity where Recuperative Care Centers were transferred from the hospitals to the new Health Services - Community Programs department. Capital assets were transferred from the Hospital Enterprise Funds and business-type activities to governmental activities. However, the corresponding bond-related assets and liabilities were not transferred. In FY 2024-2025, the Lease Revenue Bonds, 2021 Series F, assets and liabilities for the Olive View-UCLA Medical Center, Los Angeles General Medical Center, and Rancho Los Amigos National Rehabilitation Center Recuperative Care Centers were transferred from the Hospital Enterprise Funds and business-type activities to governmental activities under the Health Services - Community Programs department. The effect of the corrected balances to the prior year change in net position is immaterial. Net position and fund balance at July 1, 2024, as restated are shown in the tables below.

2. NEW ACCOUNTING PRONOUNCEMENTS-Continued

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

	Government-wide		Discretely Presented Component Units	
	Governmental Activities	Business-type Activities	LACDA	First 5 LA
Net position at July 1, 2024, as previously reported	$ (9,952,635)	$ (494,739)	$ 905,277	$ 287,723
Change in accounting policy	(189,852)	(38,461)	(1,941)	(290)
Change to or within the Financial Reporting Entity	80,979	(80,979)		
Error Correction	(45,382)	45,382		
Net position at July 1, 2024, as restated	$ (10,106,890)	$ (568,797)	$ 903,336	$ 287,433

See Notes 5 and 11 for information on the restatements of financial statement line items.

	Proprietary Funds				Capital Projects	Governmental Activities-ISF
	Harbor-UCLA Medical Center	Olive View-UCLA Medical Center	Los Angeles General Medical Center	Rancho Los Amigos National Rehab Center	Public Buildings	Public Works
Net position/fund balance at July 1, 2024, as previously reported	$ (293,983)	$ (485,777)	$ (504,769)	$ (174,793)	$ 17,039	$ (1,226,043)
Change in accounting policy	(11,870)	(6,591)	(16,800)	(3,200)		(10,351)
Change to or within the Financial Reporting Entity	(80,979)				59	
Error Correction		15,482	14,143	15,757	3,119	
Net position/fund balance at July 1, 2024, as restated	$ (386,832)	$ (476,886)	$ (507,426)	$ (162,236)	$ 20,217	$ (1,236,394)

3. DEFICIT NET POSITION

The following activities/funds had a net deficit at June 30, 2025 (in thousands):

	Accumulated Deficit
Government-wide:	
Governmental Activities	$ 9,580,367
Business-type Activities	601,317
Enterprise Funds:	
Harbor-UCLA Medical Center	440,227
Olive View-UCLA Medical Center	968,461
Los Angeles General Medical Center	237,617
Internal Service Funds:	
Public Works	1,203,029

3. DEFICIT NET POSITION-Continued

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

4. CASH AND INVESTMENTS

Investments in the County's cash and investment pool, other cash and investments, and Pension and OPEB Trust Funds investments, are stated at fair value. Aggregate pooled cash and investments and other cash and investments are as follows at June 30, 2025 (in thousands):

			Restricted Assets		
	Pooled Cash and Investments	Other Investments	Pooled Cash and Investments	Other Investments	Total
Governmental Funds	$ 18,340,522	254,039			$ 18,594,561
Proprietary Funds	1,324,722		75,976	240,141	1,640,839
Fiduciary Funds (excluding Pension and OPEB)	37,525,978	211,093			37,737,071
Pension and OPEB Trust Funds	149,812	92,525,631			92,675,443
Discretely Presented Component Units	307,972	797,859		17,841	1,123,672
Total	$ 57,649,006	93,788,622	75,976	257,982	$ 151,771,586

A summary of cash and investments (by type) as of June 30, 2025 is as follows (in thousands):

Cash:		Cash and investments are reported as follows:	
County			
Imprest Cash	$ 10,198	Governmental Funds	$ 18,594,561
Cash in Vault	647	Proprietary Funds	1,640,839
Cash in Bank	276,655	Investment Trust Fund	348,608
Deposits in Transit	31,959	Custodial Funds	37,388,463
Held by Outside Trustees	1	Pension and OPEB Trust Funds (LACERA)	92,675,443
LACDA	33,248	Discretely presented component units:	
Total Cash	352,708	First 5 LA	263,967
		LACDA	859,705
		Total Cash and Investments	$ 151,771,586
Investments:			
In Treasury Pool	57,405,521		
In Specific Purpose Investment (SPI)	212,464		
In Other Specific Investments	309		
Held by Outside Trustees	492,501		
In LACERA	92,525,631		
In Discretely Presented Component Unit - LACDA	782,452		
Total Investments	151,418,878		
Total Cash and Investments	$ 151,771,586		

4. CASH AND INVESTMENTS-Continued

County Treasurer Cash

As of June 30, 2025, the County Treasurer (Treasurer) maintained accounts in six banks. The carrying amount of the Treasurer's total deposits in financial institutions was $276.66 million, deposits in transit were $31.96 million, and cash in the Treasurer's vault was $647 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, 2025.

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, 2025, to support the value of shares in the Pool.

4. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

The School Districts and the Superior Court are required by legal provisions to participate in the County's investment pool. Fifty-seven percent (57.31%) 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 $210.79 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, 2025, the total amount invested by all California local governments and special districts in LAIF was $24.489 billion. LAIF is part of the State of California's Pooled Money Investment Account (PMIA), which as of June 30, 2025 had a balance of $178.131 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 $6.788 billion at June 30, 2025. Collectively, these represent 3.81% of the PMIA balance of $178.131 billion. The SPI holdings in the LAIF investment pool as of June 30, 2025, were $44.12 million, which were valued using a fair value factor provided by LAIF.

4. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

The Treasurer has the following recurring fair value measurements as of June 30, 2025 (in thousands):

		Fair Value Measurement Using			
Pool	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	External Government Investment Pool
Commercial Paper	$ 17,097,095	$	$ 17,097,095	$	$
Los Angeles County Securities	29,087			29,087	
Negotiable Certificates of Deposit	2,049,935		2,049,935		
U.S. Agency Securities	23,470,047		23,470,047		
U.S. Treasury Securities:					
U.S. Treasury Notes	2,082,562		2,082,562		
U.S. Treasury Bills	12,676,513		12,676,513		
Municipals	282		282		
Total Investments	$ 57,405,521	$	$ 57,376,434	$ 29,087	$
SPI					
Local Agency Investment Fund	$ 44,116	$	$	$	$ 44,116
Los Angeles County Securities	1,678			1,678	
U.S. Agency Securities	52,552		52,552		
U.S. Treasury Securities:					
U.S. Treasury Bills	114,118		114,118		
Total Investments	$ 212,464	$	$ 166,670	$ 1,678	$ 44,116
Other Specific Investments					
U.S. Treasury Bills	$ 309	$	$ 309	$	$
Total Investments	$ 309	$	$ 309	$	$

4. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

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

	Maximum Maturity		Maximum Percentage of Portfolio		Maximum Investment In One Issuer		Minimum Rating	
Authorized Investment Type	**Gov. Code**	**Pool Policy**	**Gov. Code**	**Pool Policy**	**Gov. Code**	**Pool Policy**	**Gov. Code**	**Pool Policy**
U. S. Treasury Notes, Bills and Bonds	5 years	None (1)	None	None	None	None	None	None
U.S. Agency Securities	5 years	None (1)	None	None	None	None	None	None
Local Agency Obligations	5 years	5 years (2)	None	10%*	None	None	None	Various (2)
Asset-Backed Securities	5 years	5 years	20%	20%	None	$750 million*	AA	AA (3)*
Bankers' Acceptances	180 days	180 days	40%	40%	30%	$750 million*	None	A-1/P-1/F1*
Negotiable Certificates of Deposit (4)	5 years	3 years*	30%	30%	None	$750 million*	None	A-1/P-1/F1*
Commercial Paper	270 days	270 days	40%	40%	10%	$1.5 billion*	A-1	A-1/P-1/F1
Corporate and Depository Medium-Term Notes (5)	5 years	3 years*	30%	30%	10%	$750 million*	A	A-1/P-1/F1*
LAIF	N/A	N/A	None	$75 million (6)	None	None	None	None
Shares of Beneficial Interest	N/A	N/A	20%	15%*	10%	10%	AAA	AAA
Repurchase Agreements	1 year	30 days*	None	$1 billion*	None	$500 million*	None	None
Reverse Repurchase Agreements	92 days	1 year	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	180 days	20%	20% (7)	None	None	None	None
Supranationals	5 years	5 years	30%	30%	None	None	AA	AA

(1) Pursuant to the California Government Code 53601, the Board granted authority to make investments in U.S. Treasury Notes, Bills and Bonds, and U.S. Agency Securities that have maturities beyond 5 years.

(2) Any obligation issued or caused to be issued on behalf of other County affiliates must have a minimum rating of "A3" (Moody's) or "A-" (S&P or Fitch) and the maximum maturity is limited to thirty years. Any short- or medium-term obligation issued by the State of California or a California local agency must have a minimum rating of "MIG-1" or "A2" (Moody's) or "SP-1" or "A" (S&P) and the maximum maturity is limited to 5 years.

(3) All Asset-Backed securities must be rated at least "AA." Pool Policy also requires that Asset-Backed securities issuers' debts be rated "A" or its equivalent or better.

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

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

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

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

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

4. CASH AND INVESTMENTS-Continued

County Investment Pool-Continued

A summary of investments held by the Pool at June 30, 2025 is as follows (dollars in thousands):

Pool	Fair Value	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity In Years
Commercial Paper	$ 17,097,095	$ 17,103,134	4.07% - 4.45%	07/01/25 - 10/30/25	0.14
Negotiable Certificates of Deposit	2,049,935	2,050,000	4.21% - 4.44%	07/03/25 - 11/17/25	0.16
Municipals	29,369	30,282	4.70% - 4.88%	06/30/26 - 06/30/27	1.65
U.S. Agency Securities	23,470,047	24,809,734	0.50% - 5.60%	07/01/25 - 01/05/34	3.18
U.S. Treasury Securities:					
U.S. Treasury Notes	2,082,562	2,197,351	0.63% - 1.13%	03/31/26 - 11/15/30	1.80
U.S. Treasury Bills	12,676,513	12,677,175	4.14% - 4.32%	07/01/25 - 10/21/25	0.12
Total	$ 57,405,521	$ 58,867,676			1.44

The unrealized loss on investments held in the Pool was $1.462 billion as of June 30, 2025. 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, 2025 relative to the County Pool balances. A separate financial report is issued for the Pool for the year ended June 30, 2025 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, 2025 is as follows (dollars in thousands):

SPI	Fair Value	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity In Years
Local Agency Investment Fund	$ 44,116	$ 44,064		12/31/25	0.50
Los Angeles County Securities	1,678	1,610	5.00%	12/02/27	2.42
U.S. Agency Securities	52,552	73,405	2.00% - 3.27%	12/27/39 - 08/27/43	15.80
U.S. Treasury Notes	114,118	114,143	4.07% - 4.12%	07/10/25 - 09/25/25	0.18
Total	$ 212,464	$ 233,222			4.13

Other Specific Investments	Fair Value	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity In Years
U.S. Treasury Bills	$ 309	$ 309	4.11%	11/20/25	0.39

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, 2025, is $57.406 billion, of which 68.95% will mature in six months or less. Of the remainder, 28.46% have a maturity of more than one year. At June 30, 2025, the weighted average maturity in years for the Pool was 1.44 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, 2025, the Pool contained floating rate notes at fair value of $29.09 million (0.05% 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, 2025, there were no variable rate notes in the SPI and Other Specific Investments.

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

Custodial Credit Risk

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

4. CASH AND INVESTMENTS-Continued

Credit Risk and Concentration of Credit Risk

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

The Investment Policy establishes acceptable credit ratings for investments from any two of three Nationally Recognized Statistical Rating Organizations (NRSRO). For an issuer of short-term debt, the rating must be no less than A-1 (S&P), P-1 (Moody's), and F1 (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, 2025 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, 2025, 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, 2025 (dollars in thousands):

Issuer	Pool		SPI	
	Fair Value	% of Portfolio	Fair Value	% of Portfolio
Federal Home Loan Bank	$ 7,103,654	12.37%	$ 17,553	8.26%
Federal Home Loan Mortgage Corporation	4,734,056	8.25%		
Federal Farm Credit Bank	7,000,431	12.19%	29,162	13.73%
Federal National Mortgage Association	4,631,906	8.07%		

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, 2025:

Pool	S&P	Moody's	Fitch	% of Portfolio
Commercial Paper	Not Rated	Not Rated	Not Rated	29.79 %
Municipals:				
Los Angeles County Securities	Not Rated	Not Rated	Not Rated	0.05 %
Negotiable Certificates of Deposits	Not Rated	Not Rated	Not Rated	3.57 %
U.S. Agency Securities	AA+	Aa1	AA+	18.26 %
	AA+	Aa1	Not Rated	4.73 %
	Not Rated	Not Rated	Not Rated	12.42 %
	Not Rated	Aa1	AA+	5.13 %
	AA+	WR	AA+	0.25 %
	AA+	Not Rated	AA+	0.09 %
U.S. Treasury Securities*				25.71 %
				100.00 %
SPI				
Local Agency Investment Fund	Not Rated	Not Rated	Not Rated	20.76 %
Los Angeles County Securities	Not Rated	Not Rated	Not Rated	0.79 %
U.S. Agency Securities	AA+	Aa1	AA+	13.73 %
	AA+	Aa1	Not Rated	8.26 %
	Not Rated	Aa1	AA+	2.75 %
U.S. Treasury Securities*				53.71 %
				100.00 %
Other Specific Investments				
U.S. Treasury Securities*				100.00 %
				100.00 %

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

Reverse Repurchase Agreements

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

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.

4. CASH AND INVESTMENTS-Continued

Securities Lending Transactions

For the year ended June 30, 2025, 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, 2025 were $1 thousand. A total of $67.87 million of investments held by outside trustees are invested in the Pool. In addition, the outside trustees invested $492.50 million outside of the Pool.

The following is a summary of investments held by outside trustees as of June 30, 2025 (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	0.38% - 0.77%	11/15/26 - 11/15/28	3.25
U.S. Treasury Notes	186,183	186,183	0.77% - 3.63%	07/1/25 - 06/01/27	0.12

	Net Asset Value
Money Market Mutual Funds	$ 286,375

The following is a summary of the credit quality distribution and concentration of credit risk as of June 30, 2025:

Other Investments	S&P	Moody's	Fitch	% of Portfolio
Money Market Mutual Funds	Not Rated	Not Rated	Not Rated	58.15 %
U.S. Treasury Securities *				41.85 %
				100.00 %

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

4. CASH AND INVESTMENTS-Continued

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, 2025 (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, 2025, (in thousands) and are as follows:

	Fair Value
Cash Collateral on Loaned Securities	$ 2,548,885
Short-term Investments	2,675,466
Domestic and International Equity	30,397,552
Fixed Income	27,925,172
Real Estate*	4,578,663
Real Assets	4,056,916
Private Equity	13,845,873
Hedge Funds	6,497,104
Total	$ 92,525,631

* Refer to Note J of LACERA's ACFR for the year ended June 30, 2025, for additional discussion on special purpose entities.

The Pension and OPEB Trust Funds also had deposits with the Pool at June 30, 2025 totaling $149.81 million.

Investment Risks

The County Employees Retirement Law of 1937 (CERL) vests the Board of Investments (BOI) with exclusive control over LACERA's investment portfolio. The BOI establishes 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.

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Credit Risk

Credit risk is the risk that an issuer or a counterparty to an investment transaction will not fulfill its contractual obligations, resulting in a loss of principal or interest and a decline in the investment's 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.

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Credit Quality Ratings

The following is a schedule as of June 30, 2025 of the credit quality ratings by Moody's, a nationally recognized statistical rating organization, of investments in fixed income securities. Whole loan mortgages of $7.46 million and derivatives of $44 thousand included in the Pension Plan portfolio are excluded from this presentation.

Credit Quality Ratings of Investments in Fixed Income Securities - Pension Plan
As of June 30, 2025
(dollars in thousands)

Quality Ratings	U.S. Treasuries	U.S. Govt. Agencies	Municipals	Corporate and Asset-Backed Securities	Pooled Investment	Non U.S. Fixed Income	Private Placement Fixed Income	Total	Percentage of Portfolio
Aaa	$ 17,708			74,143			61,742	$ 153,593	0.60 %
Aa	4,737,048	1,148,041	7,517	64,391	5,795,130	1,272	14,698	11,768,097	45.86 %
A				239,446	1,874,440	27,964	35,103	2,176,953	8.48 %
Baa				331,969		47,142	61,612	440,723	1.72 %
Ba				128,304		19,044	190,184	337,532	1.32 %
B				453,733		40,652	327,484	821,869	3.20 %
Caa				65,529		6,047	92,527	164,103	0.64 %
Ca				1,999			2,548	4,547	0.02 %
C				13				13	0.00 %
Not Rated	37,204	486		230,978	9,307,357	72,265	144,148	9,792,438	38.16 %
Total Investment in Fixed Income Securities - Pension Plan	$ 4,791,960	1,148,527	7,517	1,590,505	16,976,927	214,386	930,046	$25,659,868	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.

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Credit Quality Ratings of Investments in Fixed Income Securities - OPEB Trust
As of June 30, 2025 (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	$ 3,253	$ 3,843	$ 453	$ 14,159	$	$ 8,783	$	$ 30,491	1.35 %
Aa	957,660	234,656	2,510	17,373		6,405		1,218,604	53.97 %
A			596	83,365		19,766	50	103,777	4.60 %
Baa				88,569		19,811	3,211	111,591	4.94 %
Ba				137,766		13,692	119,359	270,817	12.00 %
B				173,048		18,637	147,651	339,336	15.03 %
Caa				17,229		936	51,001	69,166	3.06 %
Ca				542			32	574	0.03 %
Not Rated	1,966	58	164	32,649	59,095	13,407	6,104	113,443	5.02 %
Total Investment in Fixed Income Securities - OPEB Trust	$ 962,879	$ 238,557	$ 3,723	$ 564,700	$ 59,095	$101,437	$ 327,408	$ 2,257,799	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 in various forms, including: its own name 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 part of those deposits. This risk is mitigated when the deposits are insured or collateralized.

LACERA's contract requires the Bank to provide immediate notice in the event LACERA funds on deposit are not eligible for and covered by the Federal Deposit Insurance Corporation (FDIC), subject to applicable law and FDIC rules and regulations. In addition, the Bank warrants that it will provide reasonable commercially available insurance, including a financial institution bond that 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. LACERA's compliance procedures request that the Bank certify to its financial health and provide evidence of insurance coverage.

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

For certain investment strategies, some of LACERA's assets are invested in investment managers' pooled vehicles. The securities in these vehicles may be held by custodians 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 on the secondary market, 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, 2025, 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.

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, 2025 presents the duration by investment type. Whole loan mortgages of $7.46 million and derivatives of $44 thousand included in the Pension Plan Portfolio are excluded from this presentation.

Duration in Fixed Income Securities - Pension Plan
As of June 30, 2025
(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	$	4,791,960	7.36
U.S. Government Agency		1,148,527	4.11
Municipal / Revenue Bonds		7,517	11.61
Subtotal U.S. Treasuries, U.S. Government Agency, and Municipal Instruments		5,948,004	
Corporate Bonds and Credit Securities:			
Asset-Backed Securities		141,713	2.44
Corporate and Other Credit		1,448,792	3.22
Pooled Funds		16,976,927	2.03
Subtotal Corporate Bonds and Credit Securities		18,567,432	
Non-U.S. Fixed Income		214,386	2.69
Private Placement Fixed Income		930,046	3.04
Subtotal Non-U.S. and Private Placement Securities		1,144,432	
Total Fixed Income Securities - Pension Plan	$	25,659,868	

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

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

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Duration in Fixed Income Securities - OPEB Trust
As of June 30, 2025 (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	$ 962,879	7.14
U.S. Government Agency	238,557	4.78
Municipal / Revenue Bonds	3,723	10.4
Subtotal U.S. Treasuries, U.S. Government Agency, and Municipal Instruments	1,205,159	
Corporate Bonds and Credit Securities:		
Asset-Backed Securities	10,944	3.00
Corporate and Other Credit	553,756	2.90
Pooled Funds	59,095	N/A
Subtotal Corporate Bonds and Credit Securities	623,795	
Non-U.S. Fixed Income	101,437	3.26
Private Placement Fixed Income	327,408	2.76
Subtotal Non-U.S. and Private Placement Securities	428,845	
Total Fixed Income Securities - OPEB Trust	$ 2,257,799	

*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 within 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 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.

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Non-U.S. Investment Securities at Fair Value - Pension Plan
As of June 30, 2025
(in thousands)

Currency	Equity	Fixed Income	Foreign Currency	Real Estate	Real Assets	Private Equity Investments	Forward Contracts	Total
AFRICA								
South African Rand	$ 99,000		573					$ 99,573
AMERICAS								
Brazilian Real	98,005		2,593					100,598
Canadian Dollar	941,148	1,357	(6,221)		158,903	2,300	(5,440)	1,092,047
Chilean Peso	10,502		426					10,928
Colombian Peso	2,811		424					3,235
Mexican Peso	28,964		552					29,516
ASIA								
Australian Dollar	411,837		1,747			16,217	(4,223)	425,578
Chinese Renminbi	74,579		3,314					77,893
Hong Kong Dollar	626,845		2,008				385	629,238
Indonesian Rupiah	32,767		3,193					35,960
Japanese Yen	1,296,489		16,737			9,307	(563)	1,321,970
Malaysian Ringgit	42,192		3,185					45,377
New Zealand Dollar	9,639		148				(253)	9,534
Pakistan Rupee			28					28
Philippine Peso	12,256		458					12,714
Singapore Dollar	102,138		1,910				(970)	103,078
South Korean Won	283,492		4,610					288,102
Taiwan Dollar	403,358		4,803					408,161
Thai Baht	25,550		1,448					26,998
EUROPE								
British Pound Sterling	1,558,268	11,936	3,725			392,316	(20,897)	1,945,348
Czech Republic Koruna	4,982		354					5,336
Danish Krone	151,522		1,673				(2,163)	151,032
Euro	2,628,017	45,469	13,917	337,350	507,597	950,082	(51,358)	4,431,074
Hungarian Forint	10,156		676					10,832
Norwegian Krone	55,443		408				(619)	55,232
Polish Zloty	34,754		487					35,241
Russian Ruble			2,182					2,182
Swedish Krona	189,197		1,497				(1,769)	188,925
Swiss Franc	577,048		1,408				(11,222)	567,234
MIDDLE EAST								
Egyptian Pound	3,400		215					3,615
Israeli New Shekel	47,472		875				(1,920)	46,427
Kuwaiti Dinar	32,045		1,213					33,258
Qatari Rial	35,747		1,496					37,243
Saudi Riyal	14,038	9						14,047
Turkish Lira	15,539		312					15,851
UAE Dirham	55,037		729					55,766
Total Investment Securities Subject to Foreign Currency Risk - Pension Plan	$ 9,914,237	58,762	73,112	337,350	666,500	1,370,222	(101,012)	$12,319,171

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Non-U.S. Investment Securities at Fair Value - OPEB Trust
As of June 30, 2025
(in thousands)

Currency	Equity	Fixed Income	Foreign Currency	Real Assets	Total
AMERICAS					
Canadian Dollar	$ 63,359		152		$ 63,511
ASIA					
Australian Dollar	37,648		65		37,713
Hong Kong Dollar	9,333		70		9,403
Japanese Yen	122,478		1,056		123,534
New Zealand Dollar	1,055		15		1,070
Singapore Dollar	7,382		141		7,523
EUROPE					
British Pound Sterling	74,740		342		75,082
Danish Krone	11,540		90		11,630
Euro	170,236	24	661	13,978	184,899
Norwegian Krone	4,217		15		4,232
Swedish Krona	17,999		166		18,165
Swiss Franc	45,896		14		45,910
MIDDLE EAST					
Israeli New Shekel	5,240		37		5,277
Total Investment Securities Subject to Foreign Currency Risk - OPEB Trust	$ 571,123	24	2,824	13,978	$ 587,949

Securities Lending Program

The BOI authorizes LACERA to participate in a securities lending program to generate incremental income consistent with LACERA's Investment Policy Statement. Under the program, LACERA lends its securities to qualified 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 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.

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, 2025.

As of June 30, 2025, the fair value of securities on loan was $7.359 billion, with a value of cash collateral received of $2.549 billion, which is included in Other payables on the financial statements, and non-cash collateral of $5.140 billion. LACERA's investment income, net of expenses from securities lending, was $17.96 million for the year ended June 30, 2025.

Securities Lending
As of June 30, 2025
(in thousands)

Securities on Loan	Fair Value of Securities on Loan	Cash Collateral Received	Non-Cash Collateral Received	Calculated Mark [1]	Collateral Percent [2]
U.S. Equity	$ 2,265,592	$ 1,002,955	$ 1,338,584	$ 7,187	103.67 %
U.S. Fixed Income	4,481,836	1,415,768	3,278,228	19,847	105.18 %
Non-U.S. Equity	611,634	130,162	522,799	496	106.84 %
Total	$ 7,359,062	$ 2,548,885	$ 5,139,611	$ 27,530	

(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.

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, 2025 is as follows:

- In the core hedge funds portfolio, LACERA is invested in ten direct hedge fund managers and one hedge fund-of-funds manager.

- For the hedge funds emerging manager program, LACERA is invested in a total of nine hedge fund emerging managers. Stable Asset Management, LACERA's discretionary separate account manager for the hedge funds emerging manager program, selected one new emerging manager during FY 2024-2025.

- 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. The fair values of assets remaining in this portfolio is approximately $9.63 million. 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, 2025 was $6.497 billion.

The core portfolio, emerging manager portfolio, and GCM hedge fund-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.

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 recorded at cost with subsequent adjustments that reflect third party transactions, financial operating results, market conditions, and other factors deemed relevant by the Investment Manager. Properties are subject to independent third party appraisals annually by a qualified appraisal management service provider.

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, 2025
(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	$ 141,713	$	$ 141,713	$
Corporate and Other Credit	1,448,792		1,403,408	45,384
Municipal/Revenue Bonds	7,517		7,517	
Non-U.S. Fixed Income	214,386		189,171	25,215
Pooled Investments	5,950	5,950		
Private Placement Fixed Income	930,046		924,726	5,320
U.S. Government Agency	1,148,527		1,148,527	
U.S. Treasuries	4,791,960		4,791,960	
Whole Loan Mortgages	7,461			7,461
Total Fixed Income Securities	8,696,352	5,950	8,607,022	83,380
Equity Securities				
Non-U.S. Equity	10,894,670	10,888,926	692	5,052
Pooled Investments	431,300	431,300		
U.S. Equity	16,553,097	16,516,791	4,219	32,087
Total Equity Securities	27,879,067	27,837,017	4,911	37,139
Collateral from Securities Lending	2,548,885		2,548,885	
Total Investments by Fair Value Level	$ 39,124,304	$ 27,842,967	$ 11,160,818	$ 120,519
Investments Measured at NAV				
Fixed Income	$ 16,970,977			
Hedge Funds	6,497,104			
Private Equity	13,803,331			
Real Estate	4,534,296			
Real Assets	4,010,516			
Total Investments Measured at NAV	45,816,224			
Total Investments	$ 84,940,528			
Derivatives				
Foreign Exchange Contracts	$ (101,012)	$	$ (101,012)	$
Foreign Equity Derivatives	280	280		
U.S. Equity Derivatives	2,775	2,775		
U.S. Fixed Income Derivatives	44	44		
Total Derivatives	$ (97,913)	$ 3,099	$ (101,012)	$

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, 2025
(dollars in thousands)

	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Fixed Income Funds [1]	$ 16,970,977	$ 1,976,034	Daily, Monthly or Not Eligible	1-60 days or N/A
Hedge Funds [2]	6,497,104		Monthly, Quarterly, Semi-Annual, Annual; Self-Liquidating	5-180 days
Private Equity [3]	13,803,331	6,425,642	Not Eligible	N/A
Real Estate [3]	4,534,296	1,027,341	Quarterly or Not Eligible	30 days+ or N/A
Real Assets [3]	4,010,516	2,650,374	Not Eligible	N/A
Total Investments Measured at the NAV	$ 45,816,224			

(1) Fixed Income Funds: 27 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 78% of assets are available for redemption within 12 months; these funds provide daily, monthly, or quarterly liquidity. Approximately 22% of the fund assets have liquidity beyond 12 months.

(2) Hedge Funds: This portfolio consists of 20 current funds and 1 fund-of-funds. Hedge Fund investments are valued at NAV per share. When considering liquidity terms of the current funds, 70% of the fund assets are available for redemption within 12 months; these funds provide monthly, quarterly, semi-annual, or annual liquidity. Some of these funds are subject to redemption notices and audit holdbacks that extend the time frame to receive redemptions beyond the next 12 months. Approximately 30% of fund assets are in funds that offer periodic liquidity that extends beyond the next 12 months.

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

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

(3) Private Equity, Real Assets, and Real Estate Funds: LACERA's Private Equity portfolio consists of 291 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 41 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 37 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 30 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. 10 out of 30 Real Estate funds are eligible for redemption depending upon the availability of cash for redemptions in the fund. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of 5 to 10 years. For Real Estate investments held in separate accounts and debt program investments, see Note J - Special Purpose Entities of LACERA's ACFR.

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Fair Value-Continued

Investments Measured at Fair Value - OPEB Trust
As of June 30, 2025
(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	$ 10,944	$	$ 10,944	$
Private Placement Fixed Income	327,408		327,408	
Corporate and Other Credit	553,756		553,331	425
Municipal / Revenue Bonds	3,723		3,723	
Non-U.S. Fixed Income	101,437		101,436	1
Pooled Investments	17,734	17,734		
U.S. Government Agency	238,557		238,557	
U.S. Treasuries	962,879		962,879	
Total Fixed Income Securities	2,216,438	17,734	2,198,278	426
Equity Securities				
Non-U.S. Equity	612,423	612,411	12	
Pooled Investments	242,960	242,960		
U.S. Equity	1,660,047	1,659,887	1	159
Total Equity Securities	2,515,430	2,515,258	13	159
Total Investments by Fair Value Level	$ 4,731,868	$ 2,532,992	$ 2,198,291	$ 585
Investments Measured at Net Asset Value (NAV)				
Fixed Income	$ 41,361			
Private Equity	42,542			
Real Estate	44,367			
Real Assets	46,400			
Total Investments Measured at NAV	174,670			
Total Investments	$ 4,906,538			

4. CASH AND INVESTMENTS-Continued

LACERA Investment Portfolio-Continued

Fair Value-Continued

Investments Measured at Net Asset Value - OPEB Trust
As of June 30, 2025
(dollars in thousands)

Investment by Fair Value Level	Fair Value	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Fixed Income Securities				
Fixed Income Funds [1]	$ 41,361	$ 116,190	Daily, Monthly, or Not Eligible	1-60 days or N/A
Private Equity [2]	42,542	137,417	Not Eligible	N/A
Real Estate [3]	44,367	73,265	Not Eligible	N/A
Real Assets [4]	46,400	72,997	Not Eligible	N/A
Total Investments Measured at NAV [1]	$ 174,670			

(1) Fixed Income Funds: The portfolio consists of 8 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: 11 private equity funds are valued at NAV. Due to contractual limitations, none 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 8 funds. Due to contractual limitations, none of the funds are eligible for redemption.

5. CAPITAL ASSETS

As a result of the transfer of Martin Luther King, Jr. ambulatory care operations from the Harbor-UCLA Medical Center Hospital Enterprise Fund to governmental activities as described in Note 2, the capital asset balances as of July 1, 2024 were restated. LACDA also restated their beginning balances. The table below summarizes the changes (in thousands):

	Balance July 1, 2024, as previously reported	Restatement Amounts	Balance July 1, 2024, as restated
Governmental Activities			
Capital assets, not being depreciated/ amortized:			
Land	$ 2,574,032	$ 1,531	$ 2,575,563
Construction in progress-buildings and improvements	1,654,987	3,192	1,658,179
Capital assets, being depreciated/amortized:			
Buildings and improvements	7,241,341	439,972	7,681,313
Equipment	1,999,182	18,768	2,017,950
Software	596,933	9,025	605,958
Accumulated depreciation/amortization:			
Buildings and improvements	(2,919,279)	(185,355)	(3,104,634)
Equipment	(1,516,400)	(14,222)	(1,530,622)
Software	(463,900)	(9,025)	(472,925)
Total governmental activities capital assets restatement		$ 263,886	
Business-type Activities			
Capital assets, not being depreciated/ amortized:			
Land	$ 134,932	$ (1,531)	$ 133,401
Construction in progress-buildings and improvements	560,154	(3,192)	556,962
Capital assets, being depreciated/amortized:			
Buildings and improvements	3,115,483	(439,972)	2,675,511
Equipment	440,759	(18,768)	421,991
Software	58,922	(9,025)	49,897
Accumulated depreciation/amortization:			
Buildings and improvements	(1,118,196)	185,355	(932,841)
Equipment	(288,399)	14,222	(274,177)
Software	(58,185)	9,025	(49,160)
Total business-type activities capital assets restatement		$ (263,886)	
LACDA:			
Capital assets, being depreciated/amortized:			
Buildings and improvements	$ 275,810	$ 240	$ 276,050
Accumulated depreciation/amortization:			
Buildings and improvements	(183,629)	(240)	(183,869)

5. CAPITAL ASSETS-Continued

Capital assets activity for the year ended June 30, 2025 is as follows (in thousands):

Governmental Activities	Balance July 1, 2024, as restated	Additions	Deletions	Balance June 30, 2025
Capital assets, not being depreciated/ amortized:				
Land	$ 2,575,563	43,170	(47)	$ 2,618,686
Easements	5,098,045	8,645		5,106,690
Software in progress	120,238	45,211	(103,512)	61,937
Construction in progress-buildings and improvements	1,658,179	458,355	(378,940)	1,737,594
Construction in progress-infrastructure	915,847	202,947	(121,376)	997,418
Subscription assets in progress	13,819	5,259	(11,742)	7,336
Subtotal	10,381,691	763,587	(615,617)	10,529,661
Capital assets, being depreciated/amortized:				
Buildings and improvements	7,681,313	583,096	(16,307)	8,248,102
Equipment	2,017,950	265,509	(115,288)	2,168,171
Software	605,958	103,512		709,470
Infrastructure	8,260,354	84,556		8,344,910
Lease land	1,055		(4)	1,051
Lease buildings and improvements	1,834,346	297,323	(36,433)	2,095,236
Lease equipment	17,080	121	(22)	17,179
Subscription assets	148,763	61,627		210,390
Subtotal	20,566,819	1,395,744	(168,054)	21,794,509
Less accumulated depreciation/amortization for:				
Buildings and improvements	(3,104,634)	(216,562)	51,457	(3,269,739)
Equipment	(1,530,622)	(155,684)	113,948	(1,572,358)
Software	(472,925)	(37,066)		(509,991)
Infrastructure	(5,075,245)	(147,031)		(5,222,276)
Lease land	(381)	(156)	4	(533)
Lease buildings and improvements	(348,824)	(153,171)	22,548	(479,447)
Lease equipment	(7,594)	(3,412)	22	(10,984)
Subscription assets	(51,369)	(40,240)		(91,609)
Subtotal	(10,591,594)	(753,322)	187,979	(11,156,937)
Total capital assets, being depreciated/ amortized, net	9,975,225	642,422	19,925	10,637,572
Governmental activities capital assets, net	$20,356,916	1,406,009	(595,692)	$ 21,167,233

5. CAPITAL ASSETS-Continued

Business-type Activities	Balance July 1, 2024, as restated	Additions	Deletions	Balance June 30, 2025
Capital assets, not being depreciated/ amortized:				
Land	$ 133,401			$ 133,401
Easements	33,418	240		33,658
Construction in progress-buildings and improvements	556,962	367,540	(56,134)	868,368
Construction in progress-infrastructure	75,446	15,311	(1,008)	89,749
Subtotal	799,227	383,091	(57,142)	1,125,176
Capital assets, being depreciated/ amortized:				
Buildings and improvements	2,675,511	63,797		2,739,308
Equipment	421,991	37,242	(10,855)	448,378
Software	49,897			49,897
Infrastructure	1,324,842			1,324,842
Lease buildings and improvements	2,801			2,801
Lease equipment	2,090			2,090
Subtotal	4,477,132	101,039	(10,855)	4,567,316
Less accumulated depreciation/ amortization for:				
Buildings and improvements	(932,841)	(55,860)		(988,701)
Equipment	(274,177)	(29,616)	10,448	(293,345)
Software	(49,160)	(44)		(49,204)
Infrastructure	(769,020)	(24,172)		(793,192)
Lease buildings and improvements	(985)	(594)		(1,579)
Lease equipment	(918)	(414)		(1,332)
Subtotal	(2,027,101)	(110,700)	10,448	(2,127,353)
Total capital assets, being depreciated/ amortized, net	2,450,031	(9,661)	(407)	2,439,963
Business-type activities capital assets, net	3,249,258	373,430	(57,549)	3,565,139
Total capital assets, net	$ 23,606,174	2,065,767	(939,569)	$ 24,732,372

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	$	101,870
Public protection		246,921
Public ways and facilities		86,838
Health and sanitation		155,045
Public assistance		80,620
Education		7,784
Recreation and cultural services		51,702
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets		22,542
Total depreciation/amortization expense, governmental activities	$	753,322
Business-type activities:		
Hospitals	$	83,749
Waterworks		23,651
Aviation		3,300
Total depreciation/amortization expense, business-type activities	$	110,700

5. CAPITAL ASSETS-Continued

Discretely Presented Component Units

LACDA

Capital assets activity for the LACDA component unit for the year ended June 30, 2025, was as follows (in thousands):

	Balance July 1, 2024, as restated	Additions	Deletions	Balance June 30, 2025
Capital assets, not being depreciated/ amortized:				
Land	$ 81,245		(69)	$ 81,176
Construction in progress-buildings and improvements	10,008	7,019	(4,881)	12,146
Subtotal	91,253	7,019	(4,950)	93,322
Capital assets, being depreciated/amortized:				
Buildings and improvements	276,050	12,752	(80)	288,722
Equipment	9,363	1,462	(4,126)	6,699
Software	1,025			1,025
Lease equipment	107	2,214	(32)	2,289
Subscription assets	6,362	1,266	(34)	7,594
Subtotal	292,907	17,694	(4,272)	306,329
Less accumulated depreciation/amortization for:				
Buildings and improvements	(183,869)	(6,203)	66	(190,006)
Equipment	(8,083)	(768)	4,126	(4,725)
Software	(538)	(102)		(640)
Lease equipment	(6)	(361)	3	(364)
Subscription assets	(1,768)	(1,780)	33	(3,515)
Subtotal	(194,264)	(9,214)	4,228	(199,250)
Total capital assets being depreciated/ amortized, net	98,643	8,480	(44)	107,079
LACDA capital assets, net	$ 189,896	15,499	(4,994)	$ 200,401

5. CAPITAL ASSETS-Continued

First 5 LA

Capital assets activity for the First 5 LA component unit for the year ended June 30, 2025, was as follows (in thousands):

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets, not being depreciated-				
Land	$ 2,039			$ 2,039
Construction in progress		512		512
Subtotal	2,039	512		2,551
Capital assets, being depreciated:				
Buildings and improvements	15,970			15,970
Equipment	2,360	54	(134)	2,280
Software	974			974
Subtotal	19,304	54	(134)	19,224
Less accumulated depreciation for:				
Buildings and improvements	(4,929)	(358)		(5,287)
Equipment	(2,179)	(90)	134	(2,135)
Software	(963)	(3)		(966)
Subtotal	(8,071)	(451)	134	(8,388)
Total capital assets being depreciated,net	11,233	(397)		10,836
First 5 LA capital assets, net	$ 13,272	115		$ 13,387

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

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

The County determined that golf courses met the criteria set forth in GASB 94 (where the County is the transferor) and therefore included these SCAs in the County’s financial statements as deferred inflows of resources. GASB 94 also provides guidance on accounting treatment if the County were acting as an operator of another government’s facility. The County has determined that there are no incidences where the County would qualify as an operator.

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

Golf Courses

The County manages a public golf course system, which offers affordable greens fees, discount programs for senior citizens and students, and a junior golf program. Each golf course is leased under agreement with an operator, which provides for activities such as golf course management, clubhouse operations, and food and beverage concessions. The operators collect user fees and are responsible for the day-to-day operations of the golf courses. The operators are required to operate and maintain the golf courses, and make installment payments to the County, in accordance with their respective contracts.

As of June 30, 2025, the present value of the installment payments under contract is estimated to be $80.50 million and reported as deferred inflows of resources in the statement of net position. The present values of the installment payments were calculated using discount rates of 1.87%, 3.55%, 3.70%, 4.20%, and 5.12% for the term of the agreement for each SCA. The lease terms for the twelve golf courses cover remaining periods ranging from 2 to 14 years as of June 30, 2025. The FY 2024-2025 total monthly installment payments are approximately $812,000. The County primarily uses the proceeds to fund parks and recreation operations, 10% of which is set aside for future golf course capital improvements. The acquisition value of the golf courses, including land, buildings, and construction in progress, is reported at $22.33 million as of June 30, 2025.

7. PENSION PLAN

Plan Description

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

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

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

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

Benefits Provided

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

7. PENSION PLAN-Continued

Benefits Provided-Continued

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

Contributions

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

The following employer rates were in effect for FY 2024-2025:

July 1, 2024 - September 15, 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%			

September 16, 2024 - June 30, 2025	A	B	C	D	E	G
General Members	32.11%	26.12%	22.61%	24.23%	25.89%	24.15%
Safety Members	33.23%	36.22%	29.84%			

The rates were determined by the actuarial valuations performed as of June 30, 2023. The investment rate of return assumption used in the valuation performed as of June 30, 2023 remained at 7.00%. The employer contribution rates used in FY 2024-2025, beginning September 16, 2024, changed from (8.95)% to 0.59% over the rates used in FY 2023-2024 and may change again during the following fiscal year, with the exception of the Safety Plan A. The most significant factors causing the changes were changes to the normal cost rate. The rate for Safety Plan A members uses the normal cost rate for Safety Plan B members because there are no active members remaining in this plan.

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

During FY 2024-2025, 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 $2.571 billion.

7. PENSION PLAN-Continued

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

At June 30, 2025, the County reported a liability of $12.983 billion for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, 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, 2024, the County's proportionate share was 96.09%, which was a decrease of (0.20)% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the County recognized negative pension expense of $(25.48) million which is reported as $(11.40) million for governmental activities and $(14.08) 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, 2025, 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	$ 607,366	$
Change in assumptions	183,633	1,533,276
Change in experience		2,086,106
Change in proportion and differences between County contributions and proportionate share of contributions	296,128	280,678
Contributions made subsequent to measurement date		2,571,141
Total	$ 1,087,127	$ 6,471,201

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, 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):

Year Ending June 30:	Deferred Outflows/(Inflows) of Resources
2026	$ (246,648)
2027	1,922,315
2028	570,087
2029	134,475
2030	323,553
Thereafter	109,151

Deferred outflows of $2.571 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 $4.244 billion from interest and service costs, resulted in a decrease in net pension liability from $14.618 billion to $13.512 billion. The County's proportionate share of the Pension Plan's net pension liability was 96.09% as of June 30, 2024 and is historically above 96%.

Actuarial Assumptions

Valuation Timing	June 30, 2023, rolled forward to June 30, 2024
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, 2024 actuarial valuation for details. It can be found at www.LACERA.com.
Experience Study	Covers the 3 year period ended June 30, 2022.

7. PENSION PLAN-Continued

Actuarial Assumptions-Continued

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

For the year ended June 30, 2024:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Rate of Return (After Expected 2.75% Inflation Rate) (Geometric)
Growth	53.00%	6.10 %
Global Equity	32.00 %	5.00 %
Private Equity	17.00 %	7.30 %
Non-Core Private Real Estate	4.00 %	5.90 %
Credit	11.00%	3.10 %
Liquid Credit	4.00 %	3.00 %
Illiquid Credit	7.00 %	4.00 %
Real Assets and Inflation Hedges	17.00%	3.90 %
Core Private Real Estate	6.00 %	2.50 %
Natural Resources and Commodities	3.00 %	4.00 %
Infrastructure	5.00 %	4.50 %
TIPS	3.00 %	0.70 %
Risk Reduction and Mitigation	19.00%	1.10 %
Investment Grade Bonds	7.00 %	1.00 %
Diversified Hedge Fund Portfolio	6.00 %	2.00 %
Long-Term Government Bonds	5.00 %	0.80 %
Cash Equivalents	1.00 %	(0.50)%

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. This is equal to the 7.00% long-term investment return assumption adopted by LACERA (net of investment and administrative expenses), plus 0.15% assumed administrative expenses. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate, and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and member rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be sufficient to pay all projected future benefit payments of current active and inactive plan members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, gross of administrative expenses.

7. PENSION PLAN-Continued

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

The following represents the County's proportionate share of the net pension liability calculated using the discount rate of 7.15%, 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 (6.15%) or 1-percentage point higher (8.15%) than the current rate (in thousands):

	1% Decrease (6.15%)	Discount Rate (7.15%)	1% Increase (8.15%)
Net Pension Liability	$ 24,757,895	$ 12,982,670	$ 3,220,013

Pension Plan Fiduciary Net Position

Detailed information about pension plan fiduciary net position as of June 30, 2024 is available in the separately issued LACERA financial report, which can be found at www.LACERA.com.

Deferred Compensation Plans

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

Plan Description and Funding Policy

The Deferred Compensation and Thrift Plan was established as a Section 457 defined contribution plan covering employees who have achieved full time and permanent employment status. The plan is designed to permit these employees to voluntarily defer a portion of their compensation and provide for retirement and death benefits. The plan is funded by employer and employee contributions. As of June 30, 2025, 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, 2025, were $340.19 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, 2025, 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, 2025, were $94.33 million.

7. PENSION PLAN-Continued

Deferred Compensation Plans-Continued

Plan Description and Funding Policy-Continued

The Pension Savings Plan is a Section 457 defined contribution plan covering part-time, temporary and seasonal County employees who are not eligible to participate in the retirement programs provided through the LACERA. The plan was established in lieu of employee coverage under Social Security. Participation in the plan is mandatory and employees must contribute a minimum of 4.5% of their eligible earnings and the County makes a contribution equal to 3% of compensation. Participants may contribute additional amounts beyond the required 4.5%. Total employer contributions for the year ended June 30, 2025, were $11.31 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, 2024.

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.

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Plan Description-Continued

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

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

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

Benefits Provided

Health care benefits earned by County employees are dependent on the number of completed years of retirement service credited to the retiree by LACERA upon retirement; it does not include reciprocal service in another retirement system. Service includes all service on which the member's retirement allowance was based.

The RHC OPEB Program offers members an extensive choice of medical plans as well as two dental/vision plans. The medical plans are either HMOs or indemnity plans, and some are designed to work with Medicare benefits, such as the Medicare Supplement or Medicare HMO plans. Coverage is available regardless of preexisting medical conditions. Under Tier 2, retirees who are eligible for Medicare are required to enroll in that program. Medicare-eligible retirees and their covered dependents must enroll in Medicare Parts A and B and in a Medicare HMO plan or Medicare Supplement plan under Tier 2.

Medical and Dental/Vision - Program benefits are provided through third party insurance carriers with the participant's cost for medical and dental/vision insurance varying according to the years of retirement service credit with LACERA, the plan selected, and the number of persons covered. The County contribution subsidizing the participant's cost starts at 10 years of service credit in the amount of 40% of the lesser of the benchmark plan rate or the premium of the plan in which the retiree is enrolled. For each year of retirement service credit earned beyond 10 years, the County contributes 4% per year, up to a maximum of 100% for a member with 25 years of service credit. The County contribution can never exceed the premium of the benchmark plans. Members are responsible for premium amounts above the benchmark plans, including those with 25 or more years of service credit.

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Benefits Provided-Continued

Under Tier 1, the County subsidy is based on the coverage elected by the retiree. The benchmark plans are Anthem Blue Cross Plans I and II for medical and Cigna Indemnity Dental/Vision for dental and vision. Under Tier 2, the County subsidy is based on retiree only coverage. Tier 2 medical benchmark plans are Anthem Blue Cross Plans I and II for Medicare-ineligible members, Anthem Blue Cross Plan III for Medicare-eligible members, and Cigna Indemnity Dental/Vision for dental and vision plans.

Medicare Part B - The County reimburses the member's Medicare Part B standard rate premiums paid by member to Social Security for Part B coverage, subject to annual approval by the County Board of Supervisors. Eligible members and their dependents must be enrolled in both Medicare Part A and Medicare Part B and enrolled in a LACERA administered Medicare HMO Plan or Medicare Supplement Plan and meet all of the qualifications. Under Tier 2, the County reimburses for Medicare Part B (at the standard rate) for eligible members or eligible survivors only.

Disability - If a member is granted a service-connected disability retirement and has less than 13 years of service, the County contributes the lesser of 50% of the benchmark plan rate or the premium of the plan in which the retiree is enrolled. Under Tier 2, the benchmark plan rate is based on retiree-only premiums. A member with 13 years of service credit receives a 52% subsidy. This percentage increases 4% for each additional completed year of service, up to a maximum of 100%.

Death/Burial Benefit - There is a one-time lump-sum $5,000 death/burial benefit payable to the designated beneficiary upon the death of a retiree, reimbursed to LACERA by the County. Active and vested terminated (deferred) members are eligible for this benefit once they retire. Spouses and dependents are not eligible for this death benefit.

Employees Covered by Benefit Terms

Medical and Dental/Vision Benefits

	2024	
	Medical	Dental/ Vision
Retired Participants		
Retired Members and Survivors	56,365	58,524
Spouses and Dependents	28,706	33,396
Total Retired	85,071	91,920
Inactive Members - Vested	9,719	9,719
Active Members - Vested	75,427	75,427
Total Membership Eligible for Benefits	170,217	177,066

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Employees Covered by Benefit Terms-Continued

Death Benefits

	2024
Retired with Eligibility for Death Benefits	64,651
Active Members - Vested	9,719
Inactive Members - Vested	75,427
Total Membership Eligible for Benefits	149,797

Contributions

The current funding policy requires the County to contribute on a pay-as-you-go basis. During FY 2024-2025, the County made payments to LACERA totaling $832.51 million for retiree healthcare benefits. Included in this amount was $110.26 million for Medicare Part B reimbursements and $8.87 million in death benefits. Additionally, $54.32 million was paid by member participants. During FY 2024-2025, the County also contributed $571.23 million in excess of the pay-as-you-go amounts.

Net OPEB Liability

At June 30, 2025, the County reported a net RHC OPEB liability of $22.560 billion. The net RHC OPEB liability was measured as of June 30, 2024, and the total RHC OPEB liability used to calculate the net RHC OPEB liability was determined by an actuarial valuation as July 1, 2023 projected forward to the measurement date.

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Actuarial Methods and Assumptions

Valuation Timing	July 1, 2023, rolled forward to June 30, 2024
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, 2023 actuarial valuation of retirement benefits. It can be found at: www.LACERA.com.
Mortality	Various rates based on the Pub-2010 mortality tables and using the MP-2021 Ultimate Projection Scale for expected future mortality improvement.
Experience Study	Covers the three year period ended June 30, 2023.
Discount Rate	5.36%
Long-term expected rate of return, net of investment expenses	6.25%
20 Year Tax-Exempt Municipal Bond Yield	3.93%

Healthcare Cost Trend rates:

	Initial Year	Ultimate
LACERA Medical Under 65	6.40%	4.20%
LACERA Medical Over 65	7.50%	4.20%
Part B Premiums	6.70%	4.20%
Dental/Vision	3.00%	3.70%
Weighted Average Trend	6.75%	4.19%

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.

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Investments-Continued

The following was the adopted asset allocation policy as of June 30, 2024.

Asset Class	Target Allocation	
Growth	45.00%	
Global Equity		40.00 %
Private Equity		5.00 %
Credit	18.00%	
Risk Reduction and Mitigation	17.00%	
Cash Equivalents		2.00 %
Investment Grade Bonds		10.00 %
Long-term Government Bonds		5.00 %
Real Assets and Inflation Hedges	20.00%	
Real Estate		8.00 %
Natural Resources		2.00 %
Commodities		2.00 %
Infrastructure		2.00 %
TIPS		6.00 %

Money-Weighted Rate of Return

As of the measurement date, June 30, 2024, the annual money-weighted rate of return on OPEB Trust investments, net of OPEB Trust investment expense, was 6.25%. 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, 2023, the annual money-weighted rate of return was 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 3.93% as of June 30, 2024. For 2024, the long-term expected rate of return of 6.25% was applied to projected benefit payments from 2024 to 2064. 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, 2024 was 5.36%, an increase of 0.32% from the rate as of June 30, 2023.

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Retiree Healthcare-Continued

Changes in the Net OPEB Liability (in thousands)

	Increase (Decrease)		
Changes in Net OPEB Liability	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balance as of June 30, 2023	$ 26,923,134	3,009,326	$ 23,913,808
Service cost	845,144		845,144
Interest on Total OPEB Liability	1,380,556		1,380,556
Effect of economic/demographic gains or losses	(501,725)		(501,725)
Effect of assumption changes or inputs	(1,454,388)		(1,454,388)
Benefit payments	(761,943)	(761,943)	
Employer contributions		1,274,838	(1,274,838)
Net investment income		358,676	(358,676)
Administrative expenses		(10,064)	10,064
Balance as of June 30, 2024	$ 26,430,778	3,870,833	$ 22,559,945

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 5.36%, 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 (4.36%) or 1-percentage point higher (6.36%) than the current rate (in thousands):

	1% Decrease (4.36%)	Discount Rate (5.36%)	1% Increase (6.36%)
Net RHC OPEB Liability	$ 26,884,322	$ 22,559,945	$ 19,069,571

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	$ 18,448,043	$ 22,559,945	$ 27,843,388

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, 2025, the County recognized negative OPEB expense of $(552.72) million which is reported as $(404.81) million for governmental activities and $(147.91) 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, 2025, 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	$ 81,384	$
Change of assumptions	6,040,335	2,142,113
Change in experience	1,546,343	179,462
Change in proportion and differences between contributions and the proportionate share of contributions	1,135,138	1,135,138
Contributions made subsequent to measurement date		1,403,737
Total	$ 8,803,200	$ 4,860,450

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, 2024. The change in proportion and differences between the contributions and the proportionate share of contributions represents the changes in allocation percentages to the individual funds, including the proprietary funds, of the total OPEB RHC liability from the prior measurement date to the current measurement date.

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

Year ending June 30:	Deferred Outflows/(Inflows) of Resources
2026	$ (1,193,029)
2027	(938,527)
2028	(674,532)
2029	(918,703)
2030	(1,098,751)
Thereafter	(522,945)

Deferred outflows of resources of $1.404 billion related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal period rather than in the current fiscal period.

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability

Plan Description

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

Benefits Provided

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

Eligibility

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

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

Megaflex Income/SIB - The plan covers:

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

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability-Continued

Benefits Provided-Continued

Non-MegaFlex Member LTD Health Plan - The plan continues medical insurance coverage for employees who are receiving or eligible to receive LTD Income benefits and are enrolled in one of the County approved health plans.

MegaFlex Member LTD Health Plan - The plan continues medical insurance coverage for employees who are receiving or eligible to receive LTD Income benefits and are enrolled in one of the County approved health plans.

Benefit Formula

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

(1) 60% of Basic Monthly Compensation (commences after 6 months of disability).
(2) Annual COLA, beginning after 2 years of benefit payments (limited to a maximum of 2% 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/domestic partner death to the qualified children beneficiaries.

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

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

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

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

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability-Continued

Benefits Provided-Continued

Maximum Period

Non-Megaflex Income/SIB and Megaflex Income/SIB - LTD benefits stop when:

(1) Employee is no longer totally disabled or turns age 65, whichever occurs first. However, if employee is age 62 or older when benefit commences, benefit can continue beyond age 65 (length depends on age at commencement) as follows:

Age at Disability	Maximum Period
62	3 ½
63	3
64	2 ½
65	2
66	1 ¾
67	1 ½
68	1 ¼
69 and older	1

or

(2) Employee takes early or normal retirement under Plan E.

Employees covered by benefit terms

At June 30, 2024, 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, 2025, the County reported a total LTD OPEB liability of $1.214 billion. The total LTD OPEB liability was determined by an actuarial valuation as of June 30, 2024.

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability-Continued

Actuarial Methods and Assumptions

Valuation Timing	June 30, 2024
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, 2023 RHC OPEB Program's actuarial valuation report which can be found at www.LACERA.com.
Mortality	Various rates based on the Pub-2010 mortality tables and using the MP-2021 Ultimate Projection Scale for expected future mortality improvement.
Discount Rate	Equal to the municipal bond rate based on the 20-year Bond Buyer GO index (municipal bond rate), which was 3.65% as of June 30, 2023, and 3.93% as of June 30, 2024.

Healthcare Cost Trend rates:

Year	Rate (pre Medicare/ post Medicare)	Year	Rate (pre Medicare/ post Medicare)
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%		
2031-2032	4.90%/4.90%		

8. OTHER POSTEMPLOYMENT BENEFITS-Continued

Long-Term Disability-Continued

Changes in the Total LTD OPEB Liability (in thousands):

Total LTD OPEB Liability at 6/30/2023	$	1,211,863
Service cost		51,479
Interest		45,072
Differences between expected and actual experience		5
Changes of assumptions or other inputs		(36,808)
Benefit payments		(57,465)
Net Changes		2,283
Total LTD OPEB Liability at 6/30/2024	$	1,214,146

Changes of assumptions or other inputs reflect a change in the discount rate from 3.65% as of June 30, 2023 to 3.93% as of June 30, 2024.

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 3.93%, 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 (2.93%) or 1-percentage point higher (4.93%) than the current rate (in thousands):

	1% Decrease (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
Total LTD OPEB Liability	$ 1,344,204	$ 1,214,146	$ 1,096,672

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	$ 1,200,720	$ 1,214,146	$ 1,230,740

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, 2025, the County recognized LTD OPEB expense of $25.37 million which is reported as $32.25 million for governmental activities and $(6.88) million for business-type activities. OPEB expense represents the change in the total LTD OPEB liability during the measurement period, adjusted for the deferred recognition of change in actuarial gain/loss, actuarial assumptions or methods, and plan benefits.

At June 30, 2025, 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	$ 91,183	$ 79,635
Change of assumptions	279,854	153,234
Change in proportionate share	140,626	140,627
Total	$ 511,663	$ 373,496

The deferred inflows of resources and deferred outflows of resources above represent the unamortized portion of changes to the total LTD OPEB liability to be recognized in future periods in a systematic and rational manner. Economic/demographic gains or losses, assumption changes or inputs, and change in proportion are recognized over the average remaining service life of all active and inactive members, which is 11 years. The change in proportionate share represents the changes in allocation percentages to the individual funds, including the proprietary funds, of the total OPEB LTD liability from the prior measurement date to the current measurement date.

Amounts currently reported as deferred outflows and inflows of resources will be recognized in OPEB expense as follows (in thousands):

Year Ending June 30:	Deferred Outflows/(Inflows) of Resources
2026	$ (13,724)
2027	(13,724)
2028	(13,724)
2029	(13,724)
2030	(4,924)
Thereafter	(78,347)

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	$ 22,559,945		$ 22,559,945
Total LTD OPEB Liability		1,214,146	1,214,146
Total OPEB Liability	22,559,945	1,214,146	23,774,091
Deferred Outflows of Resources	4,860,450	373,496	5,233,946
Deferred Inflows of Resources	8,803,200	511,663	9,314,863
OPEB Expense	(552,718)	25,366	(527,352)

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.

9. LEASES-Continued

Lease Liabilities-Continued

The following is a schedule of future minimum lease payments for the lease liabilities as of June 30, 2025 (in thousands):

	Governmental Activities		Business-type Activities	
Year Ending June 30	Principal	Interest	Principal	Interest
2026	$ 135,175	$ 55,013	$ 885	$ 74
2027	128,635	50,766	788	39
2028	124,851	46,716	420	14
2029	118,886	42,741	73	
2030	111,315	38,986		
2031-2035	449,337	146,389		
2036-2040	315,750	84,765		
2041-2045	195,354	39,487		
2046-2050	79,295	16,084		
2051-2055	44,964	7,610		
2056-2060	26,219	1,594		
2061-2065	825	25		
2066-2068	129	5		
Total	$ 1,730,735	$ 530,181	$ 2,166	$ 127

Rent expenses related to leases for governmental activities were $126.19 million and $1.02 million for business-type activities, for the year ended June 30, 2025. Variable payments not previously included in the measurement of the lease liability were $18.65 million for the year ended June 30, 2025.

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, 2025, (in thousands):

	Governmental Activities	Business-type Activities
Lease land	$ 1,051	$
Lease buildings and improvements	2,095,236	2,801
Lease equipment	17,179	2,090
Lease asset accumulated amortization	(490,964)	(2,911)
Total	$ 1,622,502	$ 1,980

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 2 to 89 years, regional parks leases covering remaining periods from 1 to 53 years, roads leases with remaining periods of 32 years, and the MLK Hospital lease with a remaining period of 59 years are all accounted for in the General Fund. The Flood Control District leases cover remaining periods ranging from 10 to 65 years and are accounted for in the Flood Control District Fund. The airport leases cover remaining periods from 6 to 34 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 $812.3 million. The carrying value of the capital assets associated with the regional parks, roads, MLK Hospital, and County airports leases is not determinable.

9. LEASES-Continued

Lease Receivables-Continued

The following is a schedule of future minimum lease payment receipts on non-cancelable leases as of June 30, 2025 (in thousands):

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2026	$ 35,462	$ 35,530	$ 878	$ 338
2027	35,377	34,872	895	322
2028	33,757	34,240	911	305
2029	33,785	33,622	928	288
2030	34,348	32,974	945	271
2031-2035	182,591	154,695	3,370	1,140
2036-2040	192,674	137,060	3,070	864
2041-2045	193,208	118,598	3,204	572
2046-2050	196,254	100,272	2,556	305
2051-2055	205,846	80,770	1,307	124
2056-2060	208,920	60,566	792	30
2061-2065	148,954	41,550		
2066-2070	92,781	29,619		
2071-2075	83,045	22,114		
2076-2080	89,886	14,226		
2081-2085	70,404	5,876		
2086-2090	7,871	2,541		
2091-2095	1,548	1,815		
2096-2100	3,361	1,076		
2101-2105	2,259	239		
2106-2110	570	64		
2111-2114	410	13		
Total	$ 1,853,311	$ 942,332	$ 18,856	$ 4,559

The following is a schedule of lease payment income for leases for the year ended June 30, 2025 (in thousands):

	Governmental Activities	Business-type Activities
Minimum lease payments	$ 34,829	$ 862
Variable lease payments	48,853	2,163
Total	$ 83,682	$ 3,025

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, 2025 is $36.54 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, 2025 (in thousands):

	Governmental Activities	
Year Ending June 30,	Principal	Interest
2026	$ 28,973	$ 2,621
2027	20,387	1,817
2028	16,436	1,406
2029	10,597	1,039
2030	8,629	745
2031-2035	18,399	750
2036-2038	22	
Total	$ 103,443	$ 8,378

10. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS-Continued

SBITA variable payments not included in the measurement of the subscription liability for governmental activities were $65.12 million for the year ended June 30, 2025. 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 assets and accumulated amortization for subscription leases at June 30, 2025, (in thousands):

	Governmental Activities
Subscription asset	$ 210,390
Subscription asset accumulated amortization	(91,609)
Total	$ 118,781

The development in progress for SBITAs that are not yet in production as of June 30, 2025 is $7.34 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, 2025
NPC BANS, 4.70% to 4.88%	$ 30,000	$ 30,000
Public Buildings Bonds and Notes, 0.32% to 7.62%	2,243,462	2,372,962
Los Angeles County Securitization Corporation Tobacco Settlement Asset-Backed Bonds, 1.75% to 5.35%	349,584	323,278
Marina del Rey Loans, 4.50% to 4.70%	23,500	5,541
Lease Revenue Obligation Notes, 2.25% to 5.52%	353,951	353,951
Total	$ 3,000,497	$ 3,085,732

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, 2025
Public Buildings Bonds and Notes, 2.00% to 7.62%	$ 1,091,088	$ 1,040,484
Lease Revenue Obligation Notes, 2.25% to 5.52%	240,642	240,642
Waterworks District Loans, 1.40% to 2.28%	12,619	7,980
Aviation Loan, 2.95%	2,000	943
Total	$ 1,346,349	$ 1,290,049

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, including the new bonds below.

During FY 2024-2025, LACF2 issued lease revenue bonds, which includes $205.90 million in tax-exempt lease revenue bonds (Series 2024A) and $6.23 million in federally taxable lease revenue bonds (Series 2024B), to finance 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. The proceeds from these bonds of $213.13 million plus the associated premium of $28.48 million less issuance costs of $1.19 million were used to fund the Project Fund, totaling $206.95 million, and the Capitalized Interest Fund, totaling $32.47 million. The debt was only issued for governmental activities.

The County also issued the Lease Revenue Bonds, 2024 Series H, totaling $569.27 million, of which $110.07 million was for governmental activities and $459.20 million was for business-type activities. The proceeds from these bonds of $569.27 million plus the associated premium of $76.93 million, of which $16.49 million was for governmental activities and $60.44 million was for business-type activities, plus the released funds from the refunded bond of $5.45 million less issuance costs of $1.71 million were used to refund the outstanding Lease Revenue Bonds (Multiple Capital Projects), 2015 Series A, totaling $131.68 million, and repay LRON previously issued by the County for the Phase I Projects for the Harbor-UCLA Medical Center Replacement Program, totaling $85.25 million, and will be used to finance Phase I Projects for the Harbor-UCLA Medical Center Replacement Program, totaling $433.01 million. The County pledged one County-owned property as collateral for the debt.

11. LONG-TERM OBLIGATIONS-Continued

Public Buildings Bonds-Continued

Principal and interest requirements on Public Buildings bonds for governmental activities and business-type activities are as follows (in thousands):

	Governmental Activities		Business-type Activities	
Year Ending June 30,	Principal	Interest	Principal	Interest
2026	$ 59,347	$ 100,542	$ 24,708	$ 55,350
2027	62,352	97,257	25,938	53,719
2028	68,706	93,799	27,239	51,996
2029	72,188	90,022	28,607	50,188
2030	75,819	86,052	30,041	48,289
2031-2035	388,232	368,831	174,363	209,455
2036-2040	443,898	258,578	222,202	145,013
2041-2045	413,838	146,148	147,237	82,909
2046-2050	314,010	67,486	152,000	47,341
2051-2055	137,730	18,559	106,947	11,064
2056-2057	26,107	2,074		
Subtotal	2,062,227	$ 1,329,348	939,282	$ 755,324
Add: Unamortized bond premiums	310,735		101,202	
Total public building bonds	$ 2,372,962		$1,040,484	

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 2025 were $131.51 million. The total TSRs sold, based on the projected payment schedule in the Master Settlement Agreement and adjusted for historical trends, was estimated to be $1.438 billion. The estimated present value of the TSRs sold, net of the expected residuals and assuming a 5.70% interest rate at the time of the sale, was $309.23 million. In the event of a decline in the tobacco settlement revenues for any reason, including the default or bankruptcy of a participating cigarette manufacturer, resulting in a decline in the tobacco settlement revenues and possible default on the Tobacco Bonds, neither the California County Tobacco Securitization Agency, the County, nor the LACSC has any liability to make up any such shortfall.

11. LONG-TERM OBLIGATIONS-Continued

Tobacco Settlement Asset-Backed Bonds-Continued

On June 10, 2020, the California County Tobacco Securitization Agency issued $349.59 million of Tobacco Settlement Bonds comprised of three series, maturing on various dates between 2021 and 2055, as reflected in governmental activities. These tax-exempt Tobacco Settlement Bonds Series 2020A (Senior) totaling $213.46 million, Series 2020B-1 (Subordinate) totaling $52.50 million, and Series 2020B-2 (Subordinate) totaling $83.63 million were issued to refund on a current basis all of the outstanding principal amount of $392.40 million of the Agency's Tobacco Settlement Asset-Backed Bonds Series 2006 through defeasance and redemption. The effective interest rates of the Series 2020 bonds vary from 0.71% through 5.35%.

Principal and interest requirements (in thousands) for the Tobacco Settlement Asset-Backed bonds are as follows:

	Governmental Activities	
Year Ending June 30,	Principal	Interest
2026	$ 6,445	$ 8,123
2027	6,775	7,800
2028	7,070	7,462
2029	7,220	7,108
2030	7,325	6,747
2031-2035	37,020	28,256
2036-2040	41,755	20,139
2041-2045	38,310	11,948
2046-2050	35,500	4,082
2051-2055	83,629	446,441
Subtotal	271,049	548,106
Add: Accretions	25,125	(25,125)
Add: Unamortized bond premiums	27,104	
Total tobacco settlement asset-backed bonds	$ 323,278	$ 522,981

Notes, Loans, and Lease Revenue Obligation Notes

Notes from Direct Placements

BANs are issued by LACCAL to provide interim financing for equipment purchases. BANS are purchased by the County Treasury Pool and are payable within 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 LACCAL and a pledge of the acquired equipment. During FY 2024-2025, LACCAL, an Internal Service Fund, issued additional BANs in the amount of $20.00 million and redeemed BANs in the amount of $5.00 million as reflected in governmental activities. As of June 30, 2025, the note balance is $30.00 million for governmental activities only.

11. LONG-TERM OBLIGATIONS-Continued

Notes, Loans, and Lease Revenue Obligation Notes-Continued

Loans from Direct Borrowings

Marina del Rey loans were obtained from the California Department of Boating and Waterways for the restoration and renovation of the marina seawall. The loans are secured by Marina del Rey lease revenue and by Los Angeles County Music Center parking revenues. The loan contract contains a provision that in the event the County fails to make payment due, all principal and interest outstanding shall become immediately due and payable, and the deficiency will be added to, and become part of, the principal of the loan. As of June 30, 2025, the balance is $5.54 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, 2025, 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, 2025, the balance is $4.44 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 2024-2025, the County did not obtain any additional airport development loans. As of June 30, 2025, the balance is $940 thousand 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 2024-2025, the County did not obtain any additional Safe Drinking Water State Revolving loans. As of June 30, 2025, the balance is $3.54 million for business-type activities.

11. LONG-TERM OBLIGATIONS-Continued

Notes, Loans, and Lease Revenue Obligation Notes-Continued

Lease Revenue Obligation Notes from Direct Borrowings

LRON provide the County with a flexible and cost-effective source of financing to provide interim funding during the initial construction phase of a capital project and fund tenant improvements 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.

On July 1, 2024, four 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 LOCs were issued for a five-year period with the an initial expiration date of July 31, 2029. The County has the option to extend the LOCs for an additional one-year period or to some other term mutually agreed to with the participating banks.

The aggregate maximum principal amount of the four LOCs is $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 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% to 0.42% of the maximum principal amount of the LOC. As of June 30, 2025, $594.59 million of LRON issued under the program were outstanding, including $98.18 million of Series A, $90.39 million of Series B, $311.02 million of Series C, and $95.00 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 2024-2025, the County reissued $205.59 million for governmental activities and $254.39 million for business-type activities, representing the total amounts outstanding at the beginning of the year. These reissues, along with new County LRON of $164.93 million for governmental activities and $71.50 million for business-type activities, totaling $236.43 million, and redemptions of $16.57 million for governmental activities and $85.25 million for business-type activities, totaling $101.82 million, are reflected as notes payable. The total outstanding LRON as of June 30, 2025 is $594.59 million, which is reported as $353.95 million for governmental activities and $240.64 million for business-type activities. The average interest rate on CP Notes issued in FY 2024-2025 was 2.95%.

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	Governmental Activities		Business-type Activities	
June 30	Principal	Interest	Principal	Interest
2026	$ 380,244	$ 249	$ 241,092	$ 128
2027	6,354	191	687	166
2028	1,415	130	703	150
2029	1,479	67	719	134
2030			736	118
2031-2035			3,196	343
2036-2040			616	153
2041-2045			660	109
2046-2050			707	60
2051-2055			449	12
Total notes, loans, and LRON	$ 389,492	$ 637	$ 249,565	$ 1,373

Financed Purchase Obligations-Direct Borrowings

Principal and interest requirements on financed purchase obligations for governmental activities are as follows (in thousands):

Year Ending	Governmental Activities	
June 30	Principal	Interest
2026	$ 2,687	$ 199
2027	2,667	147
2028	2,616	96
2029	2,350	50
2030	2,165	18
2031	182	
Total financed purchase obligations	$ 12,667	$ 510

11. LONG-TERM OBLIGATIONS-Continued

Summary-All Future Principal, Interest and Accretions

The following summarizes total future principal and interest requirements for the various debt issues referenced above (in thousands):

	Governmental Activities		Business-type Activities	
Debt Type	Principal	Interest	Principal	Interest
Public Buildings Bonds	$ 2,062,227	$ 1,329,348	$ 939,282	$ 755,324
Tobacco settlement asset-backed bonds	271,049	548,106		
Notes, Loans, and LRON from direct borrowings and placements	389,492	637	249,565	1,373
Subtotal	2,722,768	$ 1,878,091	1,188,847	$ 756,697
Add: Accretions	25,125	(25,125)		
Unamortized premiums on bonds payable	337,839		101,202	
Total bonds and notes	$ 3,085,732	$ 1,852,966	$ 1,290,049	

Long-term liabilities recorded in the government-wide statement of net position include accreted interest on zero coupon bonds and unamortized bond premiums.

Current Refunding of Debt

On September 5, 2024, the County issued $569.27 million of Lease Revenue Bonds, 2024 Series H, of which $110.07 million was for a current refunding of the outstanding Lease Revenue Bonds (Multiple Capital Projects), 2015 Series A. These bonds, maturing on various dates between 2024 and 2044, with an effective interest rate of 3.47%, were issued to refund the outstanding principal amount of $130.08 million of bonds for governmental activities. The effective interest rate of the refunded bonds, issued in 2015, was 2.76%.

Proceeds from the sale of the bonds were deposited in an irrevocable trust with an escrow agent to provide for the prepayment of debt service payments on the refunding bonds. Accordingly, the refunded bonds were considered to be defeased and the liabilities for those bonds were removed from the Government-Wide Statement of Net Position – Governmental Activities. Specific disclosures related to the refunding issue are as follows (in thousands):

	2024 Series H
Proceeds of refunding bonds issued	$ 110,070
Prior years' bond reserves and/or premiums	21,607
Deposit to escrow	131,677
Future years' aggregate debt service payment reduction	$ 33,844
Net present value savings (economic gain)	$ 19,052

For the refunding transaction, the net carrying amount of the refunded debt of $153.37 million was more than the reacquisition price of $131.68 million. The difference of $21.69 million was for governmental activities and is reported as a deferred inflow of resources to be amortized over the life of the related debt.

11. LONG-TERM OBLIGATIONS-Continued

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 financial statements. At June 30, 2025, there were no outstanding bonds considered defeased.

Changes in Long-term Liabilities

The following is a summary of the restatement of beginning balances as a result of the implementation of GASB 101, transfer of Martin Luther King, Jr. ambulatory care operations from the Harbor-UCLA Medical Center Hospital Enterprise Fund to governmental activities, and error correction, as described in Note 2 (in thousands):

	Balance at July 1, 2024, as previously reported	Restatement Amounts	Balance at July 1, 2024, as restated
Governmental activities:			
Liabilities for compensated absences	$ 2,258,649	189,852	$ 2,448,501
Bonds Payable	2,034,291	178,875	2,213,166
Unamortized premium on bonds payable	282,828	41,619	324,447
Business-type activities:			
Liabilities for compensated absences	304,853	38,461	343,314
Bonds Payable	688,441	(178,875)	509,566
Unamortized premium on bonds payable	84,649	(41,619)	43,030
LACDA			
Governmental activities:			
Liabilities for compensated absences	2,172	1,271	3,443
Business-type activities:			
Liabilities for compensated absences	1,240	670	1,910
First 5 LA			
Liabilities for compensated absences	974	290	1,264

11. LONG-TERM OBLIGATIONS-Continued

Changes in Long-term Liabilities-Continued

The following is a summary of long-term liabilities and corresponding activity for the year ended June 30, 2025 (in thousands):

	Balance July 1, 2024, as restated	Additions/ Accretions	Transfers/ Maturities	Balance June 30, 2025	Due Within One Year
Governmental activities:					
Bonds payable	$ 2,213,166	322,201	202,091	$ 2,333,276	$ 65,792
Notes, loans, and LRON from direct borrowings and placements	212,370	353,951	206,829	359,492	355,244
	2,425,536	676,152	408,920	2,692,768	421,036
ISF bonds payable and notes from direct placements	15,000	20,000	5,000	30,000	25,000
Total bonds payable, notes, loans and LRON	2,440,536	696,152	413,920	2,722,768	446,036
Interest accretion on capital appreciation bonds payable	19,533	5,592		25,125	
Unamortized premium on bonds payable	324,447	44,970	31,578	337,839	10,425
Other long-term liabilities:					
Lease liability (Note 9)	1,574,849	297,443	141,557	1,730,735	135,175
Subscription liability (Note 10)	83,947	53,130	33,634	103,443	28,973
Financed purchase obligations	15,572		2,905	12,667	2,687
Liabilities for compensated absences [1]	2,448,501	103,514		2,552,015	699,831
Workers' compensation (Note 18)	3,288,891	932,291	709,803	3,511,379	740,531
Litigation and self-insurance (Note 18)	4,344,298	1,093,764	137,329	5,300,733	1,374,994
Pollution remediation obligation (Note 19)	55,136	130	1,385	53,881	1,465
Net pension liability (Note 7)	12,149,505		959,913	11,189,592	
Net OPEB liability (Note 8)	21,347,820		1,056,541	20,291,279	53,625
Third party payor	349,530	136,371	39,897	446,004	269,722
Total governmental activities	$ 48,442,565	3,363,357	3,528,462	$ 48,277,460	$ 3,763,464
Business-type activities:					
Bonds payable	$ 509,566	459,200	29,484	$ 939,282	$ 24,708
Add: Unamortized premium on bonds payable	43,030	60,440	2,268	101,202	1,670
Notes, loans, and LRON from direct borrowings and placements	263,973	240,642	255,050	249,565	241,092
Total bonds payable, notes, loans and LRON	816,569	760,282	286,802	1,290,049	267,470
Other long-term liabilities:					
Lease liability (Note 9)	3,188		1,022	2,166	885
Liabilities for compensated absences (1)	343,314	12,484		355,798	125,506
Workers' compensation (Note 18)	401,964	45,004	33,537	413,431	36,839
Litigation and self-insurance (Note 18)	12,193		7,121	5,072	1,658
Net pension liability (Note 7)	1,924,458		131,380	1,793,078	
Net OPEB liability (Note 8)	3,777,851		295,039	3,482,812	8,834
Third party payor (Note 14)	531,450	22,964		554,414	162,167
Total business-type activities	$ 7,810,987	840,734	754,901	$ 7,896,820	$ 603,359

(1) The change in the liabilities for compensated absences is presented as a net change.

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, 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 2024-2025, thereby increasing liabilities for bonds by $5.59 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, 2025, were as follows (in thousands):

	Balance July 1, 2024 as restated	Additions	Maturities	Balance June 30, 2025	Due Within One Year
LACDA					
Governmental activities:					
Bonds payable	$ 30,430		705	$ 29,725	$ 745
Unamortized premium on bonds payable	3,566		59	3,507	
Notes from direct borrowing	12,048		1,102	10,946	1,144
Liabilities for compensated absences (1)	3,443	1,168		4,611	4,150
Lease liability	66	1,680	264	1,482	317
Subscription liability	4,072	1,266	1,777	3,561	1,771
Claims payable	6,914	3,650	4,327	6,237	624
Net pension liability	40,785		5,119	35,666	
Total governmental activities	$ 101,324	7,764	13,353	$ 95,735	$ 8,751
Business-type activities:					
Subscription liability	$ 345		124	$ 221	$ 135
Notes from direct borrowing	2,200			2,200	
Liabilities for compensated absences (1)	1,910	444		2,354	2,118
Net pension liability	25,682		2,945	22,737	
Total business-type activities	$ 30,137	444	3,069	$ 27,512	$ 2,253
Total long-term obligations-LACDA	$ 131,461	8,208	16,422	$ 123,247	$ 11,004
First 5 LA					
Liabilities for compensated absences	$ 1,264	832		$ 2,096	$ 112
Total long-term obligations-First 5 LA	$ 1,264	832		$ 2,096	$ 112
Total long-term obligations-Discretely presented component units	$ 132,725	9,040	16,422	$ 125,343	$ 11,116

(1) The change in the liabilities for compensated absences is presented as a net change.

12. SHORT-TERM DEBT

On July 1, 2024, the County issued $700.00 million of short-term Tax and Revenue Anticipation Notes at an effective interest rate of 3.25%. 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 2024. The notes matured and were redeemed on June 30, 2025.

13. CONDUIT DEBT OBLIGATIONS

Community Facilities and Improvement District Bonds

As of June 30, 2025, various community facilities and improvement districts established by the County had outstanding special tax bonds payable totaling $88.04 million and limited obligation improvement bonds totaling $310 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, 2025.

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, 2025, the amount of redevelopment refunding bonds outstanding was $312.28 million.

14. HOSPITAL AND OTHER PROGRAM REVENUES

Net patient service revenues are reported at the estimated net realizable amounts from patients, third party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Additional information regarding categories of net patient service revenue and material adjustments to the calculation are included below for reference.

California Advancing and Innovating Medi-Cal

Some reported net patient services revenues are authorized pursuant to the State's California Advancing and Innovating Medi-Cal (CalAIM) Section 1115 demonstration and CalAIM Section 1915(b) waiver, which are effective through December 31, 2026.

CalAIM revenue programs include (among other sources):

1. Global Payment Program (GPP)
2. Community Support (CS)

CalAIM revenues are depicted below, consistent with historical reporting to facilitate year-to-year comparisons.

Global Payment Program

The Global Payment Program (GPP) is a payment reform program that aims to change the way 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.

Aggregate GPP funding is 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. Under the GPP, each participant PHS can earn a global budget for meeting a service threshold for individuals who are uninsured. Points toward this threshold 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, intensive care unit stays, recuperative care, respite care, sober center stays, skilled nursing facility stays).

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

California Advancing and Innovating Medi-Cal-Continued

Global Payment Program-Continued

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 for the medical centers in FY 2024-2025 are as follows (in thousands):

	GPP Revenues	Intergovernmental Transfers Expense
Harbor-UCLA Medical Center	$ 139,087	$ 78,675
Olive View-UCLA Medical Center	143,453	72,657
Los Angeles General Medical Center	295,920	158,455
Rancho Los Amigos National Rehab Center	106,696	52,666
Total	$ 685,156	$ 362,453

The estimated GPP for General Fund is $548.42 million for services at the Ambulatory Care Network with $310.48 million of related estimated IGTs, which were recorded as “Charges for Services” revenue and "Health and Sanitation" expenditures, respectively, on the governmental funds statement.

The estimated GPP revenue reflects Department of Health Services (DHS) receiving payments equal to approximately 75% of its threshold. A number of factors make GPP revenue uncertain. For example, calculation of the threshold and payments may be impacted by implementation of federal reductions in the State's DSH allotment, a portion of which may impact GPP revenue for Calendar Year 2025, including payments within the last six months of FY 2024-2025. DHS' ability to achieve the threshold also depends on the ability to identify the number and type of services furnished. Anticipated GPP payments may also be impacted by changes in federal policy.

Community Supports

Under CalAIM, Medi-Cal managed care plans may choose to reimburse certain CS, which are non-traditional benefits that address complex barriers to health and drivers of health care costs, such as homelessness, unstable or unsafe housing, and food insecurity. 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.

The General Fund recorded an estimated $57.76 million for CS, which were recorded as "Charges for Services" revenue on the governmental funds statement. This estimate includes offsets to reflect estimated adjustments and reconciliations that are part of ongoing conversations with the contract health plans.

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

California Advancing and Innovating Medi-Cal-Continued

Historic Medi-Cal Program Adjustments

Disproportionate Share Hospital Program

In FY 2024-2025, the Department of Health Care Services (DHCS) initiated their final reconciliation of the DSH for Fiscal Year 2010-2011. DSH estimated net revenues recorded in FY 2024-2025 are as follows (in thousands):

	DSH Revenue
Harbor-UCLA Medical Center	$ (2,846)
Olive View-UCLA Medical Center	(8,160)
LA General Medical Center	(1,967)
Rancho Los Amigos National Rehab Center	2,523
Total	$ (10,450)

Safety Net Care Pool

In FY 2024-2025, the DHCS initiated their final reconciliation of the SNCP for Program Year 2010-2011 and reopened the final reconciliation for Program Year 2011-2012. SNCP estimated revenues recorded in FY 2024-2025 are as follows (in thousands):

	SNCP Revenues
Harbor-UCLA Medical Center	$ 3,806
Olive View-UCLA Medical Center	(2,734)
LA General Medical Center	(454)
Rancho Los Amigos National Rehab Center	5,234
Total	$ 5,852

Medicaid Coverage Expansion (MCE) - Historical Payments

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. No changes have been raised in connection with the CID and, as a result, any potential liabilities are too speculative to reasonably estimate at this time.

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Historic Medi-Cal Program Adjustments-Continued

CMS Audits of State Medi-Cal Payment Programs

The federal Centers for Medicare and Medicaid Services (CMS) are currently working with the State DHCS to determine whether historical claims for federal Medi-Cal funding were appropriately supported, including to determine whether federal funds were appropriately claimed for individuals with unsatisfactory immigration status. While these reviews are ongoing, they may potentially impact Medi-Cal payment programs that affect DHS historical revenues, particularly for programs where DHS provides the non-federal share. Programs within the scope of the review include, but may not be limited to: SB 1732, Medi-Cal managed care Graduate Medical Education (GME), physician and non-physician fee-for-service payments, Medi-Cal outpatient hospital fee-for-service payments.

Other Medi-Cal Programs

Cost Based Reimbursement Clinics

Cost Based Reimbursement Clinics (CBRC) reimburse 100% of allowable costs for outpatient services provided to Medi-Cal Fee-For-Service (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 2024-2025, CBRC revenues were $109.96 million for the enterprise funds and were recorded as net patient services revenue.

As of June 30, 2025, the County estimated that approximately $8.76 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 $73.09 million for CBRC, which was recorded as "Charges for Services" revenue on the governmental funds statement. As of June 30, 2025, the County estimated that approximately $27.34 million of CBRC accounts receivable would not be collectible within 12 months.

Medi-Cal Cost Report Settlements

In FY 2024-2025, the County recognized final inpatient hospital FFS settlements of $18.71 million related to both the FY 2014-2015 and FY 2015-2016. In addition, the County received CBRC audit settlements of $13.93 million related to FY 2020-2021, FY2021-2022, and FY 2022-2023. The County’s appeal of certain CBRC audit adjustments at various levels to the Office of Administrative Appeals have been favorably resolved resulting in $1.59 million of final settlement revenues.

The State is in the process of auditing the FY 2021-2022 and FY 2022-2023 non-hospital CBRC and FY 2023-2024 hospital cost reports. Settlements are expected by the 4th quarter of FY 2025-2026.

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Managed Care Programs

Rate Range - Medi-Cal Managed Care Rate Supplements

Each year, the County contracts with its managed care plans (LA Care and Health Net) to receive supplemental funding to the extent that the plans receive from the State increases to the capitation payments that are funded by County IGTs. The State is obtaining CMS' approval for the increased capitation payments for the Rate Range - Medi-Cal Managed Care Rate Supplements (MCRS) paid to LA Care, Health Net, and Kaiser Permanente Health Plans for calendar year 2025, and the County will seek to renew its contracts with the plans.

In connection with the payment of the IGTs, 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 IGTs related to the non-Medical Coverage Expansion population. This amount is also recorded as part of the IGT.

The total estimated managed care rate supplement revenues and related estimated IGTs recorded in FY 2024-2025, including prior year over/under realization, are as follows (in thousands):

	Rate Range Revenues	Intergovernmental Transfers Expense
Harbor-UCLA Medical Center	$ 66,664	$ 33,709
Olive View-UCLA Medical Center	78,628	43,740
Los Angeles General Medical Center	674,503	266,048
Rancho Los Amigos National Rehab Center	142,470	64,964
Total	$ 962,265	$ 408,461

Enhanced Payment Program

The Enhanced Payment Program (EPP) is a state-directed payment program designed to supplement the base rates public health care systems receive through Medi-Cal managed care contracts.

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 currently approved structure, health plans receive an add-on to their managed care rates and provide interim payments to providers throughout the year. Payments are reconciled at the end of the year.

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Managed Care Programs-Continued

Enhanced Payment Program-Continued

The estimated EPP revenues and related IGTs reported in FY 2024-2025 are as follows (in thousands):

	EPP Revenues	Intergovernmental Transfers Expense
Harbor-UCLA Medical Center	$ 226,222	$ 109,686
Olive View-UCLA Medical Center	104,614	49,462
Los Angeles General Medical Center	223,380	111,364
Rancho Los Amigos National Rehab Center	25,211	13,907
Total	$ 579,427	$ 284,419

The General Fund received $148.63 million for EPP and paid $63.66 million of related IGTs, which were recorded as "Charges for Services" revenue and "Health and Sanitation" expenditures, respectively, on the governmental funds statement.

Revenue estimates for the EPP reflect DHS earning 62% of its maximum available funding. EPP revenue depends on a variety of factors, including the value and volume of services furnished or assigned member months. Anticipated EPP payments may also be impacted by changes in federal policy.

Quality Incentive Program

The Quality Incentive Program (QIP) is a state-directed payment that requires Medi-Cal managed care plans to make supplemental payments to certain public health care systems, including DHS.

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 2024-2025 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	$ 137,018	$ 43,264
Olive View-UCLA Medical Center	92,597	27,049
Los Angeles General Medical Center	202,883	59,101
Rancho Los Amigos National Rehab Center	28,428	8,844
Total	$ 460,926	$ 138,258

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Other Medi-Cal Managed Care Programs-Continued

Quality Incentive Program-Continued

The General Fund received $41.09 million for QIP and paid $12.54 million of related IGTs, which were recorded as "Intergovernmental Revenues - Federal" and "Health and Sanitation" expenditures, respectively, on the governmental funds statement.

Revenue estimates for the QIP reflect DHS earning 62% of its maximum available funding. QIP revenue depends on a variety of factors, including performance on identified measures and data reporting. Anticipated QIP payments may also be impacted by changes in federal policy.

Medicare Program

The DHS hospitals participate in the federal Medicare program, under which inpatient hospital services are reimbursed under the Prospective Payment System (PPS) based on diagnosis-related groups (DRGs), outpatient services are reimbursed under the Outpatient Prospective Payment System (OPPS), and other services such as therapy and ancillary services are reimbursed under established fee schedules. Hospital-based physician services, along with supplemental payments for GME and the DSH adjustment, are determined and settled through the annual Medicare cost report process.

Revenues are subject to audit and retroactive adjustment. Estimated settlements are accrued, or liabilities established, in the year services are rendered and revised in future periods as final determinations are made.

Audit and Settlement Status

Medicare cost reports are filed annually for each DHS hospital. As of June 30, 2025, audits by the Medicare Administrative Contractor (MAC) for various prior years have been completed. A total of 69 Notices of Program Reimbursement (NPRs), including revised NPRs (RNPRs), have been issued resulting in $48.59 million in net patient service revenue.

The large volume of NPRs and RNPRs issued in FY 2024-2025 reflects re-openings required under CMS Change Request 13294, which directed MACs to adjust the treatment of Medicare Part C days in the DSH calculation for cost reporting periods prior to October 1, 2013 (using a 2013 or earlier Supplemental Security Income ratio). CMS also issued related guidance to resolve long-standing DSH calculation issues, leading to multiple settlements for older cost report years. Related appeals remain pending before the Provider Reimbursement Review Board (PRRB) and in federal courts.

LA General Medical Center: NPRs and RNPRs, including Tentative Settlements, were issued for FYs 1998-1999 through 2010-2011, 2013-2014, and 2017-2018, resulting in $33.22 million net patient service revenue.

Harbor-UCLA Medical Center: NPRs and RNPRs, including Tentative Settlements, were issued for FYs 1999-2000, 2002-2003 through 2013-2014, and 2017-2018, resulting in $14.03 million net patient service revenue.

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Medicare Program-Continued

Rancho Los Amigos National Rehabilitation Center: NPRs and RNPRs, including Tentative Settlements, were issued for FY's 1998-1999, 2002-2003 through 2006-2007, 2009-2010, and 2011-2012, resulting in $1.85 million net patient service revenue. NPRs have been issued through FY 2018-2019.

Olive View-UCLA Medical Center: RNPRs were issued for FYs 1997-1998 through 2003-2004, 2006-2007, 2011-2012, and 2012-2013, resulting in ($0.09) million net patient service revenue. NPRs have been issued through FY 2017-2018, and FY 2018-2019 is currently under audit.

Third Party Payor Liability

The County's Hospitals reported third party payor liabilities of $554.41 million (see Note 11) as of June 30, 2025, as reported on the statement of net position for proprietary funds. The current liabilities for amounts due within one year are $162.17 million.

The noncurrent liabilities for third party payors related to enterprise funds are $392.25 million. The primary programs associated with third party payors liabilities include Medi-Cal ($53.14 million), Medicare ($31.62 million), SPD ($175.69 million), MCE ($39.45 million), AB 915 ($30.70 million), In-home Supportive Services (IHSS) ($43.67 million), Medi-Cal Physician State Plan Amendment ($9.57 million), CBRC ($6.21 million), and other miscellaneous programs ($2.20 million).

Accounts Receivable-Net

The following is a summary, by hospital, of accounts receivable and allowances for uncollectible amounts as of June 30, 2025 (in thousands):

	H-UCLA	OV-UCLA	Los Angeles General	Rancho	Total
Accounts receivable	$ 3,954,056	2,232,612	8,766,029	965,495	$ 15,918,192
Less: Allowance for uncollectible amounts	3,320,752	1,962,794	7,770,519	696,516	13,750,581
Accounts receivable - net	$ 633,304	269,818	995,510	268,979	$ 2,167,611

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, 2025 was $384.01 million.

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Charity Care-Continued

The total amount of such charity care provided by the hospitals for the year ended June 30, 2025 is as follows (in thousands):

Charity care at established rates	$ 1,189,438
GPP reimbursements	111,476
Other reimbursements	5,852
Charges forgone	$ 1,072,110

Realignment

State law from 2013, Assembly Bill 85 (AB85), as amended by Senate Bill 98, lays out the process and formula by which a portion of the 1991 County Health Realignment funds will be redirected away from the County to the State. AB85, as amended, provides a unique formula for the County to determine the amount to be redirected.

In FY 2024-2025, 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 2024-2025 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 2023-2024, the State did not withhold any of the County's Health Realignment funds. Based on updated revenues realized for FY 2023-2024 services in FY 2024-2025, the projected redirection amount remains at $0.00.

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 2024-2025, 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.

14. HOSPITAL AND OTHER PROGRAM REVENUES-Continued

Martin Luther King, Jr. Community Hospital-Continued

As of June 30, 2025, the 30-year loan has an outstanding balance of $35.71 million. In May 2023, MLK-LA drew down $20.00 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, 2025, 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 IGTs 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 $644.76 million as of June 30, 2025 and is reflected in governmental activities and the governmental funds.

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, 2025.

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, 2025 are as follows (in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Fire Protection District	$ 25,200
	Flood Control District	2,700
	LA County Library	5,505
	Regional Park and Open Space District	5,193
	Mental Health Services Act	427,641
	Nonmajor Governmental Funds	333,568
	Harbor-UCLA Medical Center	89,434
	Olive View-UCLA Medical Center	40,991
	Los Angeles General Medical Center	227,995
	Rancho Los Amigos Nat'l Rehab Center	27,047
	Waterworks	1,005
	Nonmajor Aviation	35
	Internal Service Funds	12,506
		1,198,820
Fire Protection District	General Fund	833
	Nonmajor Governmental Funds	8,051
	Los Angeles General Medical Center	28
	Internal Service Funds	2
		8,914
Flood Control District	General Fund	2,229
	Fire Protection District	7
	Nonmajor Governmental Funds	57,909
	Waterworks	386
	Nonmajor Aviation	39
	Internal Service Funds	25,590
		86,160
LA County Library	General Fund	2,299
	Nonmajor Governmental Funds	172
		2,471

15. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

Receivable Fund	Payable Fund	Amount
Regional Park and Open Space District	General Fund	$ 3
Mental Health Services Act	General Fund	27,842
Nonmajor Governmental Funds	General Fund	12,763
	Fire Protection District	16,547
	Flood Control District	50
	LA County Library	34
	Nonmajor Governmental Funds	16,096
	Harbor-UCLA Medical Center	2,198
	Olive View-UCLA Medical Center	72
	Rancho Los Amigos Nat'l Rehab Center	13
	Internal Service Funds	26,007
		73,780
Harbor-UCLA Medical Center	General Fund	50,838
	Fire Protection District	6
	Nonmajor Governmental Funds	47,934
	Olive View-UCLA Medical Center	1,016
	Los Angeles General Medical Center	280,379
	Rancho Los Amigos Nat'l Rehab Center	309
		380,482
Olive View-UCLA Medical Center	General Fund	32,064
	Fire Protection District	145
	Nonmajor Governmental Funds	20,536
	Harbor-UCLA Medical Center	30
	Los Angeles General Medical Center	310,233
	Rancho Los Amigos Nat'l Rehab Center	101
		363,109
Los Angeles General Medical Center	General Fund	57,582
	Fire Protection District	79
	Nonmajor Governmental Funds	44,635
	Harbor-UCLA Medical Center	490,565
	Olive View-UCLA Medical Center	743,735
	Rancho Los Amigos Nat'l Rehab Center	514,917
		1,851,513

15. INTERFUND TRANSACTIONS-Continued

Interfund Receivables/Payables-Continued

Receivable Fund	Payable Fund	Amount
Rancho Los Amigos Nat'l Rehab Center	General Fund	$ 3,568
	Harbor-UCLA Medical Center	53
	Olive View-UCLA Medical Center	24
	Los Angeles General Medical Center	585,045
		588,690
Waterworks	General Fund	196
	Flood Control District	35
	Nonmajor Governmental Funds	6
	Internal Service Funds	3,834
		4,071
Nonmajor Aviation	General Fund	57
	Fire Protection District	8
	Internal Service Funds	364
		429
Internal Service Funds	General Fund	34,134
	Fire Protection District	578
	Flood Control District	54,499
	LA County Library	40
	Regional Park and Open Space District	2
	Nonmajor Governmental Funds	39,704
	Harbor-UCLA Medical Center	465
	Olive View-UCLA Medical Center	1,454
	Los Angeles General Medical Center	876
	Rancho Los Amigos Nat'l Rehab Center	35
	Waterworks	7,889
	Nonmajor Aviation	784
		140,460
Total Interfund Receivables/Payables		$ 4,726,744

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.

15. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

Interfund transfers to/from other funds for the year ended June 30, 2025 are as follows (in thousands):

Transfer From	Transfer To	Amount
General Fund	Fire Protection District	$ 50,380
	LA County Library	46,442
	Nonmajor Governmental Funds	104,740
	Harbor-UCLA Medical Center	86,410
	Olive View-UCLA Medical Center	111,728
	Los Angeles General Medical Center	201,233
	Rancho Los Amigos Nat'l Rehab Center	102,771
	Internal Service Funds	37
		703,741
Fire Protection District	General Fund	215
	Nonmajor Governmental Funds	57,614
		57,829
Flood Control District	Internal Service Funds	4,517
LA County Library	General Fund	1,926
	Nonmajor Governmental Funds	4,147
		6,073
Mental Health Services Act	General Fund	972,758
Nonmajor Governmental Funds	General Fund	673,299
	Fire Protection District	12,476
	Flood Control District	55,000
	LA County Library	1,103
	Nonmajor Governmental Funds	404,992
	Harbor-UCLA Medical Center	75,556
	Olive View-UCLA Medical Center	38,718
	Los Angeles General Medical Center	103,321
	Rancho Los Amigos Nat'l Rehab Center	3,603
	Internal Service Funds	974
		1,369,042
Harbor-UCLA Medical Center	Olive View-UCLA Medical Center	241
	Los Angeles General Medical Center	85,363
	Rancho Los Amigos Nat'l Rehab Center	217
		85,821

15. INTERFUND TRANSACTIONS-Continued

Interfund Transfers-Continued

Transfer From	Transfer To	Amount
Olive View-UCLA Medical Center	Los Angeles General Medical Center	$ 579,853
	Rancho Los Amigos Nat'l Rehab Center	66
		579,919
Los Angeles General Medical Center	General Fund	126,272
	Harbor-UCLA Medical Center	11,489
	Olive View-UCLA Medical Center	126,331
	Rancho Los Amigos Nat'l Rehab Center	328,256
		592,348
Rancho Los Amigos Nat'l Rehab Center	Nonmajor Governmental Funds	1,555
	Harbor-UCLA Medical Center	3,928
	Olive View-UCLA Medical Center	861
	Los Angeles General Medical Center	128,521
		134,865
Waterworks Enterprise Funds	Internal Service Funds	1,009
Nonmajor Aviation Funds	Internal Service Funds	4
Internal Service Funds	Nonmajor Governmental Funds	1,921
Total Interfund Transfers		$ 4,509,847

Interfund Advances

The General Fund, along with other funds that receive services from the Public Works Internal Service Fund, makes short-term advances to ensure sufficient cash is available to fund operations. In addition, the General Fund makes short-term advances to assist the Hospital Funds in meeting their cash flow requirements.

15. INTERFUND TRANSACTIONS-Continued

Interfund Advances-Continued

Advances from/to other funds at June 30, 2025 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	6,400
	Rancho Los Amigos Nat'l Rehab Center	1,265
	Internal Service Funds	2,997
		17,951
Flood Control District	Internal Service Funds	5,982
Nonmajor Governmental Funds	Internal Service Funds	11,221
Waterworks	Internal Service Funds	1,538
Nonmajor Aviation	Internal Service Funds	262
Total Interfund Advances		$ 36,954

16. BUDGETARY ACCOUNTING DIFFERENCES/RECONCILIATIONS BETWEEN THE BUDGETARY BASIS AND GAAP

The County's statement of revenues, expenditures and changes in fund balances-budget and actual on budgetary basis for the major governmental funds has been prepared on the budgetary basis of accounting, which is different from GAAP.

The amounts presented for the governmental funds statements are based on the modified accrual basis of accounting and differ from the amounts presented on a budgetary basis of accounting. The major areas of difference are as follows:

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

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

16. BUDGETARY ACCOUNTING DIFFERENCES/RECONCILIATIONS BETWEEN THE BUDGETARY BASIS AND GAAP-Continued

- For the General Fund, obligations for 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, 2025.

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	$ 4,026,893	$ 87,092	$ 96,810	$ 43,549	$ 221,472	$ 604,249
Budgetary fund balances	4,036,927	187,697	117,493	149,080	697,070	1,190,611
Subtotal	8,063,820	274,789	214,303	192,629	918,542	1,794,860
Adjustments:						
Accrual of estimated liability for litigation and self-insurance claims	384,391	2,171		591		
Accrual of compensated absences	121,014					
Unamortized balance of sale of tobacco settlement revenue	(167,386)					
Change in revenue accruals	(568,476)	(31,052)	(11,954)	(8,226)	(22,464)	(53,938)
Change in OPEB Custodial Fund	272,872	16,147		2,381		
Subtotal	42,415	(12,734)	(11,954)	(5,254)	(22,464)	(53,938)
Fund balance - GAAP basis	$ 8,106,235	$ 262,055	$202,349	$187,375	$ 896,078	$1,740,922

17. OTHER COMMITMENTS AND CONTINGENCIES

Construction and Other Significant Commitments

At June 30, 2025, there were contractual commitments of approximately $10.87 million for various governmental construction projects and approximately $522.44 million for various hospital construction projects that were financed by bonds and lease revenue obligation notes.

LACERA Capital Commitments

At June 30, 2025, LACERA had outstanding capital commitments to various investment managers, approximating $12.500 billion.

17. OTHER COMMITMENTS AND CONTINGENCIES-Continued

Encumbrances

The County uses "encumbrances" to control expenditure commitments for the year. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve applicable appropriations. As of June 30, 2025, the encumbrance balances for the governmental funds (in thousands) are reported as follows:

General Fund	$ 1,237,208
Fire Protection District	51,017
Flood Control District	74,492
LA County Library	29,188
Regional Park and Open Space District	113,415
Nonmajor Governmental Funds	270,857
Total Encumbrances	$ 1,776,177

Contingent Gain - Opioid Settlement

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 $92.83 million in FY 2024-2025 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.

17. OTHER COMMITMENTS AND CONTINGENCIES-Continued

Contingent Gain - Wildfire Recovery

In January 2025, LA County experienced a windstorm and wildfire event that destroyed homes and businesses in the Eaton and Palisades areas. The State passed Assembly Bill 100 that provided relief to the County in the form of funding for unmet response and recovery needs and funding for property tax revenue losses occurring in FY 2024-2025 and FY 2025-2026. The County reported revenue of $110.07 million under Intergovernmental revenue - State in FY 2024-2025 as reflected in the government-wide governmental activities and governmental fund statements. The property tax revenue losses are estimated to be $121.50 million but were not recorded in the financial statements.

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 2022-2023, FY 2023-2024 or FY 2024-2025.

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, 2025 was approximately $3.925 billion. This amount is undiscounted and is based on an actuarial study of the County's self-insured program as of June 30, 2025. Approximately $187.66 million of the total liabilities pertain to salary continuation payments and other related costs mandated by the State Labor Code.

18. RISK MANAGEMENT-Continued

As of June 30, 2025, the County's estimate of these liabilities is $9.231 billion. Changes in the reported liability since July 1, 2024 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
2023-2024				
Workers' Compensation	$ 3,504,233	904,569	(717,947)	$ 3,690,855
Other	3,766,213	732,725	(142,447)	4,356,491
Total	$ 7,270,446	1,637,294	(860,394)	$ 8,047,346
2024-2025				
Workers' Compensation	$ 3,690,855	977,295	(743,340)	$ 3,924,810
Other	4,356,491	1,093,764	(144,450)	5,305,805
Total	$ 8,047,346	2,071,059	(887,790)	$ 9,230,615

In addition to the above estimated liabilities, the County has determined that claims seeking damages of approximately $2.482 billion are reasonably possible of creating adverse judgments against the County. Because of the uncertainty of their outcome, no loss has been accrued for these claims.

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

19. POLLUTION REMEDIATION

The County is involved in several remediation actions to clean up pollution sites within its boundaries. These matters generally coincide with the County's ownership of land, buildings and infrastructure assets. In some cases, regulatory agencies (e.g., Regional Water Quality Board, State Department of Toxic Control, California Coastal Commission) notified the County of the need for remedial action. In addition, the County conducts its own environmental monitoring and this activity identifies pollution sites and matters requiring further investigation and possible remediation. Once the County is aware of these conditions, it commences monitoring, assessment, testing and/or cleanup activities, and recognizes a pollution remediation obligation when estimates can reasonably be determined. The pollution remediation obligation is an estimate and is subject to revision because of price increases or reductions, changes in technology, or changes in applicable laws or regulations. The types of pollution that have been identified include leaking underground storage tanks, water, groundwater and soil contamination, asbestos and lead paint contamination, methane gas detection and excessive levels of other contaminants. Remediation efforts include developing remediation and feasibility studies, source identification studies, site testing, sampling and analysis, ground water cleanup, and removal of storage tanks, asbestos tiles and other hazardous materials.

19. POLLUTION REMEDIATION-Continued

As of June 30, 2025, the County's estimated pollution remediation obligation totaled $53.88 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, 2025 are described as follows:

– The deferred outflows of resources, included on the government-wide statement of net position, relate to the unamortized losses on refunding of debt, changes in the net pension liability as discussed in Note 7, and changes in the net OPEB liability as discussed in Note 8. The unamortized losses on refunding of debt are a deferred charge on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

– The deferred inflows of resources, included on the government-wide statement of net position, relate to the future installment payments of 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	$ 5,028		$ 5,028
Pension	5,588,394	882,807	6,471,201
OPEB	4,596,741	637,205	5,233,946
Total government-wide deferred outflows of resources	$ 10,190,163	1,520,012	$ 11,710,175
Deferred inflows of resources:			
Unamortized gain on refunding of debt	$ 41,884		$ 41,884
Public-private partnerships	80,496		80,496
Leases	1,853,311	18,856	1,872,167
Pension	932,346	154,781	1,087,127
OPEB	7,751,255	1,563,608	9,314,863
Total government-wide deferred inflows of resources	$ 10,659,292	1,737,245	$ 12,396,537

20. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES-Continued

Proprietary Funds

Statement of Net Position (in thousands):

	H-UCLA	OV-UCLA	LA GEN	Rancho	Aviation	Total	ISF Funds
Deferred outflows of resources:							
Pension	$ 269,588	159,311	370,263	83,645		$ 882,807	$ 222,497
OPEB	182,413	105,073	276,318	73,401		637,205	204,494
Total proprietary funds deferred outflows of resources	$ 452,001	264,384	646,581	157,046		$ 1,520,012	$ 426,991
Deferred inflows of resources:							
Leases					18,856	18,856	
Pension	46,073	32,937	63,033	12,738		154,781	29,335
OPEB	462,338	288,555	671,613	141,102		1,563,608	320,264
Total proprietary funds deferred inflows of resources	$ 508,411	321,492	734,646	153,840	18,856	$ 1,737,245	$ 349,599

Deferred outflows and inflows of resources balances in the governmental funds balance sheet as of June 30, 2025 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	$					167,386	$ 167,386
Deferred inflows of resources:							
Tobacco settlement revenues	$ 167,386						$ 167,386
Leases	1,815,135		33,306			4,870	1,853,311
Property tax revenues	255,587	51,972	13,073	7,446	1,349	19,620	349,047
Other long-term receivables	300,470	20,132	10,286			4,609	335,497
Total governmental funds deferred inflows of resources	$2,538,578	72,104	56,665	7,446	1,349	29,099	$2,705,241

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, 2025 (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	$ 130,601	$ 13,180	$ 1,761	$	$	$	$ 1
Long-term receivables	149,250						
Permanent fund principal							2,251
Total Nonspendable	279,851	13,180	1,761				2,252
Restricted for:							
Purpose of fund		248,875	200,489	119,875	896,078	1,740,922	2,684,437
Purpose of utility users tax	88,404						
Sheriff Pitchess landfill	2,262						
La Alameda project	2,000						
Capital projects							235,017
Debt service							249,194
Endowments and annuities							186
Total Restricted	92,666	248,875	200,489	119,875	896,078	1,740,922	3,168,834
Committed to:							
Purpose of fund							88,168
Capital projects and extraordinary maintenance	72,689						96,160
Affordable housing	3,966						
American Rescue Plan-enabled capital programs	129,724						
Board budget policies and priorities	11,429						
Budget uncertainties	95,838						
CFCI year-end savings	427,286						
DPSS building purchase	33,944						
Emission compliance instruments	1,122						
Financial system (eCAPS)	36,101						
Health services future financial requirements	1,510						
Health services-tobacco settlement	179,495						
Alternatives to incarceration-facilities and programs	140,767						
Information technology enhancements	32,972						
Library services	1,496						

21. FUND BALANCES-Continued

	General Fund	Fire Protection District	Flood Control District	LA County Library	Regional Park and Open Space District	Mental Health Services Act	Nonmajor Governmental Funds
Live scan	2,000						
Office of Diversion and Re-Entry Permanent Supportive Housing	112,777						
Public works-permit tracking system	3,151						
Services to unincorporated areas	4,320						
Sheriff unincorporated patrol	90						
TTC remittance processing and mailroom equipment	500						
TTC unsecured property tax system	50,769						
Youth justice reimagined development	32,082						
Woolsey fire recovery efforts	29,885						
Total Committed	1,403,913						184,328
Assigned to:							
Purpose of fund			99	67,500			167,790
Future purchases	1,238,583						
Capital projects							61,683
Total Assigned	1,238,583		99	67,500			229,473
Unassigned	5,091,222						
Total Fund Balances	$8,106,235	$ 262,055	$202,349	$187,375	$896,078	$1,740,922	$ 3,584,887

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.

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 $1.077 billion 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 2024-2025, the County recorded $385.15 million as revenue on the fund and government-wide financial statements and $74.79 million is reported as advances payable.

22. CORONAVIRUS DISEASE 2019 (COVID-19)-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 2024-2025, the County recorded $1.89 million as revenue on the fund and government-wide financial statements, and $1.17 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	$ 385,154	$ 74,789
LATCF	1,893	1,172
Total	$ 387,047	$ 75,961

23. SUBSEQUENT EVENTS

Tax and Revenue Anticipation Notes (TRANS)

On July 1, 2025, the County issued $700.00 million in FY 2025-2026 TRANS, which will mature on June 30, 2026. The TRANS are collateralized by taxes and other revenues attributable to FY 2025-2026 and were issued in the form of Fixed Rate Notes at an effective interest rate of 2.82%.

Lease Revenue Commercial Paper Obligation Notes (LRON)

On July 17, 2025, LACCAL issued an additional $25.00 million in tax-exempt LRON with an interest rate of 2.75%. On September 11, 2025, LACCAL redeemed $223.00 million in tax-exempt LRON using a portion of the proceeds from 2025 Series J. On September 23, 2025, LACCAL redeemed $400 thousand in taxable LRON. The proceeds are being used to fund capital requirements of various capital projects. LRON issuances are supported and secured by four separate series of letters of credit and pledged County properties.

LACCAL Lease Revenue Bonds, 2025 Series A

On August 7, 2025, LACCAL issued $15.85 million in Lease Revenue Bonds, 2025 Series A with interest rates from 4.00% to 5.00%. The proceeds will be used to pay off BANS that were used to purchase new LACCAL equipment.

23. SUBSEQUENT EVENTS-Continued

Public Works Financing Authority (PWFA) - Lease Revenue Bonds, 2025 Series J

On September 10, 2025, PWFA issued $824.48 million of lease revenue bonds (2025 Series J), with an associated premium of $51.31 million, resulting in proceeds of $875.79 million. These bonds are maturing from 2025 to 2054, with yields from 2.00% to 4.86%. Proceeds of $650.40 million will be used to finance Phase II of the Harbor-UCLA Medical Center Replacement Project which is the construction of the Inpatient Tower, $223.00 million was used to refinance LRON previously issued by the County for the Inpatient Tower construction for the Harbor-UCLA Medical Center Replacement Project, and $2.39 million of the proceeds covered the cost of issuance.

LACCAL BANs

On September 25, 2025, LACCAL issued a $10.00 million Bond Anticipation Note with an interest rate of 4.37%. The rates are adjustable on January 2 and July 1 of each year. The note was purchased by the Los Angeles County Treasury Pool and is due on June 30, 2028. Proceeds of the notes are being used to purchase equipment. The notes are to be paid from the proceeds of future lease revenue bonds.

Labor Negotiations

On October 17, 2025, the Service Employees International Union (SEIU) 721 ratified the Memorandum of Understanding (MOU) with the County. The MOU provided a one time payment of $5,000 to most full time employees in lieu of a cost of living increase for FY 2025-2026. The payment was made on the November 30, 2025 payroll and resulted in an additional $358.00 million in salary payments to SEIU 721 members and designated non-represented employees.

COUNTY OF LOS ANGELES
CALIFORNIA

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[1]
(Dollar amounts in thousands)

	6/30/2024	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
Pension Plan's fiduciary net position as percentage of total pension liability	85.430 %	83.480 %	83.750 %	90.920 %	76.400 %	82.910 %	83.960 %	82.370 %	81.749 %	86.296 %
County's proportionate share of the collective net pension liability	$12,982,670	$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
County's proportion as percentage of the collective net pension liability	96.085 %	96.281 %	96.472 %	96.415 %	96.268 %	96.223 %	96.169 %	96.119 %	96.170 %	96.081 %
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
County's proportionate share of the collective net pension liability as a percentage of its covered payroll	137.382 %	155.511 %	150.286 %	80.671 %	207.642 %	143.944 %	135.561 %	148.211 %	147.046 %	107.190 %

Schedule of County's Pension Contributions
Last Ten Fiscal Years[2]
(Dollar amounts in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution (ADC)	$2,571,141	$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
Less: Contributions in relation to the ADC	2,571,141	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
Contribution Deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Covered payroll	$9,970,387	$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
Contributions as a percentage of total covered payroll	25.788 %	25.512 %	24.487 %	22.269 %	22.269 %	20.686 %	19.986 %	17.768 %	17.768 %	19.892 %

(1) Reflects data as of the measurement date.

(2) Reflects data as of the reporting date.

Los Angeles County Employees Retirement Association
Notes to Required Supplementary Information

Changes of benefit terms

There were no plan changes after June 30, 2013.

Changes of assumptions

There were no changes in investment return assumption since FY 2021.

The discount rate increased from 7.13% as of June 30, 2024 to 7.15% as of June 30, 2025.

There were no changes of assumptions in determining the ADC since FY 2014-2015.

COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Los Angeles County Employees Retirement Association
Schedule of Changes in Net RHC OPEB Liability and Related Ratios
Last Ten Fiscal Years [1,2,3]
(Dollar amounts in thousands)

	06/30/2024	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	845,144	853,253	1,024,895	1,166,558	967,482	779,965
Interest on Total OPEB Liability	1,380,556	1,274,585	1,217,398	1,147,426	1,250,934	1,197,607
Effect of economic/demographic gains or losses	(501,725)	(689,452)	(168,643)	323,030	(432,634)	
Effect of assumption changes or inputs	(1,454,388)	418,154	(3,365,579)	(3,729,953)	2,346,920	2,356,270
Benefit payments	(761,943)	(712,101)	(689,511)	(664,932)	(631,917)	(601,985)
Net change in Total OPEB Liability	(492,356)	1,144,439	(1,981,440)	(1,757,871)	3,500,785	1,527,114
Total OPEB Liability, beginning	26,923,134	25,778,695	27,760,135	29,518,006	26,017,221	24,490,107
Total OPEB liability, ending (a)	26,430,778	26,923,134	25,778,695	27,760,135	29,518,006	26,017,221
Fiduciary Net Position						
Employer contributions	1,274,838	1,163,076	1,071,024	1,031,058	886,821	840,965
Net Investment income	358,676	240,868	(280,358)	437,417	5,918	59,606
Benefit payments	(761,943)	(712,101)	(689,511)	(664,932)	(631,917)	(601,985)
Administrative expenses	(10,064)	(9,952)	(9,534)	(9,127)	(8,830)	(8,601)
Net change in plan Fiduciary Net Position	861,507	681,891	91,621	794,416	251,992	289,985
Fiduciary Net Position, beginning	3,009,326	2,327,435	2,235,814	1,441,398	1,189,406	899,421
Fiduciary Net Position, ending (b)	3,870,833	3,009,326	2,327,435	2,235,814	1,441,398	1,189,406
Net OPEB Liability, ending = (a) - (b)	$22,559,945	$23,913,808	$23,451,260	$25,524,321	$28,076,608	$24,827,815
Fiduciary Net Position as a % of Total OPEB Liability	14.65 %	11.18 %	9.03 %	8.05 %	4.88 %	4.57 %
Covered-employee payroll [4]	$10,785,762	$10,332,418	$ 9,864,653	$ 9,653,678	$ 9,404,208	$ 9,071,329
Net OPEB Liability as a % of covered employee payroll	209.16 %	231.44 %	237.73 %	264.40 %	298.55 %	273.70 %

Notes to Schedule:
Changes of benefit terms: No changes to benefit terms

Changes of Assumptions:
The discount rate increased from 5.04% as of June 30, 2023 to 5.36% as of June 30, 2024.

(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 six years of data.
(4) Contributions to the plan are not based on a measure of pay. Therefore, covered-employee payroll is used.

COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Schedule of County's RHC OPEB Contributions

Last 10 Fiscal Years[1,2]

(Dollar amounts in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	$ 1,585,700	$ 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	1,403,737	1,264,001	1,154,487	1,064,859	1,025,851	880,949	787,366	679,872
Contribution Deficiency (excess)	$ 181,963	$ 275,999	$ 405,113	$ 373,041	$ 482,549	$ 601,251	$ 762,134	$ 1,221,128
Covered-employee payroll [3]	$ 11,534,395	$ 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	12.170%	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, 2023, rolled forward to June 30, 2024
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, 2023 actuarial valuation of retirement benefits. It can be found at www.LACERA.com.
Mortality	Various rates based on the Pub-2010 mortality tables and using the MP-2021 Ultimate Projection Scale for expected future mortality improvement.
Experience Study	Covers the three year period ended June 30, 2023.
Discount Rate	5.36%
Long-term expected rate of return, net of investment expenses	6.25%
20 Year Tax-Exempt Municipal Bond Yield	3.93%

COUNTY OF LOS ANGELES
REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Schedule of Changes in the Total LTD OPEB Liability and Related Ratios
Last Ten Fiscal Years[1]
(Dollar amounts in thousands)

	6/30/2024	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	$ 51,479	$ 55,362	$ 68,827	$ 62,563	$ 47,316	$ 41,832	$ 43,162	$ 49,068
Interest	45,072	46,487	32,594	29,275	38,779	41,028	38,818	33,546
Differences between expected and actual experience	5	(80,333)	(512)	111,863	8,067	(55,159)	1,111	589
Changes of assumptions or other inputs	(36,808)	(35,491)	(218,398)	37,166	170,346	78,190	(43,574)	(106,200)
Benefit payments	(57,465)	(63,487)	(66,425)	(59,149)	(66,671)	(60,451)	(64,313)	(63,430)
Net Change in Total OPEB Liability	2,283	(77,462)	(183,914)	181,718	197,837	45,440	(24,796)	(86,427)
Total LTD OPEB Liability - beginning	1,211,863	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	$ 1,214,146	$ 1,211,863	$ 1,289,325	$ 1,473,239	$ 1,291,521	$ 1,093,684	$ 1,048,244	$ 1,073,040
Covered-employee payroll	$ 10,785,762	$ 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	11.257 %	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 %
As of June 30, 2024	3.93 %

(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 3.65% as of June 30, 2024 to 3.93% as of June 30, 2025.

No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4 to pay related benefits.

COUNTY OF LOS ANGELES
CALIFORNIA

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

COUNTY OF LOS ANGELES
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APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following summary discussion of selected provisions of the Site Lease, the Sublease and the Indenture are made subject to all of the provisions of such documents. This summary discussion does not purport to be a complete statement of said provisions and prospective purchasers of the Series 2026K Bonds are referred to the complete texts of said documents, copies of which are available upon request sent to the Trustee.

Definitions

"Act" means the Marks-Roos Local Bond Pooling Act of 1985, constituting Section 6584 et seq. of the California Government Code.

"Additional Bonds" means Bonds other than Series 2015 Bonds issued under the Indenture in accordance with the provisions thereof.

"Additional Project" means, to the extent identified by the County as such, the public facilities to be acquired and/or constructed and/or the capital assets or equipment to be acquired and/or installed, with the proceeds of Additional Bonds.

"Additional Rental Payments" means all amounts payable by the County as Additional Rental Payments pursuant to the Sublease.

"Annual Debt Service" means, for each Bond Year, the sum of (a) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of mandatory sinking fund redemptions), and (b) the scheduled principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking fund redemptions due in such Bond Year).

"Authority" means the Los Angeles County Public Works Financing Authority, a joint powers authority organized and existing under the laws of the State of California.

"Authority Event of Default" means an event described as such in the Sublease.

"Authorized Authority Representative" means any member of the Board of Directors of the Authority or the Treasurer of the Authority, and any other Person authorized by the Board of Directors of the Authority or the Treasurer of the Authority to act on behalf of the Authority under or with respect to the Indenture.

"Authorized County Representative" means the Treasurer and Tax Collector of the County or any authorized deputy or designee thereof, and any other Person authorized by the Board of Supervisors of the County or the Treasurer and Tax Collector of the County to act on behalf of the County under or with respect to the Indenture.

"Authorized Denominations" means, with respect to the Bonds, $5,000 and any integral multiple thereof.

"Average Annual Debt Service" means the average of the Annual Debt Service for all Bond Years, including the Bond Year in which the calculation is made.

"Base Rental Deposit Date" means the Business Day immediately preceding each Interest Payment Date.

"Base Rental Payments" means all amounts payable to the Authority by the County as Base Rental Payments pursuant to the Sublease.

"Beneficial Owners" means those individuals, partnerships, corporations or other entities for whom the Participants have caused the Depository to hold Book-Entry Bonds.

"Bond Year" means each twelve-month period beginning on July 1 in each year and extending to the next succeeding June 30, both dates inclusive, except that the first Bond Year shall begin, with respect to the Series 2026K Bonds, on the Closing Date and end on June 30, 2027.

"Bonds" means the Los Angeles County Public Works Financing Authority Lease Revenue Bonds issued under the Indenture, and includes the Series 2015 Bonds and any Additional Bonds.

"Book-Entry Bonds" means the Bonds of a Series registered in the name of the nominee of DTC, or any successor securities depository for such Series of Bonds, as the registered owner thereof pursuant to the terms and provisions of the Indenture.

"Business Day" means a day other than (a) Saturday or Sunday, (b) a day on which banking institutions in the city or cities in which the Office of the Trustee is located are authorized or required by law to be closed, and (c) a day on which the New York Stock Exchange is authorized or obligated by law or executive order to be closed.

"Cede & Co." means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to Book-Entry Bonds.

"Closing Date" means, as appropriate to the context, the date upon which the Series 2015 Bonds, the Series 2015B Bonds, the Series 2016D Bonds, the Series 2019E-1 Bonds, the Series 2019E-2 Bonds, the Series 2021F Bonds, the Series 2022G Bonds, the 2024H Bonds, the Series 2025J Bonds, the Series 2026K Bonds, or any Additional Bonds are delivered to the respective original purchaser thereof.

"Code" means the Internal Revenue Code of 1986, as amended.

"Common Reserve Account" means the account of that name established in the Reserve Fund pursuant to the Indenture to secure the Common Reserve Bonds.

"Common Reserve Bonds" means any Series of Additional Bonds secured by the Common Reserve Account as provided in the Supplemental Indenture providing for the issuance of each such Series of Additional Bonds. The Series 2026K Bonds are <u>not</u> Common Reserve Bonds.

"Continuing Disclosure Certificate" means the Continuing Disclosure Certificate with respect to each related Series of Bonds, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

"Costs of Issuance" means all the costs of issuing and delivering the Bonds, including, but not limited to, all printing and document preparation expenses in connection with the Indenture, the Sublease, the Site Lease, the Bonds and any preliminary official statement and final official statement pertaining to the Bonds, rating agency fees, CUSIP Service Bureau charges, market study fees, financial advisory fees, legal fees and expenses of counsel with respect to the financing of the Project, initial fees and expenses of the administrator of the financing of the Project, the initial fees and expenses of the Trustee and its counsel, any premium for a municipal bond insurance policy insuring payments of debt service on Additional Bonds or any Reserve Facility, and other fees and expenses incurred in connection with the issuance and delivery of the Bonds or the implementation of the financing of the Project, to the extent such fees and expenses are approved by the County.

"Costs of Issuance Fund" means the fund by that name established pursuant to the Indenture.

"County" means the County of Los Angeles, a county and political subdivision of the State of California.

"Defeasance Securities" means (a) non-callable direct obligations of the United States of America ("United States Treasury Obligations"), (b) evidences of ownership of proportionate interests in future interest and principal payments on United States Treasury Obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying United States Treasury Obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated, (c) Permitted Investments described in clause (8) of the definition thereof, or (d) securities eligible for "AAA" defeasance under then existing criteria of S&P or Moody's, or any combination thereof.

"Depository" means the securities depository acting as Depository pursuant to the Indenture.

"DTC" means The Depository Trust Company, New York, New York and its successors.

"Event of Default" means an event described as such in the Sublease or the Indenture, as applicable.

"Fitch" means Fitch, Inc., its successors and assigns, except that if such corporation shall no longer perform the function of a securities rating agency for any reason, the term "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

"Indenture" means the Master Indenture, dated as of February 1, 2015, by and among the Authority, the County and the Trustee, as originally executed and as it may from time to time be amended or supplemented in accordance with the provisions thereof.

"Independent Insurance Consultant" means a nationally recognized independent actuary, insurance company or broker that has actuarial personnel experienced in the area of insurance for which the County is to be self-insured, as may from time to time be designated by the County.

"Interest Account" means the interest account established for the payment of interest of a Series of Bonds within the Payment Fund pursuant to the Indenture.

"Interest Payment Date" means (a) with respect to the Series 2015 Bonds, each June 1 and December 1, commencing December 1, 2015, (b) with respect to the Series 2015B Bonds, each June 1 and December 1, commencing December 1, 2015, (c) with respect to the Series 2016D Bonds, each June 1 and December 1, commencing December 1, 2016, (d) with respect to the Series 2019E Bonds, each June 1 and December 1, commencing December 1, 2019, (e) with respect to the Series 2021F Bonds, each June 1 and December 1, commencing June 1, 2022, (f) with respect to the Series 2022G Bonds, each June 1 and December 1, commencing December 1, 2022, (g) with respect to the Series 2024H Bonds, each June 1 and December 1, commencing December 1, 2024, (h) with respect to the Series 2025J Bonds, each June 1 and December 1, commencing December 1, 2025, and (i) with respect to the Series 2026K Bonds, each June 1 and December 1, commencing December 1, 2026.

"Laws and Regulations" means, with respect to the Property, any applicable law, regulation, code, order, rule, judgment or consent agreement, including, without limitation, those relating to zoning, building, use and occupancy, fire safety, health, sanitation, air pollution, ecological matters, environmental protection, hazardous or toxic materials, substances or wastes, conservation, parking, architectural barriers to the handicapped, or restrictive covenants or other agreements affecting title to the Property.

"Lease Revenues" means all Base Rental Payments payable by the County pursuant to the Sublease, including any prepayments thereof, any Net Proceeds and any amounts received by the Trustee from, as a result of or in connection with the Trustee's pursuit of remedies under the Sublease upon a Sublease Default Event.

"Letter of Representations" means the letter of the Authority delivered to and accepted by the Depository on or prior to the delivery of the Bonds as Book-Entry Bonds setting forth the basis on which the Depository serves as depository for such Book-Entry Bonds, as originally executed or as it may be supplemented or revised or replaced by a letter to a substitute Depository.

"Maximum Annual Debt Service" means the largest Annual Debt Service for any Bond Year, including the Bond Year the calculation is made.

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, except that if such corporation shall no longer perform the function of a securities rating agency for any reason, the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

"Net Proceeds" means any insurance proceeds or condemnation award paid with respect to any of the Property, which proceeds or award, after payment therefrom of all reasonable expenses incurred in the collection thereof, are in an amount greater than $50,000.

"Nominee" means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to the Indenture.

"Office of the Trustee" means the principal corporate trust office of the Trustee in Los Angeles, California, or such other office as may be specified to the Authority and the County in writing; provided, however, that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted, which other office or agency shall be specified to the Authority and the County by the Trustee in writing.

"Opinion of Counsel" means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the Authority.

"Outstanding" means, when used as of any particular time with reference to Bonds, subject to the provisions of the Indenture, all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except (a) Bonds previously canceled by the Trustee or delivered to the Trustee for cancellation, (b) Bonds paid or deemed to have been paid within the meaning of the provisions of the Indenture described under the heading "INDENTURE – Defeasance – Bonds Deemed To Have Been Paid," and (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture.

"Owner" means, with respect to a Bond, the Person in whose name such Bond is registered on the Registration Books.

"Participating Underwriter" has the meaning ascribed thereto in the applicable Continuing Disclosure Certificate.

"Participants" means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds Book-Entry Bonds as securities depository.

"Payment Fund" means the fund by that name established in accordance with the Indenture.

"Permitted Encumbrances" means, with respect to the Property (a) liens for general *ad valorem* taxes and assessments, if any, not then delinquent, or which the County may, pursuant to provisions of the Sublease described under the heading "SUBLEASE – Representations and Warranties; Covenants and Agreements – Taxes," permit to remain unpaid, (b) the Sublease, (c) the Site Lease, (d) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law, (e) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the Closing Date, and (f) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the Closing Date which the County certifies in writing do not affect the intended use of the Property or impair the security granted to the Trustee for the benefit of the Owners of the Bonds by the Indenture and to which the Authority consents in writing.

"Permitted Investments" means any of the following to the extent then permitted by the general laws of the State of California applicable to investments by counties:

(1) (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America ("United States Treasury Obligations"), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated (collectively "United States Obligations"). These include, but are not necessarily limited to:

- U.S. Treasury obligations
  All direct or fully guaranteed obligations
- Farmers Home Administration
  Certificates of beneficial ownership
- General Services Administration
  Participation certificates
- U.S. Maritime Administration
  Guaranteed Title XI financing
- Small Business Administration
  Guaranteed participation certificates
- Guaranteed pool certificates
- Government National Mortgage Association (GNMA)
  GNMA-guaranteed mortgage-backed securities
  GNMA-guaranteed participation certificates
- U.S. Department of Housing & Urban Development
  Local authority bonds

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

(3) Commercial Paper having original maturities of not more than 270 days, payable in the United States of America and issued by corporations that are organized and operating in the United States with total assets in excess of $500 million and having "A" or better rating for the issuer's long-term debt as provided by

Moody's, S&P, or Fitch and "P-1", "A-1", "F1" or better rating for the issuer's short-term debt as provided by Moody's, S&P, or Fitch, respectively.

(4) The Los Angeles County Treasury Pool.

(5) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as "bankers' acceptances," having original maturities of not more than 180 days. The institution must have a minimum short-term debt rating of "A-1", "P-1", or "F1" by S&P, Moody's, or Fitch, respectively, and a long-term debt rating of no less than "A" by S&P, Moody's, or Fitch.

(6) Shares of beneficial interest issued by diversified management companies, known as money market funds, registered with the U.S. Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.) and whose fund either (a) is restricted to obligations issued or guaranteed as to payment of principal and interest by the full faith and credit of the United States or (b) is rated in the highest rating category by either S&P or Moody's.

(7) Certificates of deposit issued by a nationally- or state-chartered bank or a state or federal association (as defined by Section 5102 of the California Financial Code) or by a state-licensed branch of a foreign bank, in each case which has, or which is a subsidiary of a parent company which has, obligations outstanding having a rating in the "A" category or better from S&P, Moody's, or Fitch.

(8) Pre-refunded municipal obligations meeting the following requirements:

(a) the municipal obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(b) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(c) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification");

(d) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(e) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(f) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

(9) Municipal obligations rated "Aaa/AAA" or general obligations of States with a rating of "A2/A" or higher by both Moody's and S&P

(10) Repurchase agreements which have a maximum maturity of 30 days and are fully secured at or greater than 102% of the market value plus accrued interest by obligations of the United States Government, its agencies and instrumentalities, in accordance with number (2) above.

(11) Investment agreements and guaranteed investment contracts with issuers having a long-term debt rating of at least "AA-" or "Aa3" by S&P or Moody's, respectively.

"Person" means an individual, corporation, limited liability company, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Principal Account" means the principal account established for the payment of principal of a Series of Bonds within the Payment Fund pursuant to the Indenture.

"Principal Payment Date" means a date on which the principal of the Bonds becomes due and payable, either as a result of the maturity thereof or by mandatory sinking fund redemption.

"Project" means the capital improvement projects described in the exhibit attached to the Indenture or any Supplemental Indenture entitled "Description of the Project" or any Additional Project described in any Supplemental Indenture and the acquisition, construction, improvement, rehabilitation or replacement of other facilities, or the acquisition and/or installment of capital assets or equipment, the County deems a priority.

"Project Costs" means all costs of acquiring, constructing and installing the Project, including but not limited to:

(a) all costs which the County shall be required to pay to a seller or any other Person under the terms of any contract or contracts for the purchase of any portion of the Project;

(b) all costs which the County shall be required to pay a contractor or any other Person for the acquisition, construction and installation of any portion of the Project;

(c) obligations of the County incurred for services (including obligations payable to the County for actual out-of-pocket expenses of the County) in connection with the acquisition, construction and installation of the Project, including reimbursement to the County for all advances and payments made in connection with the Project prior to or after issuance of the Bonds;

(d) the actual out-of-pocket costs of the County for test borings, surveys, estimates and preliminary investigations therefor, as well as for the performance of all other duties required by or consequent to the proper acquisition, construction and installation of the Project, including administrative expenses under the Sublease and under the Indenture relating to the acquisition, construction and installation of the Project;

(e) Costs of Issuance, to the extent amounts for the payment thereof are not available in the Costs of Issuance Fund; and

(f) any sums required to reimburse the Authority or the County for advances made by the Authority or the County for any of the above items or for any other costs incurred and for work done by the Authority or the County which are properly chargeable to the Project.

"Project Fund" means the fund by that name established pursuant to the Indenture.

"Property" means the real property described in the Sublease, and any improvements thereto.

"Rebate Fund" means the fund by that name established pursuant to the Indenture.

"Rebate Requirement" has the meaning ascribed thereto in the respective Tax Certificate.

"Record Date" means the 15th calendar day of the month preceding each Interest Payment Date, whether or not such day is a Business Day.

"Redemption Fund" means the fund by that name established pursuant to the Indenture.

"Registration Books" means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Bonds pursuant to the Indenture.

"Rental Payments" means, collectively, the Base Rental Payments and the Additional Rental Payments.

"Rental Period" means the twelve-month period commencing on July 1 of each year during the term of the Sublease.

"Reserve Account" means either the Common Reserve Account or any other reserve account established pursuant to the Indenture, which account may secure one or more Series of Additional Bonds as provided in the Supplemental Indenture providing for the establishment thereof.

"Reserve Facility" means any line of credit, letter of credit, insurance policy, surety bond or similar instrument, in form reasonably satisfactory to the Trustee, that (a) names the Trustee as beneficiary thereof, (b) provides for payment on demand, (c) cannot be terminated by the issuer thereof so long as any of the Bonds secured by such Reserve Facility remain Outstanding, (d) is issued by an obligor, the obligations of which under the Reserve Facility are, at the time such Reserve Facility is substituted for all or part of the moneys on deposit in the applicable Reserve Account, rated in one of the two highest rating categories (without regard to any modifier) by any one rating agency then rating the Bonds secured by such Reserve Facility), and (e) is deposited with the Trustee pursuant to Indenture.

"Reserve Fund" means the fund by that name established pursuant to the Indenture.

"Reserve Requirement" means, (a) with respect to the Common Reserve Bonds, as of the date of any calculation, the least of (i) 50% Maximum Annual Debt Service of such Common Reserve Bonds, (ii) 10% of the original aggregate principal amount of the Common Reserve Bonds (excluding Bonds refunded with the proceeds of subsequently issued Bonds), and (iii) 125% of Average Annual Debt Service of such Common Reserve Bonds, and (b) with respect to any Series of Additional Bonds that are not Common Reserve Bonds, such amount, if any, as shall be specified in the Supplemental Indenture authorizing the issuance of such Series of Additional Bonds; provided, however, that in no event shall any Reserve Requirement exceed an amount permitted by the Code.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, except that if such entity shall no longer perform the functions of a securities rating agency for any reason, the term "S&P" shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

"Scheduled Termination Date" means December 1, 2054.

"Series" means the initial series of Bonds executed, authenticated and delivered on the date of initial issuance of the Bonds and identified pursuant to the Indenture as the Series 2015 Bonds, and any Additional Bonds issued pursuant to a Supplemental Indenture and identified as a separate Series of Bonds.

"Series 2015 Bonds" means the Los Angeles County Public Works Financing Authority Lease Revenue Bonds (Multiple Capital Projects), 2015 Series A, issued under the Indenture.

"Series 2015B Bonds" means the Los Angeles County Public Works Public Financing Authority (Master Refunding Project) 2015 Series B (Tax-Exempt), issued under the Indenture.

"Series 2016D Bonds" means the Los Angeles County Public Works Public Financing Authority Lease Revenue Bonds, 2016 Series D, issued under the Indenture.

"Series 2019E Bonds" means the Series 2019E-1 Bonds and the Series 2019E-2 Bonds.

"Series 2019E-1 Bonds" means the Los Angeles County Public Works Financing Authority Lease Revenue Bonds, 2019 Series E-1, issued under the Indenture.

"Series 2019E-2 Bonds" means the Los Angeles County Public Works Financing Authority Lease Revenue Bonds, 2019 Series E-2, issued under the Indenture.

"Series 2021F Bonds" means the Los Angeles County Public Works Financing Authority Lease Revenue Bonds, 2021 Series F (Green Bonds), issued under the Indenture.

"Series 2022G Bonds" means the Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds, 2022 Series G (Forward Delivery), issued under the Indenture.

"**Series 2024H Bonds**" means the Los Angeles County Public Works Financing Authority Lease Revenue Bonds, 2024 Series H, issued under the Indenture.

"Series 2025J Bonds" means the Los Angeles County Public Works Financing Authority Lease Revenue Bonds, 2025 Series J, issued under the Indenture.

"Series 2026K Bonds" means the Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds, 2025 Series K, issued under the Indenture.

"Site Lease" means the Master Site Lease, dated as of February 1, 2015, by and between the County and the Authority, as originally executed and as it may from time to time be amended in accordance with the provisions thereof and of the Sublease.

"Sublease" means the Master Sublease, dated as of February 1, 2015, by and between the County and the Authority, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

"Sublease Default Event" means an event of default pursuant to and as described in the Sublease.

"Supplemental Indenture" means any supplemental indenture amendatory of or supplemental to the Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

"Tax Certificate" means the respective Tax Certificate executed by the Authority at the time of issuance of the Series 2015B Bonds, the Series 2016D Bonds, the Series 2019E-1 Bonds, the Series 2019E-2 Bonds, the Series 2021F Bonds, the Series 2022G Bonds, the Series 2024H Bonds, the Series 2025J Bonds and the Series 2026K Bonds relating to the requirements of Section 148 of the Code, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

"Tax-Exempt" means, with respect to interest on any obligations of a state or local government, including interest on the Series 2015B Bonds, the Series 2016D Bonds, the Series 2019E-1 Bonds, the Series 2019E-2 Bonds, the Series 2021F Bonds, the Series 2022G Bonds, the Series 2024H Bonds, the Series 2025J Bonds and the Series 2026K Bonds, that such interest is excluded from the gross income of the holders thereof

for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code.

"Trustee" means Zions Bancorporation, National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, formerly known as Zions First National Bank, or any successor thereto as Trustee under the Indenture substituted in its place as provided therein.

"Verification Report" means, with respect to the deemed payment of Bonds pursuant to clause (ii)(B) of paragraph (a) of the provisions of the Indenture described under the heading "INDENTURE – Defeasance – Bonds Deemed To Have Been Paid," a report of a nationally recognized certified public accountant, or firm of such accountants, verifying that the Defeasance Securities and cash, if any, deposited in connection with such deemed payment satisfy the requirements of clause (ii)(B) of paragraph (a) of the provisions of the Indenture described under the heading "INDENTURE – Defeasance – Bonds Deemed To Have Been Paid."

"Written Certificate of the Authority" means a written certificate signed in the name of the Authority by an Authorized Representative of the Authority. Any such certificate may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

"Written Certificate of the County" means a written certificate signed in the name of the County by an Authorized Representative of the County. Any such certificate may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

"Written Request of the Authority" means a written request signed in the name of the Authority by an Authorized Representative of the Authority. Any such request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

"Written Request of the County" means a written request signed in the name of the County by an Authorized Representative of the County. Any such request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

SITE LEASE

Lease of the Property; Rental

Lease of Property. The County leases to the Authority, and the Authority leases from the County, for the benefit of the Owners of the Bonds, the Property, subject only to Permitted Encumbrances, to have and to hold for the term of the Site Lease.

Rental. The Authority shall pay to the County as and for rental of the Property under the Site Lease, an amount set forth in the Site Lease with respect to each Series of Bonds (the "Site Lease Payment").

The County shall deposit the Site Lease Payment in one or more separate funds or accounts to be held and administered for the purpose of financing the Project. The Authority and the County find and determine that the amount of the Site Lease Payment does not exceed the fair market value of the leasehold interest in the Property which is conveyed under the Site Lease by the County to the Authority. No other amounts of rental shall be due and payable by the Authority for the use and occupancy of the Property under the Site Lease.

Quiet Enjoyment

The parties intend that the Property will be leased back to the County pursuant to the Sublease for the term thereof. Subject to any rights the County may have under the Sublease to possession and enjoyment of the Property, the County covenants and agrees that it will not take any action to prevent the Authority from having quiet and peaceable possession and enjoyment of the Property during the term of the Site Lease and will, at the request of the Authority and at the County's cost, to the extent that it may lawfully do so, join in any legal action in which the Authority asserts its right to such possession and enjoyment.

Special Covenants and Provisions

Waste. The Authority agrees that at all times that it is in possession of the Property, it will not commit, suffer or permit any waste on the Property, and that it will not willfully or knowingly use or permit the use of the Property for any illegal purpose or act.

Further Assurances and Corrective Instruments. The County and the Authority agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements to the Site Lease and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property leased or intended so to be or for carrying out the expressed intention of the Site Lease, the Indenture and the Sublease.

Waiver of Personal Liability. All liabilities under the Site Lease on the part of the Authority shall be solely liabilities of the Authority as a joint powers authority, and the County releases each and every director, officer and employee of the Authority of and from any personal or individual liability under the Site Lease. No director, officer or employee of the Authority shall at any time or under any circumstances be individually or personally liable under the Site Lease to the County or to any other party whomsoever for anything done or omitted to be done by the Authority under the Site Lease.

All liabilities under the Site Lease on the part of the County shall be solely liabilities of the County as a governmental entity, and the Authority releases each and every member, officer and employee of the County of and from any personal or individual liability under the Site Lease. No member, officer or employee of the County shall at any time or under any circumstances be individually or personally liable under the Site Lease to the Authority or to any other party whomsoever for anything done or omitted to be done by the County under the Site Lease.

Taxes. The County covenants and agrees to pay any and all assessments of any kind or character and also all taxes, including possessory interest taxes, levied or assessed upon the Property.

Right of Entry. The County reserves the right for any of its duly authorized representatives to enter upon the Property at any reasonable time to inspect the same.

Representations of the County. The County represents and warrants to the Authority and the Trustee as follows:

(a) the County has the full power and authority to enter into, to execute and to deliver the Site Lease, and to perform all of its duties and obligations thereunder, and has duly authorized the execution of the Site Lease;

(b) except for Permitted Encumbrances, the Property is not subject to any dedication, easement, right of way, reservation in patent, covenant, condition, restriction, lien or encumbrance which would prohibit or materially interfere with the use of the Property for governmental purposes as contemplated by the County;

(c) all taxes, assessments or impositions of any kind with respect to the Property, except current taxes, have been paid in full; and

(d) the Property is necessary to the County in order for the County to perform its governmental functions.

Representations of the Authority. The Authority represents and warrants to the County and the Trustee that the Authority has the full power and authority to enter into, to execute and to deliver the Site Lease, and to perform all of its duties and obligations thereunder, and has duly authorized the execution and delivery of the Site Lease.

Assignment, Selling and Subleasing

Assignment, Selling and Subleasing. The Site Lease may be assigned or sold, and the Property may be subleased, as a whole or in part, by the Authority, without the necessity of obtaining the consent of the County, if an event of default occurs under the Sublease. The Authority shall, within 30 days after such an assignment, sale or sublease, furnish or cause to be furnished to the County a true and correct copy of such assignment, sublease or sale, as the case may be.

The Authority shall assign all of its rights under the Site Lease to the Trustee appointed pursuant to the Indenture.

Restrictions on County. The County agrees that, except with respect to Permitted Encumbrances, it will not mortgage, sell, encumber, assign, transfer or convey the Property or any portion thereof during the term of the Site Lease.

Improvements

Title to all improvements made on the Property during the term of the Site Lease shall vest in the County.

Term; Termination

Term. The term of the Site Lease shall commence as of the date of commencement of the term of the Sublease and shall remain in full force and effect from such date to and including the Scheduled Termination Date, unless such term is extended or sooner terminated as provided in the Site Lease.

Extension; Early Termination. If, on the Scheduled Termination Date, the Bonds shall not be fully paid, or provision therefor made in accordance with the Indenture, or the Indenture shall not be discharged by its terms, or if the Rental Payments payable under the Sublease shall have been abated at any time, then the term of the Site Lease shall be automatically extended until the date upon which all Bonds shall be fully paid, or provision therefor made in accordance with the Indenture, and the Indenture shall be discharged by its terms, except that the term of the Site Lease shall in no event be extended more than ten years. If, prior to the Scheduled Termination Date, all Bonds shall be fully paid, or provisions therefor made in accordance with the Indenture, and the Indenture shall be discharged by its terms, the term of the Site Lease shall end simultaneously therewith.

Action on Default. In each and every case upon the occurrence and during the continuance of a default by the Authority under the Site Lease, the County shall have all the rights and remedies permitted by law, except the County, to the extent permitted by law, waives any and all rights to terminate the Site Lease.

Miscellaneous

Binding Effect. The Site Lease shall inure to the benefit of and shall be binding upon the County, the Authority and their respective successors and assigns.

Severability. In the event any provision of the Site Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision of the Site Lease.

Amendments; Substitution and Release. The Site Lease may be amended, changed, modified, altered or terminated only in accordance with the provisions of the Sublease. The County shall have the right to substitute alternate real property for the Property or to release portions of the Property as provided in the Sublease.

Assignment. The Authority and County acknowledge that the Authority has assigned its right, title and interest in and to the Site Lease to the Trustee pursuant to the Indenture. The County consents to such assignment. The County consents to the Indenture and acknowledges and agrees to the rights of the Trustee as set forth therein.

SUBLEASE

Lease of Property; Term

Lease of Property. The Authority leases to the County and the County leases from the Authority the Property, on the terms and conditions set forth in the Lease Agreement, subject to all Permitted Encumbrances.

The leasing of the Property by the County to the Authority pursuant to the Site Lease shall not effect or result in a merger of the County's leasehold estate in the Property as lessee under the Sublease and its fee estate in the Property as lessor under the Site Lease, and the Authority shall continue to have a leasehold estate in the Property pursuant to the Site Lease throughout the term thereof and of the Sublease. The Sublease shall constitute a sublease with respect to the Property. The leasehold interest in the Property granted by the County to the Authority pursuant to the Site Lease is and shall be independent of the Sublease and the Sublease shall not be an assignment or surrender of the leasehold interest in the Property granted to the Authority under the Site Lease.

Term; Occupancy. (a) The term of the Sublease shall commence on the Closing Date and shall end on the Scheduled Termination Date, unless such term is extended or sooner terminated as provided in the Sublease. If, on the Scheduled Termination Date, all of the Bonds shall not be fully paid or deemed to have been paid in accordance with the provisions the Indenture, or any Rental Payments shall remain due and payable or shall have been abated at any time, then the term of the Sublease shall be extended until the date upon which all of the Bonds shall be fully paid or deemed to have been paid in accordance with the provisions of the Indenture, and all Rental Payments due and payable shall have been paid in full; provided, however, that the term of the Sublease shall in no event be extended more than ten years beyond the Scheduled Termination Date. If, prior to the Scheduled Termination Date, all of the Bonds shall be fully paid or deemed to have been paid in accordance with the provisions of the Indenture, and all Rental Payments due and payable shall have been paid in full, the term of the Sublease shall end simultaneously therewith.

(b) The County shall take possession of the Property on the Closing Date.

Rental Payments

Base Rental Payments. *General.* The Rental Payments, including Base Rental Payments, for each Rental Period shall be paid by the County to the Authority for and in consideration of the right to use and occupy the Property and in consideration of the continued right to the quiet use and enjoyment thereof during such Rental Period.

The obligation of the County to pay the Base Rental Payments does not constitute a debt of the County or of the State of California or of any political subdivision thereof in contravention of any constitutional or

statutory debt limit or restriction, and does not constitute an obligation for which the County or the State of California is obligated to levy or pledge any form of taxation or for which the County or the State of California has levied or pledged any form of taxation.

Base Rental Payments. Subject to the provisions of the Sublease described under the heading "SUBLEASE – Rental Payments – Rental Abatement," the County shall, on each Base Rental Deposit Date, pay to the Authority a Base Rental Payment in an amount equal to the principal of, and interest on, the Bonds due and payable on the next succeeding Principal Payment Date or Interest Payment Date, as applicable, including any such principal due and payable by reason of mandatory sinking fund redemption of the Bonds; provided, however, that the amount of such Base Rental Payment shall be reduced by the amount, if any, available in the Payment Fund, the Principal Account or the Interest Account on such Base Rental Deposit Date to pay such principal of, or interest on, the Bonds.

Payments other than Regularly Scheduled Payments. If the term of the Sublease shall have been extended pursuant to the provisions of the Sublease described under the heading "SUBLEASE – Lease of Property; Term – Term; Occupancy," the obligation of the County to pay Rental Payments shall continue to and including the Base Rental Deposit Date preceding the date of termination of the Sublease (as so extended pursuant to the provisions of the Sublease described under the heading "SUBLEASE – Lease of Property; Term – Term; Occupancy"). Upon such extension, the Base Rental Payments payable during such extended term shall be established so that such Base Rental Payments will in the aggregate be sufficient to pay the unpaid principal of, and interest accrued and to accrue on, the Bonds; provided, however, that the Rental Payments payable in any Rental Period shall not exceed the annual fair rental value of the Property.

Additional Rental Payments. The County shall also pay, as Additional Rental Payments, such amounts as shall be required for the payment of the following:

(a) all taxes and assessments of any type or nature charged to the Authority or the County or affecting the Property or the respective interests or estates of the Authority or the County therein;

(b) all reasonable administrative costs of the Authority relating to the Property including, but without limiting the generality of the foregoing, salaries, wages, fees and expenses payable by the Authority under the Indenture, fees of auditors, accountants, attorneys or engineers, and all other necessary and reasonable administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Indenture or the Sublease or to defend the Authority and its members, officers, agents and employees;

(c) insurance premiums for all insurance required pursuant to the provisions of the Sublease described under the heading "SUBLEASE – Insurance;"

(d) any amounts with respect to the Bonds required to be rebated to the federal government in accordance with section 148(f) of the Code; and

(e) all other payments required to be paid by the County under the provisions of the Sublease or the Indenture.

Amounts constituting Additional Rental Payments payable under the Sublease shall be paid by the County directly to the person or persons to whom such amounts shall be payable. The County shall pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within 60 days after notice in writing from the Trustee to the County stating the amount of Additional Rental Payments then due and payable and the purpose thereof.

Fair Rental Value. The parties to the Sublease have agreed and determined that the Rental Payments are not in excess of the fair rental value of the Property. In making such determination of fair rental value,

consideration has been given to the uses and purposes which may be served by the Property and the benefits therefrom which will accrue to the County and the general public. Payments of the Rental Payments for the Property during each Rental Period shall constitute the total rental for said Rental Period.

Payment Provisions. Each installment of Base Rental Payments payable under the Sublease shall be paid in lawful money of the United States of America to or upon the order of the Authority at the Principal Office of the Trustee, or such other place or entity as the Authority shall designate. Notwithstanding any dispute between the Authority and the County, the County shall make all Rental Payments when due without deduction or offset of any kind and shall not withhold any Rental Payments pending the final resolution of such dispute. In the event of a determination that the County was not liable for said Rental Payments or any portion thereof, said payments or excess of payments, as the case may be, shall be credited against subsequent Rental Payments due under the Sublease or refunded at the time of such determination.

Appropriations Covenant. The County covenants to take such action as may be necessary to include all Rental Payments due under the Sublease in its annual budgets and to make necessary annual appropriations for all such Rental Payments. The covenants on the part of the County contained in this paragraph shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of the County to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the County to carry out and perform such covenants.

Rental Abatement. Except as otherwise specifically provided in this paragraph, during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the County's right to use and occupy any portion of the Property, Rental Payments shall be abated, and the County waives the benefits of California Civil Code Sections 1932(2) and 1933(4) and any and all other rights to terminate the Sublease by virtue of any such interference, and the Sublease shall continue in full force and effect. The amount of such abatement shall be such that the resulting Rental Payments do not exceed the lesser of (i) the amount necessary to pay the Rental Payments remaining unpaid, and (ii) the fair rental value for the use and possession of the Property of which there is no such substantial interference. The County and the Authority shall provide the Trustee with a certificate setting forth the amount of such abatement and the basis therefor. Such abatement shall continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Property, ending with the substantial completion of the work of repair or replacement of the Property, or the portion thereof so damaged or destroyed, and the term of the Sublease shall be extended as provided in the provisions of the Sublease described under the heading "SUBLEASE – Lease of Property; Term – Term; Occupancy;" provided, however, that such term shall in no event be extended more than ten years beyond the Scheduled Termination Date. Notwithstanding the foregoing, to the extent that moneys are available for the payment of Rental Payments in any of the funds and accounts established under the Indenture, Rental Payments shall not be abated as provided above but, rather, shall be payable by the County as a special obligation payable solely from said funds and accounts.

Representations and Warranties; Covenants and Agreements

Power and Authority of the County. The County represents and warrants to the Authority that (a) the County has the full power and authority to enter into, to execute and to deliver the Sublease, the Site Lease and the Indenture, and to perform all of its duties and obligations under the Sublease and thereunder, and has duly authorized the execution and delivery of the Sublease, the Site Lease and the Indenture, and (b) the Property is zoned for use for governmental related facilities.

Power and Authority of the Authority. The Authority represents and warrants to the County that the Authority has the full power and authority to enter into, to execute and to deliver the Sublease, the Site Lease and the Indenture, and to perform all of its duties and obligations thereunder, and has duly authorized the execution and delivery of the Sublease, the Site Lease and the Indenture.

Net-Net-Net Lease. The Sublease shall be, and shall be deemed and construed to be, a "net-net-net lease" and the Rental Payments shall be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever and notwithstanding any dispute between the County and the Authority.

Disclaimer of Warranties. THE AUTHORITY MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR FITNESS FOR USE OF THE PROPERTY, OR WARRANTY WITH RESPECT THERETO. THE COUNTY ACKNOWLEDGES THAT THE AUTHORITY IS NOT A MANUFACTURER OF ANY PORTION OF THE PROPERTY OR A DEALER THEREIN, THAT THE COUNTY LEASES THE PROPERTY AS IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE COUNTY.

Quiet Enjoyment. So long as no Event of Default shall have occurred and be continuing, the County shall at all times during the term of the Sublease peaceably and quietly have, hold and enjoy the Property without suit, trouble or hindrance from the Authority.

Right of Entry. The Authority shall have the right to enter upon and to examine and inspect the Property during reasonable business hours (and in emergencies at all times) for any purpose connected with the Authority's rights or obligations under the Sublease, and for all other lawful purposes.

Use of the Property. The County shall not use, operate or maintain the Property improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by the Sublease. In addition, the County agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of the Property) with all laws of the jurisdictions in which its operations may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Property; provided, however, that the County may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Authority, adversely affect the estate of the Authority in and to any of the Property or its interest or rights under the Sublease.

Maintenance and Utilities. As part of the consideration for rental of the Property, all improvement, repair and maintenance of the Property shall be the responsibility of the County, and the County shall pay for or otherwise arrange for the payment of all utility services supplied to the Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, ventilation, air conditioning, water and all other utility services, and shall pay for or otherwise arrange for payment of the cost of the repair and replacement of the Property resulting from ordinary wear and tear or want of care on the part of the County. In exchange for the Rental Payments, the Authority agrees to provide only the Property.

Additions to Property. Subject to the provisions of the Sublease described under the heading "SUBLEASE – Representations and Warranties; Covenants and Agreements – Liens," the County and any sublessee shall, at its own expense, have the right to make additions, modifications and improvements to the Property. To the extent that the removal of such additions, modifications or improvements would not cause material damage to the Property, such additions, modifications and improvements shall remain the sole property of the County or such sublessee, and neither the Authority nor the Trustee shall have any interest therein. Except to the extent permitted by the following paragraph, such additions, modifications and improvements shall not cause permanent and material damage to the Property or cause it to be used for purposes other than those authorized under the provisions of state and federal law, and the Property, upon completion of any additions, modifications or improvements made pursuant to this section, shall be of a value which is at least equal to the value of the Property immediately prior to the making of such additions, modifications or improvements.

Notwithstanding the foregoing, the County may demolish or remove improvements from the Property (regardless of whether such improvements will be replaced); provided that a qualified employee of the County or an independent certified real estate appraiser selected by the County shall have found (and shall have delivered a certificate to the Trustee setting forth its findings) that (i) the sum of Base Rental Payments plus Additional

Rental Payments due under the Sublease in any Rental Period is not in excess of the annual fair rental value of the Property, after such demolition and removal, and (ii) the Property, after such demolition and removal, has a useful life equal to or greater than the maximum remaining term of the Sublease (including extensions thereof under the provisions of the Sublease described under the heading "SUBLEASE – Lease of Property; Term – Term; Occupancy").

Installation of County's Equipment. The County and any sublessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed items of equipment or other personal property in or upon the Property. All such items shall remain the sole property of the County or such sublessee, and neither the Authority nor the Trustee shall have any interest therein. The County or such sublessee may remove or modify such equipment or other personal property at any time, provided that such party shall repair and restore any and all damage to the Property resulting from the installation, modification or removal of any such items, and the Property, upon completion of any installation, modification or removal made pursuant to this paragraph, shall be of a value which is at least equal to the value of the Property immediately prior to the making of such installation, modification or removal. Nothing in the Sublease shall prevent the County or any sublessee from purchasing items to be installed pursuant to this paragraph under a conditional sale or lease purchase contract, or subject to a vendor's lien or security agreement as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest shall attach to any part of the Property.

Taxes. The County shall pay or cause to be paid all taxes and assessments of any type or nature charged to the Authority or the County or affecting the Property or the respective interests or estates therein; provided, however, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the County shall be obligated to pay only such installments as and when the same become due.

Upon notice to the Authority and the Trustee, the County or any sublessee may, at the County's or such sublessee's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority or the Trustee shall notify the County or such sublessee that, in the opinion of independent counsel, by nonpayment of any such items, the interest of the Authority in the Property will be materially endangered or the Property, or any part thereof, will be subject to loss or forfeiture, in which event the County or such sublessee shall promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority and the Trustee.

Liens. In the event the County shall at any time during the term of the Sublease cause any changes, alterations, additions, improvements, or other work to be done or performed or materials to be supplied, in or upon the Property, the County shall pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the County in, upon or about the Property and which may be secured by a mechanics', materialmen's or other lien against the Property or the Authority's interest therein, and shall cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that, if the County desires to contest any such lien, it may do so as long as such contest is in good faith. If any such lien shall be reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the County shall forthwith pay and discharge said judgment.

Compliance with Law, Regulations, Etc. The County represents and warrants that, after due inquiry, it has no knowledge and has not given or received any written notice indicating that the Property or the use thereof or any practice, procedure or policy employed by it in the conduct of its business with respect to the Property materially violates any Laws and Regulations.

No Condemnation. The County shall not exercise the power of condemnation with respect to the Property. If for any reason the foregoing covenant shall be held by a court of competent jurisdiction to be unenforceable and the County condemns the Property or if the County breaches such covenant, the County agrees that the value of the County's leasehold estate under the Sublease in the Property shall be not less than the greater of (a) the amount sufficient to redeem the Bonds pursuant to the Indenture if the Bonds are then subject to redemption, or (b) the amount sufficient to defease the Bonds to the first available redemption date in accordance with the Indenture if the Bonds are not then subject to redemption.

Authority's Purpose. So long as any Bonds are Outstanding, the Authority shall not engage in any activities inconsistent with the purposes for which the Authority is organized, as set forth in the agreement pursuant to which the Authority was created.

Insurance

Public Liability and Property Damage Insurance; Workers' Compensation Insurance. (a) The County shall maintain reasonable and customary liability insurance. The County's obligations under the provisions of the Sublease described under the heading "Insurance – Public Liability and Property Damage Insurance; Workers' Compensation Insurance" may be satisfied by self-insurance, provided that such self-insurance complies with the provisions of the Sublease described under the heading "SUBLEASE – Insurance – Self Insurance."

(b) The County shall maintain or cause to be maintained casualty insurance insuring the Property against fire, lightning and all other risks covered by an extended coverage endorsement (excluding earthquake) to the full insurable value of the Property, subject to a $100,000 loss deductible provision. Full insurable value shall be evaluated at least every five years by an Independent Insurance Consultant or the County's Risk Manager and shall not be less than the aggregate principal amount of the Outstanding Bonds. The insurance required under this paragraph (b) may be maintained in whole or in part in the form of self-insurance, provided that such self-insurance complies with the provisions of the Sublease described under the heading "SUBLEASE – Insurance – Self Insurance."

(c) The County shall maintain rental interruption insurance to cover the Authority's loss, total or partial, of Base Rental Payments resulting from the loss, total or partial, of the use of any part of the Property as a result of any of the hazards required to be covered pursuant to paragraph (b) above in an amount not less than an amount equal to two times Maximum Annual Debt Service. The insurance required under this paragraph (c) may not be maintained in whole or in part in the form of self-insurance.

(d) The insurance required by the provisions under the Sublease described under the heading "SUBLEASE – Insurance – Public Liability and Property Damage Insurance; Workers' Compensation Insurance" shall be provided by insurers rated "A" or better by Fitch, A.M. Best Company or S&P.

Additional Insurance Provision; Form of Policies. The County shall pay or cause to be paid when due the premiums for all insurance policies required by the Sublease described under the heading "SUBLEASE – Insurance – Public Liability and Property Damage Insurance; Workers' Compensation Insurance." All such policies shall provide that the Trustee shall be given 30 days notice of the expiration thereof, any intended cancellation thereof or any reduction in the coverage provided thereby. The Trustee shall be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee.

The County shall, following receipt of a written request of the Trustee, cause to be delivered to the Trustee on or before August 15 of each year, a schedule of the insurance policies being maintained in accordance with the Sublease and a Written Certificate of the County stating that such policies are in full force and effect and that the County is in full compliance with the requirements of the provisions of the Sublease described under the heading "SUBLEASE – Insurance." The Trustee shall be entitled to rely upon said Written Certificate of the

County as to the County's compliance with the provisions of the Sublease described under the heading "SUBLEASE – Insurance." The Trustee shall not be responsible for the sufficiency of the coverage or the amounts of such policies.

Self-Insurance. Insurance provided through a California joint powers authority of which the County is a member or with which the County contracts for insurance shall be deemed to be self-insurance for purposes of the Sublease. Any self-insurance maintained by the County pursuant to the provisions of the Sublease described under the heading "SUBLEASE – Insurance" must be approved in writing by an Independent Insurance Consultant or the County's Risk Manager.

Title Insurance. The County shall provide, at its own expense, one or more CLTA title insurance policies for the Property, in the aggregate amount of not less than the aggregate principal amount of the Bonds. Said policy or policies shall insure (a) the fee interest of the County in the Property, (b) the Authority's ground leasehold estate in the Property under the Site Lease, and (c) the County's leasehold estate under the Sublease in the Property, subject only to Permitted Encumbrances; provided, however, that one or more of said estates may be insured through an endorsement to such policy or policies. All Net Proceeds received under said policy or policies shall be deposited with the Trustee and applied as provided in the provisions of the Indenture described under the heading "SUBLEASE – Insurance – Additional Insurance Provision; Form of Policies." So long as any of the Bonds remain Outstanding, each policy of title insurance obtained pursuant thereto or required thereby shall provide that all proceeds thereunder shall be payable to the Trustee for the benefit of the Owners.

Eminent Domain

If all of the Property (or portions thereof such that the remainder is not usable for public purposes by the County) shall be taken under the power of eminent domain, the term of the Sublease shall cease as of the day that possession shall be so taken. If less than all of the Property shall be taken under the power of eminent domain and the remainder is usable for public purposes by the County at the time of such taking, then the Sublease shall continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there shall be a partial abatement of the Rental Payments in accordance with the provisions of the Sublease described under the heading "SUBLEASE – Rental Payments – Rental Abatement." So long as any Bonds shall be Outstanding, any award made in eminent domain proceedings for the taking of the Property, or any portion thereof, shall be paid to the Trustee and applied to the redemption of Bonds as provided in the Indenture. Any such award made after all of the Bonds, and all other amounts due under the Indenture and under the Sublease, have been fully paid, shall be paid to the County.

Right to Redeem Bonds

(a) The County shall have the right to cause the Bonds to be redeemed pursuant to, and in accordance with the provisions of, the Indenture by providing the Trustee with funds sufficient for such purpose (which funds may be derived by the County from any source) and giving notice of the County's exercise of such right as provided in paragraph (b) below.

(b) In order to exercise its right to cause Bonds to be redeemed pursuant to paragraph (a) above, the County shall give written notice to the Trustee of its intention to exercise such right, specifying the date on which such redemption shall be made, which date shall be not less than 45 days from the date such notice is given (unless otherwise agreed by the Trustee), and specifying the Series, maturities and amounts of Bonds to be redeemed.

(c) The County shall have the right to cause Bonds to be deemed to have been paid pursuant to, and in accordance with the provisions of the Indenture described under the heading "INDENTURE – Defeasance – Bonds Deemed To Have Been Paid" by providing the Trustee with funds sufficient for such purpose (which funds may be derived by the County from any source) and providing and delivering, or causing to be provided and delivered the other items required pursuant to the provisions of the Indenture described under the heading

"INDENTURE – Defeasance – Bonds Deemed To Have Been Paid" to be provided or delivered in connection with such deemed payment.

Assignment and Subletting; Substitution or Release; Title

Assignment and Subleasing. Neither the Sublease nor any interest of the County under the Sublease shall be sold, mortgaged, pledged, assigned, or transferred by the County by voluntary act or by operation of law or otherwise; provided, however, that the Property may be subleased in whole or in part by the County, but only subject to the following conditions, which are made conditions precedent to any such sublease:

(a) the Sublease and the obligation of the County to make all Rental Payments under the Sublease shall remain the primary obligation of the County;

(b) the County shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Authority and the Trustee a true and complete copy of such sublease;

(c) no such sublease by the County shall cause the Property to be used for a purpose other than a governmental or proprietary function authorized under the provisions of the Constitution and laws of the State of California;

(d) any sublease of the Property by the County shall explicitly provide that such sublease is subject to all rights of the Authority under the Sublease; and

(e) the County shall have filed or caused to be filed with the Authority and the Trustee an Opinion of Counsel to the effect that such sublease will not, in and of itself, cause the interest on Tax-Exempt Bonds to be included in gross income for federal income tax purposes.

Substitution or Release of the Property. Subject to the provisions of the Sublease described under this heading entitled "Substitution or Release of the Property," the County shall have the right to substitute alternate real property for any portion of the Property or to release a portion of the Property from the Sublease. All costs and expenses incurred in connection with any such substitution or release shall be borne by the County. Notwithstanding any substitution or release pursuant to the provisions of the Sublease described under this heading entitled "Substitution or Release of the Property," there shall be no reduction in or abatement of the Base Rental Payments due from the County under the Sublease as a result of such substitution or release. Any such substitution or release of any portion of the Property shall be subject to the following conditions, which are made conditions precedent to such substitution or release:

(a) a qualified employee of the County or an independent certified real estate appraiser selected by the County shall have found (and shall have delivered a certificate to the Trustee setting forth its findings) that (i) the sum of Base Rental Payments plus Additional Rental Payments due under the Sublease in any Rental Period is not in excess of the annual fair rental value of the Property, as constituted after such substitution or release, and (ii) the Property, as constituted after such substitution or release, has a useful life equal to or greater than the maximum remaining term of the Sublease (including extensions thereof under the provisions of the Sublease described under the heading "SUBLEASE – Lease of Property; Term – Term; Occupancy").

(b) the County shall have obtained or caused to be obtained a CLTA title insurance policy or policies with respect to any substituted property in the amount of the fair market value of such substituted property (which fair market value shall have been determined by a qualified employee of the County or an independent certified real estate appraiser), of the type and with the endorsements described in the provisions of the Sublease described under the heading "SUBLEASE – Insurance – Title Insurance;"

(c) the County shall have filed or caused to be filed with the Trustee an Opinion of Counsel to the effect that such substitution or release will not, in and of itself, cause the interest on Tax-Exempt Bonds to be included in gross income for federal income tax purposes;

(d) the County shall have given, or shall have made arrangements for the giving of, any notice of the occurrence of such substitution or release required to be given pursuant to paragraph (4) of subsection (b) of Section 5 of the Continuing Disclosure Certificate;

(e) the County, the Authority and the Trustee shall have executed, and the County shall have caused to be recorded with the county recorder of the county in which the Property is located, any document necessary to reconvey to the County the portion of the Property being substituted or released and to include any substituted real property in the description of the Property contained in the Sublease and in the Site Lease; and

(f) the County shall have certified to the Trustee that the substituted real property is essential for performing the County's governmental functions.

Title to Property. Upon the termination or expiration of the Sublease (other than as provided in the Sublease described under the heading "SUBLEASE – Events of Defaults and Remedies – Action on Default"), and the first date upon which no Bonds are any longer Outstanding, all right, title and interest in and to the Property shall vest in the County. Upon any such termination or expiration, the Authority shall execute such conveyances, deeds and other documents as may be necessary to effect such vesting of record.

Events of Default and Remedies

Events of Default. The occurrence, from time to time, of any one or more of the following events shall constitute an Event of Default under the Sublease:

(a) the failure of the County to pay any Rental Payment payable under the Sublease when the same becomes due and payable, time being expressly declared to be of the essence in the Sublease;

(b) the failure by the County to observe and perform any of the other covenants, agreements or conditions on its part in the Sublease contained, if such failure shall have continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the County by the Trustee, the Authority or the Owners of not less than 5% in aggregate principal amount of the Bonds at the time Outstanding; provided, however, that if, in the reasonable opinion of the County, the failure stated in the notice can be corrected, but not within such 30 day period, such failure shall not constitute an Event of Default if corrective action is instituted by the County within such 30 day period and the County shall thereafter diligently and in good faith cure such failure in a reasonable period of time, provided, further, however, that the period of time for such cure shall not exceed 90 days without the prior written consent of the Authority;

(c) except as otherwise expressly permitted by the Sublease, the assignment or transfer, either voluntarily or by operation of law or otherwise, of the County's interest in the Sublease or any part thereof without the written consent of the Authority;

(d) the abandonment of the Property by the County; or

(e) the commencement by the County of a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

Action on Default. (a) In each and every case during the continuance of an Event of Default under the Sublease, the Authority shall have the right, without terminating the Sublease or the County's right to possession of the Property, to collect each installment of Rental Payments as the same become due and enforce any other terms or provisions of the Sublease to be kept or performed by the County, regardless of whether or not the

County has abandoned the Property. The County shall remain liable and agrees to keep or perform all covenants and conditions contained in the Sublease to be kept or performed by the County and to pay the full amount of the Rental Payments to the end of the term of the Sublease; and further agrees to pay said Rental Payments punctually at the same time and in the same manner as provided above for the payment of Rental Payments under the Sublease, notwithstanding the fact that the Authority may have received in previous years or may receive thereafter in subsequent years Rental Payments in excess of the Rental Payments specified in the Sublease.

(b) NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THE SUBLEASE, THE AUTHORITY EXPRESSLY WAIVES ANY RIGHT TO TERMINATE THE SUBLEASE OR THE COUNTY'S RIGHT TO POSSESSION OF THE PROPERTY UNDER THE SUBLEASE REGARDLESS OF WHETHER OR NOT THE COUNTY HAS ABANDONED THE PROPERTY, AND THE AUTHORITY EXPRESSLY WAIVES ANY RIGHT OF ENTRY OR RE-ENTRY TO TAKE POSSESSION OF AND/OR RE-LET THE PROPERTY. Without limiting the generality of the foregoing, the Authority expressly waives the right to receive any amount from the County pursuant to California Civil Code Section 1951.2(a)(3).

Other Remedies. In addition to the other remedies provided for in the provisions of the Sublease described under the heading "SUBLEASE – Events of Default and Remedies – Action on Default" of the Sublease and subject to the provisions of paragraph (b) of the provisions of the Sublease described under the heading "SUBLEASE – Events of Default and Remedies – Action on Default," during the continuance of an Event of Default under the Sublease, the Authority shall be entitled to proceed to protect and enforce the rights vested in the Authority by the Sublease or by law. The provisions of the Sublease and the duties of the County and of its board, officers or employees shall be enforceable by the Authority by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing and subject to the provisions of paragraph (b) of the provisions of the Sublease described under the heading "SUBLEASE – Events of Default and Remedies – Action on Default," the Authority shall have the right to bring the following actions:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the County or any board member, officer or employee thereof, and to compel the County or any such board member, officer or employee to perform or carry out its or his or her duties under law and the agreements and covenants required to be performed by it or him or her contained in the Sublease;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Authority; or

(c) by suit, action or proceeding in any court of competent jurisdiction, to require the County and its board, officers and employees to account as if it or they were the trustee or trustees of an express trust.

No Acceleration. Notwithstanding anything to the contrary contained in the Sublease, the Authority shall have no right to accelerate Rental Payments upon the occurrence or continuance of a default or an Event of Default under the Sublease.

Remedies Not Exclusive. Subject to the provisions of paragraph (b) of the provisions of the Sublease described under the heading "SUBLEASE – Events of Default and Remedies – Action on Default," no remedy therein conferred upon or reserved to the Authority is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given under the Sublease existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any law. If any statute or rule of law validly shall limit the remedies given to the Authority under the Sublease, the Authority nevertheless shall, subject to the provisions of paragraph (b) of the provisions of the Sublease described under the heading "SUBLEASE – Events of Default and Remedies – Action on Default," be entitled to whatever remedies are allowable under any statute or rule of law.

Waiver. No delay or omission of the Authority to exercise any right or power arising from the occurrence of any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or an acquiescence therein, and every power and remedy given by the Sublease to the Authority may be exercised from time to time and as often as may be deemed expedient. A waiver of a particular default or Event of Default shall not be deemed to be a waiver of any other default or Event of Default or of the same default or Event of Default subsequently occurring. The acceptance of Rental Payments under the Sublease shall not be, or be construed to be, a waiver of any term, covenant or condition of the Sublease.

Attorney's Fees. In the event the Authority shall prevail in any action brought to enforce any of the terms and provisions of the Sublease, the County agrees to pay a reasonable amount as and for attorney's fees incurred by the Authority in attempting to enforce any of the remedies available to the Authority under the Sublease.

Authority Event of Default; Action on Authority Event of Default. The failure by the Authority to observe and perform any covenants, agreements or conditions on its part in the Sublease contained, if such failure shall have continued for a period of 60 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Authority and the Trustee, by the County, shall constitute an Authority Event of Default under the Sublease; provided, however, that if, in the reasonable opinion of the Authority the failure stated in the notice can be corrected, but not within such 60 day period, such failure shall not constitute an Authority Event of Default if corrective action is instituted by the Authority within such 60 day period and the Authority shall thereafter diligently and in good faith cure such failure in a reasonable period of time. In each and every case upon the occurrence and during the continuance of an Authority Event of Default by the Authority under the Sublease, the County shall have all the rights and remedies permitted by law.

Amendments

The Sublease and the Site Lease, and the rights and obligations of the County and the Authority thereunder, may be amended at any time by an amendment thereto, which shall become binding upon execution by the County and the Authority, but only with the prior written consent of the Owners of a majority of the aggregate principal amount of Bonds then Outstanding, exclusive of Bonds disqualified as provided in the provisions of the Indenture described under the heading "INDENTURE – Miscellaneous – Disqualified Bonds." No such amendment shall (i) extend the payment date of any Base Rental Payment or reduce the amount of any Base Rental Payment without the prior written consent of the Owner of each Bond so affected, (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required for any amendment of the Sublease or the Site Lease to become binding without the prior written consent of the Owners of all the Bonds then Outstanding, or (iii) amend the provisions of the Sublease described under the heading "SUBLEASE – Amendments – Amendments" without the prior written consent of the Owners of all the Bonds then Outstanding.

The Sublease and the Site Lease, and the rights and obligations of the County and the Authority thereunder, may also be amended at any time by an amendment thereto, which shall become binding upon execution by the County and the Authority, without the written consents of any Owners, for any one or more of the following purposes:

(i) to add to the covenants and agreements of the County or the Authority therein contained other covenants and agreements thereafter to be observed, or to surrender any right or power therein reserved to or conferred upon the County or the Authority;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in therein or in regard to questions arising thereunder which the County or the Authority may deem desirable or necessary and not inconsistent with the Sublease;

(iii) to provide for the issuance of one or more Series of Additional Bonds, and to provide the terms and conditions under which such Series of Additional Bonds may be issued, subject to and in accordance with the provisions of the Indenture;

(iv) to provide for the substitution or release of a portion of the Property in accordance with the provisions of the Sublease described under the heading "SUBLEASE – Assignment and Subletting; Substitution or Release; Title – Substitution or Release of the Property;"

(v) to make such additions, deletions or modifications as may be necessary or appropriate to assure the exclusion from gross income for federal income tax purposes of interest on Tax-Exempt Bonds or maintain any federal interest subsidies expected to be received with respect to any Bonds; or

(vi) to make such other changes in the Sublease or therein as the County or the Authority may deem desirable or necessary, and which shall not materially adversely affect the interests of the Owners.

Miscellaneous

Authority Not Liable. The Authority and its directors, officers, agents and employees, shall not be liable to the County or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Property. To the extent permitted by law, the County shall, at its expense, indemnify and hold the Authority and its directors, officers, agents and employees harmless against and from any and all claims by or on behalf of any Person arising from the acquisition, construction, occupation, use, operation, maintenance, possession, conduct or management of any work done in or about the Property or from the subletting of any part thereof, including any liability for violation of conditions, agreements, restrictions, laws, ordinances, or regulations affecting the Property or the occupancy or use thereof, but excepting the negligence or willful misconduct of the persons or entity seeking indemnity. In no event shall the Authority be liable for any incidental, indirect, special or consequential damage in connection with or arising out of the Sublease or the County's use of the Property.

Assignment to Trustee; Effect. The parties to the Sublease understand and agree that, upon the execution and delivery of the Indenture (which is occurring simultaneously with the execution and delivery of the Sublease), all right, title and interest of the Authority in and to the Sublease will be sold, assigned and transferred to the Trustee for the benefit of the Owners of the Bonds. The County consents to such sale, assignment and transfer. Upon the execution and delivery of the Indenture, references in the operative provisions of the Sublease to the Authority shall be deemed to be references to the Trustee, as assignee of the Authority.

Validity and Severability. If for any reason any one or more of the agreements, covenants or terms of the Sublease shall be held by a court of competent jurisdiction to be void, voidable or unenforceable by the County or by the Authority, all of the remaining agreements, covenants and terms of the Sublease shall nonetheless continue in full force and effect. If for any reason it is held by such a court that any agreement, covenant or term of the Sublease required to be observed or performed by the County, including the covenant to pay Rental Payments, is unenforceable for the full term of the Sublease, then and in such event the Sublease is and shall be deemed to be a lease from year to year under which the Rental Payments are to be paid by the County annually in consideration of the right of the County to possess, occupy and use the Property, and all of the other agreements, covenants and terms of the Sublease, except to the extent that such agreements, covenants and terms are contrary to or inconsistent with such holding, shall remain in full force and effect.

INDENTURE

The Bonds

Authorization of Bonds. In the Indenture, the Authority authorizes the issuance of the Bonds under and subject to the terms of the Indenture, the Act and other applicable laws of the State of California. The Bonds may consist of one or more Series of varying denominations, dates, maturities, interest rates and other provisions, subject to the provisions and conditions contained in the Indenture. The Bonds shall be designated generally as the "Los Angeles County Public Works Financing Authority Lease Revenue Bonds," each Series thereof to bear such additional designation as may be necessary or appropriate to distinguish such Series from every other Series of Bonds.

The Bonds shall be special obligations of the Authority, payable solely from the Lease Revenues and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the County or the State of California, or any political subdivision thereof, is pledged to the payment of the Bonds.

Notwithstanding anything to the contrary contained in the Indenture, if, as a result of the limitations contained in provisions of the Sublease described under the heading "SUBLEASE – Base Rental Payments – Rental Abatement," Base Rental Payments cannot be paid by the County in an amount sufficient to pay the principal of, or interest on, the Bonds otherwise payable on any date, such principal or interest shall be deemed not to be payable on such date, the nonpayment thereof on such date shall not constitute a default or an Event of Default under the Indenture and such principal or interest shall become payable on the date on which such Base Rental Payments becomes payable under and pursuant to the Sublease.

Conditions for the Issuance of Additional Bonds. The Authority may at any time issue one or more Series of Additional Bonds (in addition to the Series 2015B Bonds, the Series 2016D Bonds, the Series 2019E-1 Bonds, the Series 2019E-2 Bonds, the Series 2021F Bonds, the Series 2022G Bonds, the Series 2024H Bonds, the Series 2025J Bonds and the Series 2026K Bonds) payable from Lease Revenues as provided in the Indenture on a parity with all other Bonds theretofore issued under the Indenture, but only subject to the following conditions, which are made conditions precedent to the issuance of such Additional Bonds:

(a) neither the Authority nor the County shall be in default under the Indenture, the Sublease or the Site Lease;

(b) the issuance of such Additional Bonds shall have been authorized under and pursuant to the Act and under and pursuant to the Indenture and shall have been provided for by a Supplemental Indenture which shall specify the following:

(i) the purposes for which such Additional Bonds are to be issued; provided, that the proceeds of the sale of such Additional Bonds shall be applied only for one or more of the following purposes: (A) providing funds to pay costs of County facilities (including capitalized interest), (B) providing funds to refund any Bonds issued under the Indenture or other obligations of the County, (C) providing funds to pay Costs of Issuance incurred in connection with the issuance of such Additional Bonds, and (D) providing funds to make any deposit to any Reserve Account required pursuant to paragraph (c) below;

(ii) the principal amount and designation of such Series of Additional Bonds and the denomination or denominations of the Additional Bonds, which shall be Authorized Denominations;

(iii) that such Additional Bonds shall be payable as to interest on the Interest Payment Dates, except that the first installment of interest may be payable on either June 1 or December 1;

(iv) the date, the maturity date or dates and the dates on which mandatory sinking fund redemptions, if any, are to be made for such Additional Bonds; provided, that (A) the serial Bonds of such Series of Additional Bonds shall be payable as to principal annually on December 1 of each year in which principal falls due, and the term Bonds of such Series of Additional Bonds shall have annual mandatory sinking fund redemptions on December 1, (B) all Additional Bonds of a Series of like maturity shall be identical in all respects, except as to number or denomination, and (C) serial maturities of serial Bonds or mandatory sinking fund redemptions for term Bonds, or any combination thereof, shall be established to provide for the redemption or payment of such Additional Bonds on or before their respective maturity dates;

(v) the redemption premiums and terms, if any, for such Additional Bonds;

(vi) the form of such Additional Bonds;

(vii) the designation as to whether such Additional Bonds shall (A) constitute Common Reserve Bonds secured by the Common Reserve Account, (B) be secured by any other Reserve Account, or (C) not be secured by any Reserve Account; and

(viii) such other provisions that are appropriate or necessary and are not inconsistent with the provisions of the Indenture;

(c) upon the issuance of such Additional Bonds, the amount on deposit in the Reserve Account applicable to such Additional Bonds, if any, shall be at least equal to the applicable Reserve Requirement for such Additional Bonds; and

(d) upon the issuance of such Additional Bonds, the sum of Base Rental Payments, including any increase in the Base Rental Payments as a result of the issuance of such Additional Bonds, plus Additional Rental Payments, in any Rental Period shall not be in excess of the annual fair rental value of the Property after taking into account the use of the proceeds of such Additional Bonds (evidence of the satisfaction of such condition shall be made by a Written Certificate of the County).

Procedure for the Issuance of Additional Bonds. Whenever the Authority and the County shall determine to authorize the issuance of any Additional Bonds, the Authority, the County and the Trustee shall enter into a Supplemental Indenture satisfying the conditions of the provisions in the Indenture described under the heading "INDENTURE – The Bonds – Conditions for the Issuance of Additional Bonds." Before such Additional Bonds shall be issued, the Authority and the County shall file or cause to be filed with the Trustee the following:

(a) an Opinion of Counsel setting forth (i) that counsel rendering such opinion has examined the Supplemental Indenture, the amendment to the Sublease, if any, and the amendment to the Site Lease, if any, (ii) that the issuance of the Additional Bonds has been duly authorized by the Authority, (iii) that the execution and delivery of the Supplemental Indenture and, if any, the amendments to the Sublease and the Site Lease have been duly authorized, executed and delivered by the Authority and the County, (iv) that upon execution and delivery of such Supplemental Indenture and any such amendments to the Sublease and the Site Lease, the Indenture, as amended and supplemented by such Supplemental Indenture, and, if so amended, the Sublease and the Site Lease, as amended by such amendments, will be valid and binding obligations of the Authority and the County, and (v) that the execution and delivery of the Supplemental Indenture and, if any, the amendments to the Sublease and the Site Lease, in and of themselves, do not adversely affect the exclusion from gross income for federal income tax purposes of interest on Outstanding Tax-Exempt Bonds;

(b) a Written Certificate of the Authority that the requirements of the provisions of the Indenture described under the heading "INDENTURE – The Bonds – Conditions for the Issuance of Additional Bonds" have been met;

(c) a Written Certificate of the County that the requirements of the provisions of the Indenture described under the heading "INDENTURE – The Bonds – Conditions for the Issuance of Additional Bonds" have been met, which shall include a certification as to the fair rental value of the Property, after giving effect to any amendments to the Sublease and the Site Lease entered into in connection with the issuance of the Additional Bonds and taking into account the use of proceeds of such Additional Bonds;

(d) certified copies of the resolutions of the Board of Directors of the Authority and the Board of Supervisors of the County authorizing the execution and delivery of the Supplemental Indenture and, if any, the amendments to the Sublease and the Site Lease;

(e) executed counterparts or duly authenticated copies of the Supplemental Indenture and, if any, the amendments to the Sublease and the Site Lease, with satisfactory evidence that any such amendments to the Sublease and the Site Lease have been duly recorded in the appropriate records of the county in which the Property is located;

(f) certified copies of the policies of insurance required by the provisions of the Sublease described under the heading "SUBLEASE – Insurance – Public Liability and Property Damage Insurance; Workers' Compensation Insurance" or certificates thereof, which shall evidence that the amounts of the insurance required under paragraphs (c) and (d) of the provisions of the Sublease described under the heading "SUBLEASE – Insurance – Public Liability and Property Damage Insurance; Workers' Compensation Insurance" have been increased, if applicable, to cover the amount of such Additional Bonds; and

(g) a CLTA title insurance policy or other appropriate form of policy in the amount of the Additional Bonds of the type and with the endorsements described in the provisions of the Sublease described under the heading "SUBLEASE – Insurance – Title Insurance."

Upon the delivery to the Trustee of the foregoing instruments and upon the Trustee's being satisfied from an examination of said instruments that all of the documents required by the provisions of the Indenture described under the heading "INDENTURE – The Bonds – Procedure for the Issuance of Additional Bonds" have been delivered, the Trustee shall authenticate such Additional Bonds, and shall deliver such Additional Bonds to, or upon the request of, the Authority.

Execution of Bonds. The Bonds shall be executed in the name and on behalf of the Authority with the manual or facsimile signature of the Chairman of the Board of Directors of the Authority attested by the manual or facsimile signature of the Secretary of the Authority. The Bonds shall then be delivered to the Trustee for authentication by it. In case any of such officers of the Authority who shall have signed or attested any of the Bonds shall cease to be such officers before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee, or issued by the Authority, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though those who signed and attested the same had continued to be such officers, and also any Bonds may be signed and attested on behalf of the Authority by such Persons as at the actual date of execution of such Bonds shall be the proper officers of the Authority although at the nominal date of such Bonds any such Person shall not have been such officer of the Authority.

Registration Books. The Trustee shall keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds, which shall be available for inspection and copying by the Authority and the County upon reasonable notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the Bonds as provided in the Indenture.

Transfer and Exchange of Bonds. Any Bond may, in accordance with its terms, be transferred upon the Registration Books by the Person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly

executed in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds of the same Series and maturity in a like aggregate principal amount, in any Authorized Denomination. The Trustee shall require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of the same Series and maturity of other Authorized Denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Trustee shall not be obligated to make any transfer or exchange of Bonds of a Series pursuant to the Indenture, as described under this heading entitled "Transfer and Exchange of Bonds," during the period commencing on the date five days before the date of selection of Bonds of such Series for redemption and ending on the date of mailing notice of such redemption, or with respect to any Bonds of such Series selected for redemption.

Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Authority, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of the same Series and maturity in a like aggregate principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the Authority. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence and indemnity satisfactory to the Trustee shall be given, the Authority, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of the same Series and maturity in a like aggregate principal amount in lieu of and in replacement for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured or shall have been selected for redemption, instead of issuing a replacement Bond, the Trustee may pay the same without surrender thereof). The Authority may require payment by the Owner of a sum not exceeding the actual cost of preparing each replacement Bond issued under the provisions of the Indenture as summarized under this paragraph and of the expenses which may be incurred by the Authority and the Trustee. Any Bond of a Series issued under the provisions of the Indenture as summarized under this paragraph in lieu of any Bond of such Series alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Authority whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of the Indenture with all other Bonds of such Series secured by the Indenture.

Pledge and Assignment; Funds and Accounts

Pledge and Assignment. Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the Lease Revenues and all amounts on deposit from time to time in the funds and accounts established under the Indenture (other than the Rebate Fund) are thereby pledged to the payment of the principal of and interest on the Bonds as provided therein, and the Lease Revenues shall not be used for any other purpose while any of the Bonds remain Outstanding. Said pledge shall constitute a first lien on such assets.

In order to secure the pledge of the Lease Revenues, the Authority sells, assigns and transfers to the Trustee, irrevocably and absolutely, without recourse, for the benefit of the Owners, all of its right, title and interest in and to the Site Lease (as previously amended and as same shall be amended from time to time) and the Sublease (as previously amended and as same shall be amended from time to time), including, without limitation, the right to receive Base Rental Payments and the right to exercise any remedies provided in the Sublease in the event of a default by the County thereunder; provided, however, that the Authority shall retain the rights to indemnification and to payment or reimbursement of its reasonable costs and expenses under the

Sublease. The Trustee accepts said assignment for the benefit of the Owners, subject to the provisions of the Indenture.

The Trustee shall be entitled to and shall receive all of the Base Rental Payments, and any Base Rental Payments collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as agent of the Trustee and shall forthwith be paid by the Authority to the Trustee.

Project Fund. (a) The Trustee shall establish and maintain a separate fund designated the "Project Fund." Within the Project Fund, the Trustee shall establish and maintain various accounts and subaccounts for the various components of the Project. On the Closing Date, the Trustee shall deposit in each subaccount or account of the Project Fund the amount required to be deposited therein pursuant to the Indenture.

(b) The moneys in each account and subaccount within the Project Fund shall be used and withdrawn by the Trustee from time to time to pay Project Costs upon submission to the Trustee of a Written Request of the County substantially in the form attached to the Indenture. Upon receipt of each such Written Request of the County, the Trustee shall pay the amount set forth in such Written Request of the County as directed by the terms thereof.

(c) Moneys on deposit in any account or subaccount within the Project Fund may be transferred (i) to any other account or subaccount within the Project Fund established for the same Series of Bonds or (ii) to another account or subaccount within the Project Fund established for a separate Series of Bonds so long as, if such separate Series of Bonds are Tax-Exempt Bonds, an Opinion of Counsel is delivered to the effect that such transfer will not, in and of itself, adversely affect the exclusion of interest on such Bonds from gross income for federal income tax purposes.

(d) Upon completion of the Project, the County shall file with the Trustee a Written Certificate of the County notifying the Trustee of such completion. Upon the filing of such Written Certificate of the County, all amounts remaining on deposit in the Project Fund shall be transferred to the Interest Account for the related Series of Bonds and used to pay interest on such Bonds in accordance with the provisions of the Indenture described under the heading "INDENTURE – Pledge and Assignment; Funds and Accounts – Payment Fund," and upon such transfer the Project Fund shall be closed.

(e) If the Project Fund has been closed in accordance with the provisions of the Indenture, the Project Fund shall be reopened and reestablished by the Trustee in connection with the issuance of any Additional Bonds, if so provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued. There shall be deposited in the Project Fund the portion, if any, of the proceeds of the sale of any Additional Bonds required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

Costs of Issuance Fund. (a) The Trustee shall establish and maintain a separate fund designated the "Costs of Issuance Fund." On the Closing Date, the Trustee shall deposit in the Costs of Issuance Fund the amount required to be deposited therein pursuant to the Indenture.

(b) The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay Costs of Issuance upon submission to the Trustee of a Written Request of the County substantially in the form attached to the Indenture. Upon receipt of each such Written Request of the County, the Trustee shall pay the amount set forth in such Written Request as directed by the terms thereof.

(c) On the date that is six months after the Closing Date, the Trustee shall transfer any amounts then remaining in the Costs of Issuance Fund to one or more accounts or subaccounts within the Project Fund as directed in a Written Request of the County, and upon such transfer the Costs of Issuance Fund shall be closed.

(d) If the Costs of Issuance Fund has been closed in accordance with the provisions of the Indenture, the Costs of Issuance Fund shall be reopened and reestablished by the Trustee in connection with the issuance of any Additional Bonds, if so provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued. There shall be deposited in the Costs of Issuance Fund the portion, if any, of the proceeds of the sale of any Additional Bonds required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

Payment Fund. (a) The Trustee shall establish and maintain a separate fund designated the "Payment Fund." Within the Payment Fund, the Trustee shall establish and maintain a separate Interest Account and a separate Principal Account for each Series of Bonds.

(b) All Lease Revenues received by the Trustee shall be deposited by the Trustee in the Payment Fund; provided, however, that Net Proceeds, other than those constituting proceeds of rental interruption insurance received with respect to the Property, shall not be deposited in the Payment Fund but, rather, shall be applied as provided in the Indenture. There shall additionally be deposited in the applicable Interest Account of the Payment Fund amounts transferred from the related Reserve Account pursuant to paragraph (b) of the provisions of the Indenture described under the heading "INDENTURE – Pledge and Assignment; Funds and Accounts – Reserve Fund."

(c) The Trustee, on each Interest Payment Date, shall transfer from the Payment Fund to each Interest Account an amount equal to the interest on the related Series of Bonds coming due on such Interest Payment Date; provided, however, that if and to the extent that such amount is available for such Series of Bonds in any capitalized interest subaccount established pursuant to a Supplemental Indenture on such Interest Payment Date, the Trustee shall, instead, transfer such amount from such capitalized interest subaccount to the related Interest Account on such Interest Payment Date. Moneys in each Interest Account shall be withdrawn and used by the Trustee for the purpose of paying interest on the related Series of Bonds as and when due and payable.

(d) The Trustee, on each Principal Payment Date, shall transfer from the Payment Fund to each Principal Account an amount equal to the principal of the related Series of Bonds, including principal due and payable by reason of mandatory sinking fund redemption, coming due on such date. Moneys in each Principal Account shall be withdrawn and used by the Trustee for the purpose of paying principal of the related Series of Bonds, including principal due and payable by reason of mandatory sinking fund redemption, as and when due and payable.

Redemption Fund. The Trustee shall establish and maintain a special fund designated the "Redemption Fund." The Trustee shall deposit in the Redemption Fund any amounts received from the County in connection with the County's exercise of its right pursuant to the provisions of the Sublease described under the heading "SUBLEASE – Eminent Domain; Right To Redeem – Right to Redeem Bonds" to cause Bonds to be optionally redeemed. Additionally, the Trustee shall deposit in the Redemption Fund any amounts required to be deposited therein pursuant to the Indenture. Amounts in the Redemption Fund shall be disbursed therefrom by the Trustee for the payment of the redemption price of, and accrued interest on, Bonds redeemed pursuant to the Indenture.

Reserve Fund. (a) The Trustee shall establish and maintain a special fund designated the "Reserve Fund." Within the Reserve Fund, the Trustee shall establish and maintain a separate account designated the "Common Reserve Account" and may establish and maintain one or more additional Reserve Accounts, each of which may secure one or more Series of Bonds pursuant to the Indenture and to the Supplemental Indenture authorizing the issuance thereof. On the Closing Date, the Trustee shall deposit in the Common Reserve Account the amount required to be deposited therein pursuant to the Indenture. In connection with the issuance of Additional Bonds, there shall additionally be deposited in the Common Reserve Account or any other Reserve Account established and/or maintained for such Additional Bonds, as applicable, the amount required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

(b) The County may substitute a Reserve Facility for all or part of the moneys on deposit in any Reserve Account by depositing such Reserve Facility with the Trustee, provided that, at the time of such substitution, the amount on deposit in such Reserve Account, together with the amount available under all Reserve Facilities on deposit in such Reserve Account, shall be at least equal to the Reserve Requirement for such Reserve Account. Moneys for which a Reserve Facility has been substituted as provided in the Indenture shall be transferred, at the election of the County, to the Redemption Fund for the purpose of redeeming the related Series of Bonds or, upon receipt of an Opinion of Counsel that such transfer will not, in and of itself, adversely affect the exclusion of interest on Outstanding Tax-Exempt Bonds from gross income for federal income tax purposes, to the County and applied to the payment of capital costs of the County. Amounts on deposit in any Reserve Account which were not derived from payments under any Reserve Facility credited to such Reserve Account to satisfy a portion of the Reserve Requirement for such Reserve Account shall be used and withdrawn by the Trustee prior to using and withdrawing any amounts derived from payments under such Reserve Facility. In order to accomplish such use and withdrawal of such amounts not derived from payments under any such Reserve Facility, the Trustee shall, as and to the extent necessary, liquidate any investments purchased with such amounts.

(c) In the event that, on the Business Day prior to a date on which the Trustee is to transfer money from the Payment Fund to the Interest Accounts pursuant to paragraph (c) of the provisions of the Indenture described under the heading "INDENTURE – Pledge and Assignment; Funds and Accounts – Payment Fund" or to the Principal Accounts pursuant to paragraph (d) of the provisions of the Indenture described under the heading "INDENTURE – Pledge and Assignment; Funds and Accounts – Payment Fund", amounts in the Payment Fund are insufficient for such purpose, the Trustee shall withdraw from each Reserve Account, to the extent of any funds therein, the amount of the insufficiency of the related Series of Bonds, and shall transfer any amounts so withdrawn first to the related Interest Account and then to the related Principal Account. If the amount on deposit in any Reserve Account is not sufficient to make such transfer, the Trustee shall make a claim under any available Reserve Facility, in accordance with the provisions thereof, in order to obtain an amount sufficient to allow the Trustee to make such transfer as and when required.

(d) In the event of any transfer from a Reserve Account or the making of any claim under a Reserve Facility, the Trustee shall, within two Business Days thereafter, provide written notice to the Authority and the County of the amount and the date of such transfer or claim; provided, however, that such notice need not be provided if such transfer is made pursuant to paragraphs (f) or (g) below.

(e) If the sum of the amount on deposit in any Reserve Account, plus the amount available under all available Reserve Facilities held for such Reserve Account, is less than the Reserve Fund Requirement for such Reserve Account, the first of Base Rental Payments thereafter received from the County under the Sublease and not needed to pay the principal of and interest on the Bonds on the next Interest Payment Date or Principal Payment Date shall be used, first, to reinstate the amounts available under any Reserve Facilities that have been drawn upon and, second, to increase the amount on deposit in the Reserve Accounts, so that the amount available under all available Reserve Facilities, when added to the amount on deposit in the Reserve Fund, shall equal the Reserve Requirement for each Reserve Account; provided, however, that such Base Rental Payments shall be allocated among all Reserve Accounts ratably without preference or priority of any kind, according to each Reserve Account's percentage share of the total deficiencies in all Reserve Accounts.

(f) If, as a result of the payment of principal of or interest on any Series of Bonds, the Reserve Requirement applicable to such Series of Bonds is reduced, amounts on deposit in the applicable Reserve Account in excess of such reduced Reserve Requirement shall be transferred to the related Interest Account(s) and Principal Account(s) of the Payment Fund as directed in a Written Request of the County.

(g) On any date on which Bonds of a Series are defeased in accordance with the provisions of the Indenture described under the heading "INDENTURE – Defeasance – Bonds Deemed To Have Been Paid," the Trustee shall, if so directed in a Written Request of the County, transfer any moneys in the related Reserve

Account in excess of the applicable Reserve Requirement resulting from such defeasance to the entity or fund so specified in such Written Request of the County, to be applied to such defeasance.

(h) Moneys, if any, on deposit in a Reserve Account shall be withdrawn and applied by the Trustee for the final payments of principal of and interest on the Bonds secured by such Reserve Account.

Rebate Fund.

(a) *Maintenance of Rebate Fund*. The Trustee shall maintain within the Rebate Fund, when needed, separate accounts (solely from amounts deposited by the Authority) designated the "Series 2026K Rebate Account." Absent an Opinion of Counsel that the exclusion from gross income for federal income tax purposes of interest on the Series 2026K Bonds will not be adversely affected, the Authority shall cause to be deposited in such account of the Rebate Fund such amounts as are required to be deposited therein pursuant to this section and the Tax Certificate (Series 2026K Bonds). All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment to the United States Treasury. All amounts on deposit in the Series 2026K Rebate Account of the Rebate Fund shall be governed by the Ninth Supplemental Indenture and the Tax Certificate (Series 2026K Bonds), unless and to the extent that the Authority delivers to the Trustee an Opinion of Counsel that the exclusion from gross income for federal income tax purposes of interest on the Series 2026K Bonds will not be adversely affected if such requirements are not satisfied. Notwithstanding any other provision of the Indenture, the Trustee shall be deemed conclusively to have complied with the Ninth Supplemental Indenture relating to arbitrage rebate and the Tax Certificate (Series 2026K Bonds) if it follows the directions set forth in any Written Request of the Authority or Written Certificate of the Authority and shall be fully protected in so doing. The Trustee shall have no independent responsibility to, or liability resulting from its failure to, enforce compliance by the Authority with the terms of the Ninth Supplemental Indenture relating to arbitrage rebate or the Tax Certificate (Series 2026K Bonds).

(b) *Series 2026K Rebate Account*. The following requirements shall be satisfied with respect to the Series 2026K Rebate Account:

(i) *Annual Computation*. Within 55 days of the end of each Bond Year, the Authority shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Treasury Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (Series 2026K Bonds) (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and (C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the "1½% Penalty") has been made), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148 1(b) of the Treasury Regulations (the "Rebatable Arbitrage"). The Authority shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with the terms of the Ninth Supplemental Indenture relating to arbitrage rebate.

(ii) *Annual Transfer*. Within 55 days of the end of each applicable Bond Year, upon receipt of the Written Request of the Authority, an amount shall be deposited to the applicable Series 2026K Rebate Account by the Trustee from any Lease Revenues specified by the Authority in the aforesaid Request, if and to the extent required so that the balance in the Series 2026K Rebate Account shall equal the amount of Rebatable Arbitrage so calculated in accordance with (i) of this subsection (b). In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of a Series 2026K Rebate Account exceeds the amount required to be on deposit therein, upon receipt of a Written Request of the Authority, the Trustee shall withdraw the excess from the applicable Series 2026K Rebate Account and then credit the excess to the Payment Fund.

(iii) *Payment to the Treasury*. The Trustee shall pay, as directed by Written Request of the Authority, to the United States Treasury, out of amounts in the Series 2026K Rebate Account,

(A) Not later than 60 days after the end of (A) the fifth Bond Year, and (B) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage as set forth in a Written Certificate of the Authority delivered to the Trustee calculated as of the end of such Bond Year; and

(B) Not later than 60 days after the payment of all the Series 2026K Bonds, an amount equal to 100% of the Rebatable Arbitrage as set forth in a Written Certificate of the Authority delivered to the Trustee calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatable Arbitrage, as set forth in a Written Certificate of the Authority delivered to the Trustee computed in accordance with Section 148(f) of the Code.

In the event that, prior to the time of any payment required to be made from a Series 2026K Rebate Account, the amount in such Series 2026K Rebate Account is not sufficient to make such payment when such payment is due, the Authority shall calculate or cause to be calculated the amount of such deficiency and deposit with the Trustee an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to this subsection (b) shall be made to the Internal Revenue Service Center, Ogden, Utah 84207 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038 T (which form shall be completed and provided by the Authority to the Trustee), or shall be made in such other manner as provided under the Code, in each case as specified in a Written Request of the Authority delivered to the Trustee.

(c) *Disposition of Unexpended Funds*. Any funds remaining in the Series 2026K Rebate Account of the Rebate Fund after redemption and payment of the Series 2026K Bonds and the payments of all amounts described in subsection (b)(iii)(A) or (b)(iii)(B) (whichever is applicable) or provision made therefor satisfactory to the Trustee, including accrued interest and payment of all applicable fees to the Trustee, may, upon written request, be withdrawn by the Trustee and remitted to the Authority and utilized in any manner by the Authority.

(d) *Survival of Defeasance*. Notwithstanding anything in this section to the contrary, the obligation to comply with the requirements of this section shall survive the defeasance of the Series 2026K Bonds.

(e) *Trustee*. The Trustee shall have no responsibility to monitor or calculate any amounts payable to the U.S. Treasury pursuant to this section and shall be deemed conclusively to have complied with its obligations under the Indenture if it follows the written instructions of the Authority given pursuant to this section.

Investments. (a) Except as otherwise provided in the Indenture, any moneys held by the Trustee in the funds and accounts established thereunder shall be invested by the Trustee upon the Written Request of the County, received at least two Business Days prior to the investment date, only in Permitted Investments, and in the absence of such direction shall be invested by the Trustee in Permitted Investments described in clause (6) of the definition thereof. The Trustee may act as principal or agent in the acquisition or disposition of any such investment. The Trustee shall not be liable or responsible for any loss suffered in connection with any such investment made by it under the terms of and in accordance with the provisions of the Indenture described under the heading "INDENTURE – Pledge and Assignment; Funds and Accounts – Investments." The Trustee shall sell or present for redemption any obligations so purchased whenever it shall be necessary in order to provide moneys to meet any payment of the funds so invested, and the Trustee shall not be liable or responsible for any losses resulting from any such investment sold or presented for redemption. Permitted Investments that are registerable securities shall be registered in the name of the Trustee.

(b) Investments purchased with funds on deposit in the Payment Fund shall mature not later than the payment date immediately succeeding the investment. Investments purchased with funds on deposit in the Redemption Fund shall be invested in Permitted Investments described in clause (1)(a) of the definition thereof that mature on or prior to the redemption date on which such funds are to be applied to the redemption of Bonds.

Investments purchased with funds on deposit in the Project Fund shall mature not later than the dates upon which such funds shall be needed to be expended for the payment of Project Costs. Notwithstanding anything to the contrary contained in the Indenture, investments purchased with funds on deposit in any Reserve Account of the Reserve Fund shall have an average aggregate weighted term to maturity of not greater than five years.

(c) Investments (except investment agreements) in any fund or account established under the Indenture shall be valued, exclusive of accrued interest (i) not less often than annually nor more often than monthly, and (ii) upon any draw upon any Reserve Account. All investments of amounts deposited in any fund or account established under the Indenture shall be valued at the market value thereof.

(d) Any interest or profits received with respect to investments held in any of the funds or accounts established under the Indenture (other than any Reserve Account) shall be retained therein. Any interest or profits received with respect to investments held in a Reserve Account shall be, until the date the related Written Certificate of the County required by paragraph (d) of the provisions of the Indenture described under the heading "INDENTURE – Pledge and Assignment; Funds and Accounts – Project Fund" is filed with the Trustee, transferred to one or more accounts or subaccounts within the Project Fund as directed in a Written Request of the County and, thereafter, shall be transferred to the related Interest Account(s). Notwithstanding the foregoing, any such transfer or disbursement shall be made from a Reserve Account only if and to the extent that, after such transfer, the amount on deposit in such Reserve Account, together with amounts available to be drawn on all Reserve Facilities held for such Reserve Account, if any, is at least equal to the Reserve Requirement for such Reserve Account.

(e) The Authority and the County acknowledges that to the extent that regulations of the Comptroller of the Currency grant the Authority or the County the right to receive brokerage confirmations of security transactions as they occur, at no additional cost, to the extent permitted by law, the Authority and the County specifically waives receipt of such confirmations. The Trustee shall furnish the Authority and the County periodic transaction statements that include detail for all investment transactions made by the Trustee under the Indenture.

Net Proceeds and Title Insurance; Covenants

Application of Net Proceeds. If the Property or any portion thereof shall be damaged or destroyed, subject to the further requirements of the provisions of the Indenture described under the heading "INDENTURE – Net Proceeds and Title Insurance; Covenants – Application of Net Proceeds," the County shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the repair or replacement thereof, unless the County elects not to repair or replace the Property or the affected portion thereof in accordance with the provisions of the Indenture.

The Net Proceeds of any insurance (other than Net Proceeds of rental interruption insurance), including the proceeds of any self-insurance, received on account of any damage or destruction of the Property or a portion thereof shall as soon as possible be deposited with the Trustee and be held by the Trustee in a special account and made available for and, to the extent necessary, shall be applied to the cost of repair or replacement of the Property or the affected portion thereof upon receipt of a Written Request of the County, together with invoices therefor. Pending such application, such proceeds may, pursuant to a Written Request of the County, be invested by the Trustee in Permitted Investments that mature not later than such times as moneys are expected to be needed to pay such costs of repair or replacement.

Notwithstanding the foregoing, the County shall, within 60 days of the occurrence of the event of damage or destruction, notify the Trustee in writing as to whether the County intends to replace or repair the Property or the portions of the Property which were damaged or destroyed. If the County does intend to replace or repair the Property or portions thereof, the County shall deposit with the Trustee the full amount of any insurance deductible to be credited to the special account referred to above.

If such damage, destruction or loss was such that there resulted a substantial interference with the County's right to the use or occupancy of the Property and an abatement in whole or in part of Rental Payments results from such damage or destruction pursuant to the provisions of the Sublease described under the heading "SUBLEASE – Rental Payments – Rental Abatement," then the County shall be required either to (a) apply sufficient funds from the insurance proceeds and other legally available funds to the replacement or repair of the Property or the portions thereof which have been damaged to the condition which existed prior to such damage or destruction, or (b) apply sufficient funds from the insurance proceeds and other legally available funds to the redemption (i) of all of the Outstanding Bonds, or (ii) of such portion of the Outstanding Bonds as shall result in the remaining, non-abated Base Rental Payments being sufficient to pay, as and when due, the principal of and interest on the Bonds that will remain Outstanding after such redemption. If the County is required to apply funds from the insurance proceeds and other legally available funds to the redemption of Bonds in accordance with clause (b) above, the County shall direct the Trustee, in a Written Request of the County, to transfer the funds to be applied to such redemption to the Redemption Fund and the Trustee shall transfer such funds to the Redemption Fund. Any proceeds of any insurance, including the proceeds of any self-insurance remaining after the portion of the Property which was damaged or destroyed is restored to and made available to the County in substantially the same condition and annual fair rental value as that which existed prior to the damage or destruction as required by clause (a) above, or the redemption of Bonds as required by clause (b) above, in each case as evidenced by a Written Certificate of the County to such effect, shall be deposited in the Reserve Accounts, ratably without preference or priority of any kind according to each Reserve Account's percentage share of the total deficiencies in all Reserve Accounts, to the extent that the amounts therein are less than the applicable Reserve Requirement. If the County is not required to replace or repair the Property, or the affected portion thereof, as set forth in clause (a) above, or to use such amounts to redeem Bonds as set forth in clause (b) above, then such proceeds shall be deposited in the Reserve Accounts, ratably without preference or priority of any kind according to each Reserve Account's percentage share of the total deficiencies in all Reserve Accounts, to the extent that the amounts therein are less than the applicable Reserve Requirement. Any amounts not required to be so deposited into the Reserve Accounts shall, if there is first delivered to the Trustee a Written Certificate of the County to the effect that the annual fair rental value of the Property after such damage or destruction, and after any repairs or replacements made as a result of such damage or destruction, is at least equal to 100% of the maximum amount of Base Rental Payments becoming due under the Sublease in the then current Rental Period or any subsequent Rental Period and the fair replacement value of the Property after such damage or destruction is at least equal to the sum of the then unpaid principal components of Base Rental Payments, be paid to the County to be used for any lawful purpose.

The proceeds of any award in eminent domain shall be deposited by the Trustee in the Redemption Fund and applied to the redemption of Bonds pursuant to the provisions of the Indenture.

Title Insurance. Net Proceeds of any policy of title insurance received by the Trustee in respect of the Property shall be applied and disbursed by the Trustee as follows:

(a) if the County determines that the title defect giving rise to such proceeds has not substantially interfered with its use and occupancy of the Property and will not result in an abatement of Rental Payments payable by the County under the Sublease, such proceeds shall, upon Written Request of the County, be remitted to the County and used for any lawful purpose thereof; or

(b) if the County determines that the title defect giving rise to such proceeds has substantially interfered with its use and occupancy of the Property and will result in an abatement in whole or in part of Rental Payments payable by the County under the Sublease, then the County shall, in a Written Request of the County, direct the Trustee to, and the Trustee shall immediately deposit such proceeds in the Redemption Fund and such proceeds shall be applied to the redemption of Bonds in the manner provided in the provisions of the Indenture.

Punctual Payment. The Authority shall punctually pay or cause to be paid the principal of, and premium, if any, and interest on the Bonds, in strict conformity with the terms of the Bonds and of the Indenture, according

to the true intent and meaning thereof, but only out of the Base Rental Payments and other assets pledged for such payment as provided in the Indenture and received by the Authority or the Trustee.

Compliance with Indenture. The Authority and the County shall faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms contained in the Indenture required to be complied with, kept, observed and performed by them.

Compliance with Site Lease and Sublease. The Authority and the County shall faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms contained in the Site Lease and the Sublease required to be complied with, kept, observed and performed by them and, together with the Trustee, shall enforce the Site Lease and the Sublease against the other party thereto in accordance with their respective terms.

Observance of Laws and Regulations. The Authority, the County and the Trustee shall faithfully comply with, keep, observe and perform all valid and lawful obligations or regulations imposed on them by contract, or prescribed by any law of the United States of America or of the State of California, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege owned or acquired by them, including their right to exist and carry on their respective businesses, to the end that such franchises, rights and privileges shall be maintained and preserved and shall not become abandoned, forfeited or in any manner impaired.

Other Liens. The County shall keep the Property and all parts thereof free from judgments and materialmen's and mechanics' liens and free from all claims, demands, encumbrances and other liens of whatever nature or character, and free from any claim or liability which materially impairs the County in conducting its business or utilizing the Property, and the Trustee at its option (after first giving the County thirty days' written notice to comply therewith and failure of the County to so comply within such thirty-day period) may defend against any and all actions or proceedings, or may pay or compromise any claim or demand asserted in any such actions or proceedings; provided, however, that, in defending against any such actions or proceedings or in paying or compromising any such claims or demands, the Trustee shall not in any event be deemed to have waived or released the County from liability for or on account of any of its agreements and covenants contained in the Indenture, or from its obligation under the Indenture to perform such agreements and covenants. The Trustee shall have no liability with respect to any determination made in good faith to proceed or decline to defend, pay or compromise any such claim or demand.

So long as any Bonds are Outstanding, none of the Trustee, the Authority or the County shall create or suffer to be created any pledge of or lien on the amounts on deposit in any of the funds or accounts created under the Indenture, other than the pledge and lien thereof.

The Authority and the Trustee shall not encumber the Property other than in accordance with the Site Lease, the Sublease and the Indenture.

Prosecution and Defense of Suits. The County shall promptly, upon request of the Trustee or any Owner, take such action from time to time as may be necessary or proper to remedy or cure any cloud upon or defect in the title to the Property or any part thereof, whether existing or developing, shall prosecute all actions, suits or other proceedings as may be appropriate for such purpose and shall indemnify and save the Trustee and every Owner harmless from all cost, damage, expense or loss, including attorneys' fees, which they or any of them may incur by reason of any such cloud, defect, action, suit or other proceeding.

Accounting Records and Statements. The Trustee shall keep proper accounting records in which complete and correct entries shall be made of all transactions of the Trustee relating to the receipt, deposit and disbursement of the Lease Revenues, and such accounting records shall be available for inspection by the Authority and the County at reasonable hours and under reasonable conditions. The Trustee shall, upon written

request, make copies of the foregoing available, at the Owner's expense, to any Owner or its agent duly authorized in writing.

Recordation. The County shall record, or cause to be recorded, with the appropriate county recorder, the Sublease and the Site Lease, or memoranda thereof, and a memorandum of the assignment of the Authority's right, title and interest in and to the Site Lease and the Sublease pursuant to the provisions of the Indenture described under the heading "INDENTURE – Pledge and Assignment; Funds and Accounts – Pledge and Assignment."

Tax Covenants. (a) Notwithstanding any other provision of the Indenture, absent an Opinion of Counsel that the exclusion from gross income of interest on the Series 2026K Bonds will not be adversely affected for federal income tax purposes, the County and the Authority covenant to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) *Governmental Private Activity*. With respect to the portion of the Series 2026K Bonds that is not the 501(c)(3) Component of the Series 2026K Bonds (as defined below) (the "Governmental Component of the Series 2026K Bonds"), neither the Authority nor the County will take or omit to take any action or make any use of the proceeds of the Governmental Component of the Series 2026K Bonds or of any other moneys or property which would cause the Governmental Component of the Series 2026K Bonds to be "private activity bonds" within the meaning of Section 141 of the Code.

(b) *501(c)(3) Private Activity*. With respect to the Series 2026K Bonds benefiting Martin Luther King, Jr.-Los Angeles (MLK-LA) Healthcare Corporation (the "501(c)(3) Component of the Series 2026K Bonds"), the Authority shall not use or knowingly permit the use of any proceeds of the 501(c)(3) Component of the Series 2026K Bonds or any other funds of the Authority, directly or indirectly, in any manner, and shall not take or knowingly permit to be taken any other action or actions, which would result in any of the 501(c)(3) Component of the Series 2026K Bonds being treated as an obligation not described in section 145 of the Code by reason of such 501(c)(3) Component of the Series 2026K Bond not meeting the requirements of section 145 of the Code.

(c) *Prohibited Facilities*. No portion of the proceeds of the 501(c)(3) Component of the Series 2026K Bonds shall be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises.

(d) *Limitation on Costs of Issuance*. The Authority shall assure that, from the proceeds of the 501(c)(3) Component of the Series 2026K Bonds received from the original purchaser thereof on the Series 2026K Closing Date and investment earnings thereon, an amount not in excess of two percent (2%) of the issue price of the 501(c)(3) Component of the Series 2026K Bonds shall be used to pay for, or provide for the payment of, costs of issuance with respect to the 501(c)(3) Component of the Series 2026K Bonds. For this purpose, if the fees of such original purchaser are retained as a discount on the purchase of the 501(c)(3) Component of the Series 2026K Bonds, such retention shall be deemed to be an expenditure of proceeds of the 501(c)(3) Component of the Series 2026K Bonds for said fees.

(e) *Arbitrage*. Neither the Authority nor the County will make any use of the proceeds of the Series 2026K Bonds or of any other amounts or property, regardless of the source, or take or omit to take any action which would cause the Series 2026K Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(f) *Federal Guarantee*. Neither the Authority nor the County will make any use of the proceeds of the Series 2026K Bonds or take or omit to take any action that would cause the Series 2026K Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(g) *Information Reporting*. The Authority and the County will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code.

(h) *Miscellaneous*. Neither the Authority nor the County will take any action inconsistent with their expectations stated in any Tax Certificate executed with respect to the Series 2026K Bonds. The Authority and the County will comply with the covenants and requirements stated in any Tax Certificate executed with respect to the Series 2026K Bonds.

This section and the covenants set forth under the heading "—*Tax Covenants*" shall not be applicable to, and nothing contained in the Indenture shall be deemed to prevent the Authority from issuing Bonds the interest on which has been determined by the Board to be subject to federal income taxation.

Continuing Disclosure. The County shall comply with and carry out all of the provisions of each Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the County to comply with a Continuing Disclosure Certificate shall not constitute an Event of Default under the Indenture; provided, however, that the Trustee, at the written direction of any Participating Underwriter or the holders of at least 25% of the aggregate principal amount of the related Series of Bonds Outstanding, shall, upon receipt of indemnification reasonably satisfactory to the Trustee, or any holder or Beneficial Owner of the affected Series of Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Further Assurances. Whenever and so often as reasonably requested to do so by the Trustee or any Owner, the Authority and the County shall promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Owners all advantages, benefits, interests, powers, privileges and rights conferred or intended to be conferred upon them by the Indenture, the Site Lease or the Sublease.

Events of Default and Remedies

Events of Default. The occurrence, from time to time, of any one or more of the following events shall constitute an Event of Default under the Indenture:

(a) failure to pay any installment of principal of any Bond as and when the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption or otherwise;

(b) failure to pay any installment of interest on any Bond as and when the same shall become due and payable;

(c) a Sublease Default Event shall have occurred and be continuing;

(d) failure by the Authority to observe and perform any of the other covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, if such failure shall have continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Authority by the Trustee, the County or the Owners of not less than 5% in aggregate principal amount of the Bonds at the time Outstanding; provided, however, that if, in the reasonable opinion of the Authority, the failure stated in the notice can be corrected, but not within such 30 day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Authority within such 30 day period and the Authority shall thereafter diligently and in good faith cure such failure in a reasonable period of time;

(e) failure by the County to observe and perform any of the covenants, agreements or conditions on its part in the Indenture contained, if such failure shall have continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the County

by the Trustee, the Authority or the Owners of not less than 5% in aggregate principal amount of the Bonds at the time Outstanding; provided, however, that if, in the reasonable opinion of the County, the failure stated in the notice can be corrected, but not within such 30 day period, such failure shall not constitute an Event of Default if corrective action is instituted by the County within such 30 day period and the County shall thereafter diligently and in good faith cure such failure in a reasonable period of time; or

(f) the Authority or the County shall commence a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

Action on Default. In each and every case during the continuance of an Event of Default, the Trustee may and, at the direction of the Owners of not less than a majority of the aggregate principal amount of Bonds then Outstanding (and upon indemnification of the Trustee to its reasonable satisfaction as provided in the Indenture), shall, upon notice in writing to the Authority and the County, exercise any of the remedies granted to the Authority under the Sublease and, in addition, take whatever action at law or in equity may appear necessary or desirable to protect and enforce any of the rights vested in the Trustee or the Owners by the Indenture or by the Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement or for the enforcement of any other legal or equitable right, including any one or more of the remedies set forth in the provisions of the Indenture described under the heading "INDENTURE – Events of Default and Remedies – Other Remedies of the Trustee."

Other Remedies of the Trustee. During the continuance of an Event of Default, the Trustee shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Authority or the County or any member, director, officer or employee thereof, and to compel the Authority or the County or any such member, director, officer or employee to perform or carry out its or his or her duties under law and the agreements and covenants required to be performed by it or him or her contained in the Indenture or in the Bonds;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee or the Owners; or

(c) by suit, action or proceeding in any court of competent jurisdiction, to require the Authority or the County, or both, to account as if it or they were the trustee or trustees of an express trust.

Remedies Not Exclusive. No remedy in the Indenture conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given thereunder existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any law. The assertion or employment of any right or remedy under the Indenture, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Application of Amounts After Default. If an Event of Default shall occur and be continuing, all Lease Revenues and any other funds thereafter received by the Trustee under any of the provisions of the Indenture shall be applied by the Trustee as follows and in the following order:

(a) to the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners and payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Indenture;

(b) to the payment of all amounts then due for interest on the Bonds, ratably without preference or priority of any kind, according to the amounts of interest on such Bonds due and payable, with interest on the overdue interest at the rate borne by the respective Bonds; and

(c) to the payment of all amounts then due for principal of the Bonds, ratably without preference or priority of any kind, according to the amounts of principal of the Bonds due and payable, with interest on the overdue principal at the rate borne by the respective Bonds.

Power of Trustee to Enforce. All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of the Owners of such Bonds, subject to the provisions of the Indenture.

Bond Owners Direction of Proceedings. Anything in the Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee under the Indenture; provided, however, that such direction shall not be otherwise than in accordance with law and the provisions of the Indenture, and, provided, further, that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Owners not parties to such direction.

Limitation on Bond Owners' Right to Sue. No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Act or any other applicable law with respect to such Bonds, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default, (b) the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers before granted or to institute such suit, action or proceeding in its own name, (c) such Owner or said Owners shall have tendered to the Trustee indemnity against the costs, expenses and liabilities to be incurred in compliance with such request, and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy under the Indenture or under law; it being understood and intended that no one or more Owners shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture or the rights of any other Owners, or to enforce any right under the Bonds, the Indenture, the Act or other applicable law with respect to the Bonds, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner provided and for the benefit and protection of all Owners, subject to the provisions of the Indenture.

Termination of Proceedings. If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee or any Owner, then, subject to any such adverse determination, the Trustee, such Owner, the Authority and the County shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken. In case any proceedings taken by the Trustee or any one or more Owners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or any Owner, then in every such case the Trustee, such Owner, the Authority and the County, subject to any determination in such proceedings, shall be restored to their former positions and rights under the Indenture, severally and respectively, and all rights, remedies, powers and duties of the Trustee, the Owners, the Authority and the County shall continue as though no such proceedings had been taken.

No Waiver of Default. No delay or omission of the Trustee or of any Owner to exercise any right or power arising upon the occurrence of any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or an acquiescence therein, and every power and remedy given by the Indenture to the Trustee or to the Owners may be exercised from time to time and as often as may be deemed expedient.

The Trustee

Duties and Liabilities of Trustee. The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in the Indenture. The Trustee shall, during the existence of any Event of Default which has not been cured or waived, exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

Removal and Resignation of the Trustee. The Authority and the County may by an instrument in writing, remove the Trustee initially a party to the Indenture and any successor thereto unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee initially a party to the Indenture and any successor thereto if at any time (a) requested to do so by an instrument or concurrent instruments in writing signed by the Owners of a majority of the aggregate principal amount of the Bonds at the time Outstanding (or their attorneys duly authorized in writing), or (b) the Trustee shall cease to be eligible in accordance with the following sentence, and shall appoint a successor Trustee. The Trustee and any successor Trustee shall be a commercial bank with trust powers having a combined capital (exclusive of borrowed capital) and surplus of at least $50,000,000 (or be part of a bank holding company with a combined capital and surplus of at least $50,000,000) and subject to supervision or examination by federal or state authorities. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of the provisions of the Indenture described under the heading "INDENTURE – The Trustee – Removal and Resignation of the Trustee" the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee may at any time resign by giving written notice of such resignation to the Authority and the County and by giving notice, by first class mail, postage prepaid, of such resignation to the Owners at their addresses appearing on the Registration Books. Upon receiving such notice of resignation, the Authority and the County shall promptly appoint a successor Trustee by an instrument in writing; provided, however, that in the event the Authority and the County do not appoint a successor Trustee within 30 days following receipt of such notice of resignation, the resigning Trustee may, at the expense of the County, petition the appropriate court having jurisdiction to appoint a successor Trustee. Any resignation or removal of a Trustee and appointment of a successor Trustee shall become effective only upon acceptance of appointment by the successor Trustee. Any successor Trustee appointed under the Indenture shall signify its acceptance of such appointment by executing and delivering to the Authority and the County and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee in the Indenture; but, nevertheless, at the written request of the Authority, the County or of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in the Indenture.

Any corporation, association or agency into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole

or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, provided that such entity meets the combined capital and surplus requirements of the provisions of the Indenture described under the heading "INDENTURE – The Trustee – Removal and Resignation of the Trustee," ipso facto, shall be and become successor trustee under the Indenture and vested with all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties to the Indenture, anything therein to the contrary notwithstanding.

Compensation and Indemnification of the Trustee. The County shall from time to time, subject to any written agreement then in effect with the Trustee, pay the Trustee reasonable compensation for all its services rendered under the Indenture and reimburse the Trustee for all its reasonable advances and expenditures (which shall not include "overhead expenses" except as such expenses are included as a component of the Trustee's stated annual fees) under the Indenture, including but not limited to advances to and reasonable fees and reasonable expenses of accountants, agents, appraisers, consultants or other experts, and counsel not directly employed by the Trustee but an attorney or firm of attorneys retained by the Trustee, employed by it in the exercise and performance of its rights and obligations under the Indenture; provided, however, that the Trustee shall not have any lien for such compensation or reimbursement against any moneys held by it in any of the funds or accounts established under the Indenture.

The County shall, to the extent permitted by law, indemnify and save the Trustee harmless against any liabilities, costs, claims or expenses, including those of its attorneys, which it may incur in the exercise and performance of its powers and duties under the Indenture and under any related documents, including the enforcement of any remedies and the defense of any suit, and which are not due to its negligence or its willful misconduct. The duty of the County to indemnify the Trustee shall survive the termination and discharge of the Indenture.

Protection of the Trustee. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any affidavit, bond, certificate, consent, notice, request, requisition, resolution, statement, telegram, voucher, waiver or other paper or document which it shall in good faith believe to be genuine and to have been adopted, executed or delivered by the proper party or pursuant to any of the provisions of the Indenture, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the Owners pursuant to the Indenture, unless such Owners shall have offered to the Trustee security or indemnity, reasonably satisfactory to the Trustee, against the reasonable costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. Under no circumstances shall the Trustee request or be entitled to indemnification from the County for taking actions required by and in accordance with the Indenture, including, but not limited to, causing payments of principal of and interest on the Bonds to be made to the Owners thereof and carrying out redemptions of the Bonds in accordance with the terms of the Indenture. The Trustee may consult with counsel, who may be counsel to the Authority or the County, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect to any action taken or suffered by it under the Indenture in good faith in accordance therewith.

The Trustee shall not be responsible for the sufficiency of the Bonds or the Sublease or for statements made in the preliminary or final official statement relating to the Bonds, or of the title to the Property.

Except as otherwise expressly provided in the Indenture, no provision of the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Indenture or in the exercise of any of its rights or powers thereunder.

Whenever in the administration of its rights and obligations under the Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action thereunder,

such matter (unless other evidence in respect thereof be specifically prescribed in the Indenture) may be deemed to be conclusively proved and established by a Written Certificate of the Authority or a Written Certificate of the County, and such certificate shall be full warrant to the Trustee for any action taken or suffered under the provisions of the Indenture upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it deems reasonable.

The Trustee may buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Owner may be entitled to take with like effect as if the Trustee were not a party to the Indenture. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Authority or the County, and may act as agent, depository or trustee for any committee or body of Owners or of owners of obligations of the Authority or the County as freely as if it were not the Trustee under the Indenture.

The Trustee may, to the extent reasonably necessary, execute any of the trusts or powers of the Indenture and perform any rights and obligations required of it thereunder by or through agents, attorneys or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its rights and obligations under the Indenture, and the Trustee shall not be answerable for the negligence or misconduct of any such agent, attorney or receiver selected by it with reasonable care; provided, however, that in the event of any negligence or misconduct of any such attorney, agent or receiver, the Trustee shall diligently pursue all remedies of the Trustee against such agent, attorney or receiver. The Trustee shall not be liable for any error of judgment made by it in good faith unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee shall not be answerable for the exercise of any trusts or powers under the Indenture or for anything whatsoever in connection with the funds established thereunder, except only for its own willful misconduct, negligence or breach of an obligation thereunder.

The Trustee may, on behalf of the Owners, intervene in any judicial proceeding to which the Authority or the County is a party and which, in the opinion of the Trustee and its counsel, affects the Bonds or the security therefor, and shall do so if requested in writing by the Owners of at least 5% of the aggregate principal amount of Bonds then Outstanding, provided the Trustee shall have no duty to take such action unless it has been indemnified to its reasonable satisfaction against all risk or liability arising from such action.

Supplemental Indentures

Supplemental Indentures. (a) The Indenture and the rights and obligations of the Authority, the County, the Trustee and the Owners under the Indenture may be modified or amended at any time by a Supplemental Indenture, which the Authority, the County and the Trustee may enter into when the prior written consents of the Owners of a majority of the aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the provisions of the Indenture described under the heading "INDENTURE – Miscellaneous – Disqualified Bonds" are filed with the Trustee. No such modification or amendment shall (i) extend the fixed maturity of any Bond, reduce the amount of principal thereof or the rate of interest thereon or alter the redemption provisions with respect thereto without the consent of the Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, without the consent of the Owners of all of the Bonds then Outstanding, or (iii) permit the creation of any lien on the Lease Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture or deprive the Owners of the Bonds of the lien created by the Indenture on such Lease Revenues and other assets (except as expressly provided in the Indenture), without the consent of the Owners of all Bonds then Outstanding, or (iv) amend the provisions of the Indenture described under the heading "INDENTURE – Supplemental Indentures – Supplemental Indentures" without the prior written consent of the Owners of all Bonds then Outstanding.

(b) The Indenture and the rights and obligations of the Authority, the County, the Trustee and the Owners thereunder may also be modified or amended from time to time and at any time by a Supplemental

Indenture, which the Authority, the County and the Trustee may enter into without the consent of any Owners for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Authority or the County in the Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power in the Indenture reserved to or conferred upon the Authority or the County;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in the Indenture or in regard to questions arising thereunder which the Authority or the County may deem desirable or necessary and not inconsistent with the Indenture;

(iii) to provide for the issuance of one or more Series of Additional Bonds, and to provide the terms and conditions under which such Series of Additional Bonds may be issued, subject to and in accordance with the provisions of the indenture;

(iv) to make such additions, deletions or modifications as may be necessary or appropriate to assure the exclusion from gross income for federal income tax purposes of interest on Tax-Exempt Bonds or maintain any federal interest subsidies expected to be received with respect to any Bonds; and

(v) for any other reason, provided such amendment or supplement does not adversely affect the rights or interests of the Owners; provided, however, that the Authority, the County and the Trustee may rely in entering into any such amendment or supplement upon an Opinion of Counsel stating that the requirements of this paragraph have been met with respect to such amendment or supplement.

(c) Promptly after the execution by the Authority, the County and the Trustee of any Supplemental Indenture, the Trustee shall mail a notice (the form of which shall be furnished to the Trustee by the Authority or the County), by first class mail postage prepaid, setting forth in general terms the substance of such Supplemental Indenture, to the Owners of the Bonds at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

Effect of Supplemental Indenture. Upon the execution and delivery of any Supplemental Indenture entered into pursuant to paragraphs (a) or (b) above, the Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Authority, the County, the Trustee and the Owners shall thereafter be determined, exercised and enforced under the Indenture subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the effective date of any Supplemental Indenture pursuant to the provisions of the Indenture described under the heading "INDENTURE – Supplemental Indentures" may and, if the Authority or the County so determines, shall bear a notation by endorsement or otherwise in form approved by the Authority, the County and the Trustee as to any modification or amendment provided for in such Supplemental Indenture and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such effective date, and presentation of such Bond for such purpose at the Office of the Trustee, a suitable notation shall be made on such Bonds. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Authority, the County and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Authority and authenticated by the Trustee and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such effective date, and presentation of such Bond for such purpose at the Office of the Trustee,

such a new Bond in equal principal amount of the same Series, interest rate and maturity shall be exchanged for such Owner's Bond so surrendered.

Amendment of Particular Bonds. The provisions of the provisions of the Indenture described under the heading "INDENTURE – Supplemental Indentures" shall not prevent any Owner from accepting any amendment or modification as to any particular Bond owned by it, provided that due notation thereof is made on such Bond.

Defeasance

Discharge of Indenture. (a) If (i) the Authority shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Bonds the principal thereof and the interest and premium, if any, thereon at the times and in the manner stipulated in the Indenture, and (ii) all other amounts due and payable under the Indenture and under the Sublease shall have been paid, then the Owners shall cease to be entitled to the pledge of the Lease Revenues and the other assets as provided in the Indenture, and all agreements, covenants and other obligations of the Authority and the County under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority and the County all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the County all money or securities held by it pursuant to the Indenture which are not required for the payment of the principal of and interest and premium, if any, on the Bonds.

(b) Subject to the provisions of paragraph (a) above, when any Bond shall have been paid and if, at the time of such payment, each of the Authority and the County shall have kept, performed and observed all of the covenants and promises in such Bonds and in the Indenture required or contemplated to be kept, performed and observed by it or on its part on or prior to that time, then the Indenture shall be considered to have been discharged in respect of such Bond and such Bond shall cease to be entitled to the pledge of the Lease Revenues and the other assets as provided in the Indenture, and all agreements, covenants and other obligations of the Authority and the County under the Indenture shall cease, terminate, become void and be completely discharged and satisfied as to such Bond.

(c) Notwithstanding the discharge and satisfaction of the Indenture or the discharge and satisfaction of the Indenture in respect of any Bond, those provisions of the Indenture relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, and the duties of the Trustee in connection with all of the foregoing, shall remain in effect and shall be binding upon the Trustee and the Owners and the Trustee shall continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of and interest and premium, if any, on the Bonds, to pay to the Owners of the Bonds the funds so held by the Trustee as and when such payment becomes due. Notwithstanding the discharge and satisfaction of the Indenture, the provisions of the provisions of the Indenture described under the heading "INDENTURE – The Trustee – Compensation and Indemnification of the Trustee" relating to the compensation of the Trustee shall remain in effect and shall be binding upon the Authority, the County and the Trustee.

Bonds Deemed To Have Been Paid. (a) If moneys shall have been set aside and held by the Trustee for the payment or redemption of any Bond and the payment of the interest thereon to the maturity or redemption date thereof, such Bond shall be deemed to have been paid within the meaning and with the effect provided in the provisions of the Indenture described under the heading "INDENTURE – Defeasance – Discharge of Indenture." Any Outstanding Bond shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in the provisions of the Indenture described under the heading "INDENTURE – Defeasance – Discharge of Indenture" if (i) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail, on a date in accordance with the provisions of the Indenture notice of redemption of such Bond on said redemption date, said notice to be given in accordance with the

provisions of the Indenture, (ii) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient, or (B) Defeasance Securities, the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys which shall be sufficient to pay when due the interest to become due on such Bond on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and premium, if any, on such Bond, and (iii) in the event such Bond is not by its terms subject to redemption within the next succeeding 60 days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the owners of such Bond that the deposit required by clause (ii) above has been made with the Trustee and that such Bond is deemed to have been paid in accordance with the provisions of the Indenture described under the heading "INDENTURE – Defeasance – Bonds Deemed To Have Been Paid" and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and premium, if any, on such Bond. Neither the money nor the Defeasance Securities deposited with the Trustee pursuant to this paragraph in connection with the deemed payment of Bonds, nor principal or interest payments on any such Defeasance Securities, shall be withdrawn or used for any purpose other than, and shall be held in trust for and pledged to, the payment of the principal of and, premium, if any, and interest on such Bonds.

(b) No Bond shall be deemed to have been paid pursuant to clause (ii)(B) of paragraph (a) above unless the Authority or the County shall cause to be delivered (A) an executed copy of a Verification Report with respect to such deemed payment, addressed to the Authority, the County and the Trustee, (B) a copy of the escrow agreement entered into in connection with the deposit pursuant to clause (ii)(B) of paragraph (a) above resulting in such deemed payment, which escrow agreement shall provide that no substitution of Defeasance Securities shall be permitted except with other Defeasance Securities and upon delivery of a new Verification Report and no reinvestment of Defeasance Securities shall be permitted except as contemplated by the original Verification Report or upon delivery of a new Verification Report, and (C) a copy of an Opinion of Counsel, dated the date of such deemed payment and addressed to the Authority, the County and the Trustee, to the effect that such Bond has been paid within the meaning and with the effect expressed in the Indenture, and all agreements, covenants and other obligations of the Authority and the County under the Indenture as to such Bond have ceased, terminated, become void and been completely discharged and satisfied.

(c) The Trustee may seek and is entitled to rely upon (i) an Opinion of Counsel reasonably satisfactory to the Trustee to the effect that the conditions precedent to a deemed payment pursuant to clause (ii) of paragraph (a) above have been satisfied, and (ii) such other opinions, certifications and computations, as the Trustee may reasonably request, of accountants or other financial consultants concerning the matters described in paragraph (b) above.

Unclaimed Moneys. Any moneys held by the Trustee in trust for the payment and discharge of the principal of, or premium or interest on, any Bonds which remain unclaimed for two years after the date when such principal, premium or interest has become payable, if such moneys were held by the Trustee at such date, or for two years after the date of deposit of such moneys if deposited with the Trustee after the date when such principal, premium or interest become payable, shall, at the Written Request of the Authority, be repaid by the Trustee to the County as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners of such Bonds shall look only to the County for the payment of such principal, premium or interest.

Miscellaneous

Benefits of Indenture Limited to Parties. Nothing contained in the Indenture, expressed or implied, is intended to give to any Person other than the Authority, the County, the Trustee and the Owners any claim, remedy or right under or pursuant to the Indenture, and any agreement, condition, covenant or term required in the Indenture to be observed or performed by or on behalf of the Authority or the County shall be for the sole and exclusive benefit of the Trustee and the Owners.

Successor Deemed Included in all References to Predecessor. Whenever the Authority, the County or the Trustee, or any officer thereof, is named or referred to in the Indenture, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Authority, the County or the Trustee, or such officer, and all agreements, conditions, covenants and terms required by the Indenture to be observed or performed by or on behalf of the Authority, the County or the Trustee, or any officer thereof, shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required in the Indenture to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or its attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which such notary public or other officer purports to act that the Person signing such declaration, request or other instrument or writing acknowledged to such notary public or other officer the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer, or by such other proof as the Trustee may accept which it may deem sufficient.

The ownership of any Bond and the amount, payment date, number and date of owning the same may be proved by the Registration Books.

Any declaration, request or other instrument in writing of the Owner of any Bond shall bind all future Owners of such Bond with respect to anything done or suffered to be done by the Authority, the County or the Trustee in good faith and in accordance therewith.

Waiver of Personal Liability. Notwithstanding anything contained in the Indenture to the contrary, no member, officer or employee of the Authority or the County shall be individually or personally liable for the payment of any moneys, including without limitation, the principal of or interest on the Bonds, but nothing contained in the Indenture shall relieve any member, officer or employee of the Authority or the County from the performance of any official duty provided by any applicable provisions of law, by the Sublease or by the Indenture.

Acquisition of Bonds by Authority or County. All Bonds acquired by the Authority or the County, whether by purchase or gift or otherwise, shall be surrendered to the Trustee for cancellation.

Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under the Indenture, Bonds which are known by the Trustee to be owned or held by or for the account of the Authority or the County, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the County, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this paragraph if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the County. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Money Held for Particular Bonds. The money held by the Trustee for the payment of the principal of or premium or interest on particular Bonds due on any date (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of the Indenture described under the heading "INDENTURE – Defeasance – Unclaimed Moneys," but without any liability for interest thereon.

Funds and Accounts. Any fund or account required to be established and maintained pursuant to the Indenture by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund, but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with sound accounting practice and with due regard for the protection of the security of the Bonds and the rights of the Owners. The Trustee may establish such funds and accounts as it deems necessary to perform its obligations under the Indenture.

The Trustee may commingle any of the moneys held by it under the Indenture for investment purposes only; provided, however, that the Trustee shall account separately for the moneys in each fund or account established pursuant to the Indenture.

California Law. The Indenture and the Bonds shall be construed and governed in accordance with the laws of the State of California.

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

COUNTY OF LOS ANGELES
CALIFORNIA

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix D concerning The Depository Trust Company ("DTC") and DTC's book entry system has been obtained from DTC, and the Authority, the County and the Underwriters take no responsibility for the completeness or accuracy thereof. The Authority, the County and the Underwriters cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Series 2026K Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Series 2026K Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2026K Bonds, or that they will do so on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix D. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Series 2026K Bonds. The Series 2026K Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered security certificate will be issued for each series and maturity of the Series 2026K Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at its website.

Purchases of the Series 2026K Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2026K Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2026K Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2026K Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive

certificates representing their ownership interests in the Series 2026K Bonds, except in the event that use of the book-entry system for the Series 2026K Bonds is discontinued.

To facilitate subsequent transfers, all Series 2026K Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2026K Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2026K Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2026K Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2026K Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2026K Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2026K Bond documents. For example, Beneficial Owners of the Series 2026K Bonds may wish to ascertain that the nominee holding the Series 2026K Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

While the Series 2026K Bonds are in the book-entry only system, redemption notices shall be sent to DTC. If less than all of the Series 2026K Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2026K Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2026K Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the Series 2026K Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal,, interest and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2026K Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, the Series 2026K Bonds certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2026K Bond certificates will be printed and delivered to DTC.

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

NONE OF THE AUTHORITY, THE COUNTY, THE UNDERWRITERS OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF SERIES 2026K BONDS FOR PREPAYMENT.

None of the Authority, the County or the Trustee can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal of, premium, if any, and interest on the Series 2026K Bonds paid to DTC or its nominee, as the registered Owner, or any redemption or other notice, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in a manner described herein.

DTC may discontinue providing its services as depository with respect to the Series 2026K Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered. The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2026K Bonds certificates will be printed and delivered. In the event that the book-entry system is discontinued as described above, the requirements of the Indenture will apply.

Beneficial Owners of the Series 2026K Bonds may experience some delay in their receipt of distributions of principal of, redemption proceeds, if any, and interest on, the Series 2026K Bonds, as applicable, since such distributions will be forwarded by the Authority or the trustee, as applicable, to DTC and DTC will credit such distributions to the accounts of the Direct Participants which will thereafter credit them to the accounts of the Beneficial Owners either directly or through Indirect Participants.

Since transactions in the Series 2026K Bonds can be effected only through DTC, Direct Participants, Indirect Participants and certain banks, the ability of a Beneficial Owner to pledge Series 2026K Bonds to persons or entities that do not participate in the DTC system, or otherwise to take actions in respect of such Series 2026K Bonds, as applicable, may be limited due to lack of a physical certificate. Beneficial Owners will not be recognized by the Trustee as registered owners of the Series 2026K Bonds and Beneficial Owners will only be permitted to exercise the rights of registered owners indirectly through DTC and its Participants.

COUNTY OF LOS ANGELES
CALIFORNIA

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

COUNTY OF LOS ANGELES
CALIFORNIA

FORM OF

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the County of Los Angeles (the "County") in connection with the issuance of the Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds, 2026 Series K (the "Series 2026K Bonds"). The Series 2026K Bonds are being issued pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Section 6584 *et seq.* of the California Government Code and the Master Indenture, dated as of February 1, 2015, by and among the County of Los Angeles, California (the "County"), the Los Angeles County Public Works Financing Authority (the "Authority") and Zions Bancorporation, National Association, as trustee (the "Trustee"), as previously amended and supplemented and as further amended and supplemented by that certain Ninth Supplemental Indenture, dated as of August 1, 2026, by and among the County, the Authority and the Trustee (as so amended and supplemented, the "Indenture"). The County covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the County for the benefit of the Holders and Beneficial Owners of the Series 2026K Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission ("S.E.C.") Rule 15c2-12(b)(5).

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

"Annual Report" shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Series 2026K Bonds (including persons holding Series 2026K Bonds through nominees, depositories or other intermediaries).

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

"Financial Obligation" means "financial obligation" as such term is defined in the Rule.

"Holder" shall mean the person in whose name any Series 2026K Bond shall be registered.

"Listed Events" shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"Participating Underwriter (Series 2026K Bonds)" shall mean any of the original underwriters of the Series 2026K Bonds required to comply with the Rule in connection with the offering of the Series 2026K Bonds.

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

SECTION 3. Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than April 1 after the end of the County's fiscal year, commencing with the report for the County's June 30, 2026 fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the County may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the County's fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Series 2026K Bonds by name and CUSIP number.

(b) Not later than 15 business days prior to said date, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). If the County is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the County shall, in a timely manner, send or cause to be sent notice of such failure to the MSRB.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the County) file a report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The County's Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the County for the preceding fiscal year, prepared in accordance with (1) generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board and (2) reporting standards as set forth by the State Controller in "State of California Accounting Standards and Procedures for Counties." If the County's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements of the County, the Annual Report shall also include the following:

(1) Assessed valuations, tax levies and delinquencies for real property located in the County for the fiscal year of the County most recently ended;

(2) Summary financial information on revenues, expenditures and fund balances for the fiscal year of the County most recently ended;

(3) Summary financial information on the proposed and adopted budgets of the County for the current fiscal year and any changes in the adopted budget;

(4) Summary of aggregate debt obligations of the County for the fiscal year of the County most recently ended;

(5) Summary of annual outstanding principal obligations of the County for the fiscal year of the County most recently ended; and

(6) The ratio of the County's outstanding debt to total assessed valuations as of the most recently ended fiscal year of the County.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the County or related public entities, which have been made available to the public on the MSRB's website. The County shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2026K Bonds in a timely manner not later than ten business days after the occurrence of the event:

1. principal and interest payment delinquencies;

2. non-payment related defaults, if material;

3. unscheduled draws on debt service reserves reflecting financial difficulties of the County;

4. unscheduled draws on any credit enhancement reflecting financial difficulties of the County;

5. substitution of credit or liquidity providers or failure of a credit or liquidity provider to perform its obligations with respect to the Series 2026K Bonds;

6. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Series 2026K Bonds, or other material events affecting the tax status of the Series 2026K Bonds;

7. modifications to rights of Holders of the Series 2026K Bonds, if material;

8. redemption or call of the Series 2026K Bonds, if material, and tender offers;

9. defeasances;

10. release, substitution or sale of property securing repayment of the Series 2026K Bonds, if material;

11. rating changes;

12. bankruptcy, insolvency, receivership or similar event of the County; provided that for the purposes of the events described in this clause, such an event is considered to occur upon: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County;

13. the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. appointment of a successor or additional trustee or the change of name of the trustee, if material;

15. incurrence of a Financial Obligation of the County, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect security holders, if material; and

16. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflect financial difficulties.

(b) Upon the occurrence of a Listed Event described in Section 5(a), the County shall within ten business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection (a)(8) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Series 2026K Bonds pursuant to the Indenture.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The County's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2026K Bonds. If such termination occurs prior to the final maturity of the Series 2026K Bonds, the County shall give notice of such termination in a filing with the MSRB.

SECTION 8. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the County.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Series 2026K Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2026K Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Series 2026K Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the County shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

SECTION 11. Default. In the event of a failure of the County to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Series 2026K Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate; provided, that any such action may be instituted only in Superior Court of the State of California in and for the County of Los Angeles or in U.S. District Court in or nearest to the County of Los Angeles. The sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters (Series 2026K Bonds) and Holders and

Beneficial Owners from time to time of the Series 2026K Bonds, and shall create no rights in any other person or entity.

Date: August 26, 2026.

COUNTY OF LOS ANGELES

By: _____

Authorized Signatory

APPENDIX F

FORM OF APPROVING OPINION OF BOND COUNSEL

COUNTY OF LOS ANGELES
CALIFORNIA

APPENDIX F

FORM OF APPROVING OPINION OF BOND COUNSEL

Upon issuance of the Series 2026K Bonds, Stradling Yocca Carlson & Rauth LLP, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

[Closing Date]

Los Angeles County Public Works Financing Authority
Los Angeles, California

Re: $249,455,000 Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds, 2026 Series K

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Los Angeles County Public Works Financing Authority (the "Authority") of the Los Angeles County Public Works Financing Authority Lease Revenue Refunding Bonds, 2026 Series K (the "Series 2026K Bonds") in the aggregate principal amount of $249,455,000. In connection with the issuance of the Series 2026K Bonds, we have reviewed the Constitution and the laws of the State of California and certain proceedings taken by the County of Los Angeles (the "County") and the Authority in connection with the authorization, execution and delivery by the County and the Authority of that certain Master Site Lease, dated as of February 1, 2015, as previously amended (the "Master Site Lease"), as further amended by that certain Eighth Amendment to Master Site Lease, dated as of August 1, 2026 (the "Eighth Amendment to Site Lease" and, together with the Master Site Lease as amended, the "Site Lease"), by and between the County, as lessor, and the Authority, as lessee, and that certain Master Sublease, dated as of February 1, 2015, as previously amended (the "Master Sublease"), as further amended by that certain Eighth Amendment to Master Sublease, dated as of August 1, 2026 (the "Eighth Amendment to Sublease" and, together with the Master Sublease as amended, the "Sublease"), by and between the Authority, as lessor, and the County, as lessee. We have also reviewed that certain Master Indenture, dated as of February 1, 2015, as previously amended and supplemented (the "Master Indenture"), as further amended and supplemented by that certain Ninth Supplemental Indenture, dated as of August 1, 2026 (the "Ninth Supplemental Indenture" and, together with the Master Indenture as amended and supplemented, the "Indenture"), by and among Zions Bancorporation, National Association, as trustee (the "Trustee"), the Authority, and the County. In rendering this opinion, we also have relied upon certain representations of fact and certifications made by the County, the Authority, the initial purchasers of the Series 2026K Bonds, and others. We have not undertaken to verify through independent investigation the accuracy of the representations and certifications relied upon by us. All capitalized terms used herein shall have the meaning given them in the Indenture unless otherwise defined.

We have assumed the genuineness of all documents and signatures presented to us, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies. We have not undertaken to verify independently, and have assumed, 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 preceding paragraphs of this opinion. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, the Sublease and the Site Lease. We call attention to the fact that the rights and obligations under the Series 2026K Bonds, the Indenture, the Sublease, the

Site Lease, and the Tax Certificate (Series 2026K Bonds) may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, by the application of equitable principles and the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against cities and public agencies in the State of California.

We express no opinion herein with respect to any indemnification, contribution, choice of law, choice of forum, penalty or waiver provisions contained in the Series 2026K Bonds, the Indenture, the Sublease, or the Site Lease; nor do we express any opinion with respect to the state or quality of title to any of the real or personal property described in the Indenture, the Sublease, or the Site Lease, or the accuracy or sufficiency of the description contained therein, or the remedies available to enforce liens on, any such property contained therein.

Based upon the foregoing we are of the opinion, under existing law, as follows:

(1) The Authority is a joint exercise of powers authority duly organized and validly existing under the laws of the State of California with the full power to enter into the Indenture and the Sublease, to perform the agreements on its part contained therein and to issue the Series 2026K Bonds.

(2) The Indenture, the Sublease, and the Site Lease have each been duly authorized and approved by the Authority and the County and constitute the valid and binding obligations of the Authority and the County enforceable against the Authority and the County in accordance with their respective terms. The Indenture creates a valid pledge of the Base Rental Payments and other moneys pledged under the Indenture, subject to the provisions of the Indenture.

(3) The Series 2026K Bonds have been duly and validly authorized by the Authority and are legal, valid and binding limited obligations of the Authority, enforceable in accordance with their terms and the terms of the Indenture. The Series 2026K Bonds are limited obligations of the Authority payable solely from the Base Rental Payments and other moneys pledged under the Indenture as provided in the Indenture, but are not a debt of the County, the State of California or any other political subdivision thereof within the meaning of any constitutional or statutory limitation, and, neither the faith and credit nor the taxing power of the County, the State of California, or any of its political subdivisions is pledged for the payment thereof. The Authority has no taxing power.

(4) Under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Series 2026K Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), interest (and original issue discount) with respect to the Series 2026K Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed on such corporations.

(5) Interest (and original issue discount) on the Series 2026K Bonds is exempt from personal income tax imposed by the State of California.

(6) The difference between the issue price of a Series 2026K Bond (the first price at which a substantial amount of the Series 2026K Bonds of a maturity are to be sold to the public) and the stated payment price at maturity with respect to such Series 2026K Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a

Series 2026K Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Series 2026K Bond Owner will increase the Series 2026K Bond Owner's basis in the applicable Series 2026K Bond. Original issue discount that accrues to a Series 2026K Bond Owner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals (as described in paragraph (4) above) and is exempt from State of California personal income tax.

(7) The amount by which a Series 2026K Bond Owner's original basis for determining loss on sale or exchange in a Series 2026K Bond (generally the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Series 2026K Bond premium which must be amortized under Section 171 of the Code; such amortizable Series 2026K Bond premium reduces the Series 2026K Bond Owner's basis in the applicable Series 2026K Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Series 2026K Bond premium may result in a Series 2026K Bond Owner realizing a taxable gain when a Series 2026K Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Series 2026K Bond to the owner. Purchasers of the Series 2026K Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The opinions expressed in paragraphs (4) and (6) above as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Series 2026K Bonds are based upon certain representations of fact and certifications made by the Authority, the County, and Martin Luther King, Jr.-Los Angeles (MLK-LA) Healthcare Corporation ("MLK-LA") and are subject to the condition that the Authority, the County, and MLK-LA comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2026K Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Series 2026K Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2026K Bonds. The Authority, the County, and MLK-LA have covenanted to comply with all such requirements. Except as expressly set forth in paragraphs (4), (5), (6) and (7) above, we express no opinion as to any tax consequences related to the Series 2026K Bonds.

Certain agreements, requirements and procedures contained or referred to in the Indenture, the Sublease and the Tax Certificate (Series 2026K Bonds) may be changed, and certain actions may be taken or omitted, under the circumstances and subject to the terms and conditions set forth in the Indenture, the Sublease and Tax Certificate (Series 2026K Bonds), upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. We express no opinion as to the effect on the exclusion of interest (and original issue discount) on the Series 2026K Bonds from gross income for federal income tax purposes on and after the date on which any such change occurs or action is taken or omitted upon the advice or approval of counsel other than Stradling Yocca Carlson & Rauth LLP.

Our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

The opinions expressed herein are based upon an analysis of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the foregoing opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions or events are taken (or not taken) or do occur (or do not occur). Our engagement with

respect to the Series 2026K Bonds terminates upon their issuance, and we disclaim any obligation to update the matters set forth herein.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2026K Bonds. We expressly disclaim any duty to advise the owners of the Series 2026K Bonds with respect to the matters contained in the Official Statement and any other offering material relating to the Series 2026K Bonds.

Respectfully submitted,

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